

**REGISTERED COMPANY NUMBER: SC086932 (Scotland)**  
**REGISTERED CHARITY NUMBER: SC003725**

**EARLY YEARS SCOTLAND**

**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

Martin Aitken & Co Ltd  
Statutory Auditor  
Chartered Accountants  
Caledonia House  
89 Seaward Street  
Glasgow  
G41 1HJ



## **EARLY YEARS SCOTLAND**

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**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2022**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of 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) (effective 1 January 2019).

**OBJECTIVES AND ACTIVITIES**

**Objectives and aims**

Early Years Scotland is committed to providing the very best start in life for each and every child in Scotland. We are Scotland's principal national organisation that is dedicated to, and has a strong specialism in, the early years of children's lives, from pre-birth to five. We have high expectations of, and aspirations for, each and every child, believing them to be naturally curious and creative, as well as extremely competent, capable thinkers and learners.

Our services aim to strengthen and improve confidence, attachment, interactions, shared learning, the home learning environment, and attainment. All our early years staff, from the practitioners working directly with families, to the Service Managers who plan and manage our services, and our senior leaders overseeing the strategic direction of the organisation, are fully qualified early years professionals, or experienced managers, with a strong track record in Early Learning and Childcare policy and practice.

Our key responsibility is to listen to and take account of the views, preferences and needs of children and their families. We work closely with children, parents, carers, and the workforce, to support them to remove the barriers of inequality, so that children are loved, nurtured, ambitious, and have a fair start, growing to realise both their potential and their aspirations.

**Mission, Vision, Aspiration, Values and Strategic Objectives**

Early Years Scotland's high-level statements were reviewed and amended in 2019.

**Mission**

Early Years Scotland is the national leading organisation that invests in our youngest children pre-birth to 5. We deliver and support high quality Early Learning and Childcare for children and families across Scotland.

**Vision**

Through listening and being responsive to the needs of children, families and the workforce, we deliver services that genuinely support our members, and help to improve the lives of Scotland's children, both now and in the future.

**Aspiration**

We aspire to see a Scotland where every baby and young child's life chances are enriched by high quality experiences and an equal and excellent start in life.

**Values**

We believe that it is our organisational responsibility to support everyone who is engaged, directly or indirectly, in the provision of Early Learning and Childcare for Scotland's youngest children. We believe our specialist early years expertise places us in a strong position to ensure that all children can have the very best start in life, leading to a better future. Everything that we do, must be of the highest quality, and is in collaboration with our partners. In so doing, we endeavour to be exceptional partners who are open, transparent and always deliver in accordance with all commitments we make.

Our determination to achieve our objectives and continue to improve means that we always strive for the highest standards to ensure that our contributions impact positively on the life chances of young children and their families.

**REPORT OF THE TRUSTEES  
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We focus our collective organisational efforts solely on benefiting Scotland's youngest children. As we develop and flourish together, we will become increasingly an organisation that staff feel ownership of, are proud to be part of, and where people want to work, participate and contribute to the early year's landscape.

**Key values**

- Learning
- High Expectations
- Respectful
- Excellence
- Integrity
- Collaboration

**Strategic Objectives**

**Strategic Objective 1: Working with Children and their Parents**

**1a Communities**

To support children to experience high quality ELC provision at the earliest stage in their lives, we will work directly with children and families through our Stay Play and Learn programmes.

**1b Prisons**

To support children and families affected by imprisonment to experience high quality provision at a significant time in their lives, we will support children and families through delivery of our Prison Programmes.

**Strategic Objective 2: Membership and Support for the Early Learning and Childcare Sector**

**2a Membership**

To support more members to deliver high quality services for children.

**2b Development and Support Service**

To support more members to deliver high quality services for children, EYS Development and Support Officers (DSO) will increase their dedicated support.

**Strategic Objective 3: Professional Learning for the Workforce**

**3a Professional Learning Sessions for Professionals, ELC Settings and Students**

To improve and enhance the quality of ELC experiences for children, we will increase the delivery of high-quality professional learning through the EYS Professional Learning Academy.

**3b Working with Families**

To improve and enhance children's experiences, we will increase and extend our work with families.

**3c Conferences and Events**

To improve and enhance the workforce capacity to deliver high quality ELC provision for children, we will deliver key events and contribute to partner events nationally.

**Strategic Objective 4: Advocacy and Advisory services relating to legislation, policy and practice**

4 To ensure that the voices and views of children, families and the ELC community are represented in policy, practice and legislation, we will work with Scottish Government and key partners to offer support and challenge in all matters relating to young children.

On behalf of the Board of Directors of Early Years Scotland, I would like to thank Chief Executive, Jane Brumpton for leading the organisation, alongside the hard work and commitment of the EYS managers and staff team in navigating through this second year of challenging circumstances for the Third Sector across Scotland.

**REPORT OF THE TRUSTEES  
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**ACHIEVEMENT AND PERFORMANCE**

**Charitable activities**

**Achievements: 2021-22**

During the ongoing challenging circumstances faced this year, Early Years Scotland has continued to adapt and modify the methods in which we continue to support children, families, and EYS members nationally. We continued to offer virtual sessions where needed during periods of restrictions, outdoor sessions when restrictions allowed, continued to support, and deliver food bags and other resources to support children and families. Our members were continuously supported and updated regarding the changing restrictions, relevant policies, and guidance, and we continued to provide a strong voice for members by regularly communicating their feedback to Scottish Government.

Our CEO remained a member of the Scottish Government Education Covid Recovery Group for the second year, among other key strategic policy groups for early years. This continued to provide Early Years Scotland with a platform to communicate directly with Scottish Government regarding ongoing issues affecting the sector, relating to, for example, the ongoing restrictions and the financial insecurity of the sector, whilst also ensuring that the early years sector remained a strong focus of strategic policy.

The Board of Trustees continues to be extremely supportive and offers additional strategic sub groups, and meetings to support the senior management, and wider staff team during these ongoing periods of changes and challenges nationally.

**Delivery of services working with children and families together**

Our range of Stay Play and Learn two generational services have continued to develop and become well known across the country. Our qualified Early Years Practitioners work with children and families to reduce the disadvantage gap by strengthening and improving confidence, attachments, interactions, shared learning and attainment.

Prior to the pandemic our professional staff delivered these very supportive and impactful services across a variety of local community settings including schools, community and church halls, nurseries, family homes and in prisons. The pandemic has provided us opportunities to adapt our services and we now deliver our sessions in a variety of ways. Our outdoor sessions in the heart of communities are well attended and have ignited a passion for outdoor play and learning across our staff team and the benefits felt by children and their families. Our indoor sessions continue to run in community venues and have adhered to all the Covid-19 guidelines however we have still been able to support a number of families using online platforms to provide bespoke support and guidance.

Our 2 Stay Play and Learn services continues to grow and develop where we offer 4 hour Stay Play and Learn sessions to children and their families. This year we included the ability for parents to leave their child for up to an hour and half during the session. Those parents that have used this service have utilised the time to learn English, build connections and new networks/friendships with other parents and gone for walks together or attended the Yoga/exercise classes in the community centre, studied further education or in one instance gone for driving lessons. This variation in what we have offered families has been really successful and also helped prepare children for the transition to nursery and the time for personal and professional development for parents has been valued.

**Delivery of Advocacy and Advisory services relating to legislation, policy and practice (2021/22)**

Our organisation works hard to ensure that we represent the voices, experiences, and ideas of our members, as well as the children and families we work with, at all levels of policy and decision-making. The importance of this strand of our work cannot be underestimated - EYS rightly places real value on how we engage with all our stakeholders in order to inform, influence, support and challenge early years policies and practices.

EYS has worked hard to reflect what our sector is feeling at a crucial time in its recovery following the pandemic. The COVID-19 pandemic placed a hold on several proposed changes to legislation, policy and practice, however the Scottish Government has now taken the first steps to their development in the form of consultations, which were open to the public to respond to towards the end of 2021. We produced responses over the last year, informed by the experiences and views of the ELC sector, as well as the children and families that we work with, to the following:

- Consultation on the Creation of a National Care Service for Scotland
- Education Reform Consultation on behalf of Professor Ken Muir, University of the West of Scotland, and Independent Advisor to the Scottish Government
- Direct letter from the Citizen Participation and Public Petitions Committee on Petition PE1907: Provide Funded Early Learning and Childcare for all 2-year-olds in Scotland.

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2022**

EYS has been involved in a range of policy work with a variety of external partners during the last year. The organisation was asked by Skills Development Scotland to participate in their Gender Commission, through which we looked at gender stereotyping and representation within the ELC workforce. As part of this work, the organisation held focus groups with parents/carers and the ELC workforce, as well as engagement with children via questionnaires within settings, to ascertain views and experiences around this important topic. This type of engagement work was then undertaken within the 3-5 Mental Health, Wellbeing and Happiness project funded by the Scottish Government's Children and Young People's Mental Health and Wellbeing Joint Delivery Board. This has been an intense and very rewarding development, which involved engagement with a range of local authorities throughout Scotland, with the aim of gathering information about what kind of support is available for both parents/carers and the ELC workforce to support children's health, wellbeing and happiness, if and where best practice exists, and what could be done to improve the support overall.

Our Policy Officer has also created a dedicated Twitter account and regular blog, which allows more regular interaction with a wider range of interested stakeholders, further expanding awareness of the policy work that EYS does.

**EYS Membership 2021/22**

Over the reporting year, we had a total number of 1,661 members.

The large increase from last year to this is mostly due to the free student membership incentive that was offered to all Scotland's colleges where Early Years Courses are delivered. The Childminder and Local Authority ELC membership increases are due to the support from our Local Authority bulk buys. We also continue to see an increase in Private ELCs, and Parent and Toddler Group members.

We have had some changes within membership groups overall. We appreciate that the impact of Covid is still affecting the voluntary sector in particular, due to continued sustainability issues, and lack of available funding. This in turn results in these memberships not being renewed.

We continue to review and revise our membership services, based on ongoing feedback and engagement with members.

**Working Directly with Childrens and Families (2021-22)**

We continue to work directly with young children and their families in a range of local community settings to build confidence, improve attachments and encourage shared play and learning between children and their parents. This includes our EYS Stay Play and Learn services, Baby Massage programme, P1 Stay Play and Learn and 2 Stay Play and Learn. In 2021 - 2022, these services in the community supported over 1, 844 **children** and 1,835 **families**.

**Children Affected by Parental Imprisonment - EYS work in Scottish Prisons (2021-22)**

In this second year of the pandemic, the challenges continued in terms of EYS being able to access 6 prisons to facilitate the programme and play sessions due to restrictions. Visits resumed at the end of April 2021 throughout SPS, with many restrictions still in place, social distancing, reduced visit sessions and wearing of masks. However, as always, EYS prison management and staff team offered creative and alternative ways of supporting the children, families and residents where possible.

Staff were able to resume the EYS Fathers' Programme at the end of Nov 2021 in some prisons; HMP Low Moss, HMP Barlinnie, HMP Edinburgh. No children's play sessions were introduced until later in the year at the end of 2021. HMP Greenock recommenced in Feb 2022 and HMP Castle Huntly has had limited males with children under the age of 5 years within their establishment, so we put a pause on this prison over this period of time.

The Mothers' Programme and Wellbeing sessions at HMP Cornton Vale have been going well and the EYP has been able to engage with a mother who recently moved to another prison in order to aid her transition. She has also been able to support 2 mothers who have given birth by visiting them in hospital and on their contact visits with their children and facilitating baby massage sessions. This has been good experience for EYS in terms of branching out into throughcare support post liberation. Staff have also attended numerous training courses over this period from, trauma informed practice, Book bug, First Aid, Suicide Prevention, UNCRC, Exploring Children's Rights, Breast feeding awareness and Child Smile Toothbrushing to name but a few.

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The EYS Family Visitor Centre at HMP Low Moss has been fully functioning since visits returned at the end of April 2021. They were then put on hold again over the second lockdown but then got up and running again. Numbers were low at points, given the national restrictions, and children's visits are now back on, with fewer restrictions still in place as mentioned above.

The FVC were lucky to receive additional funding from Scottish Government and we are currently in the process of making the FVC more trauma informed. Softer furnishings, calming music, greenery has been sourced to provide visitors with a more relaxing and calmer environment before their visit.

**Community Stay Play and Learn (2021-22)**

Early Years Scotland continues to develop and improve as we strive to serve and support young children through working with parents of young children through our Parent and Toddler Improvement Programme, and through our National Membership service as described in the Membership Section above.

Parent and Toddler support has been delivered directly to groups in the South of Glasgow as part of the Off to a Good Start Project funded by NHS GGC, the level of support needed for these groups has increased greatly with an initial focus on Healthy and Safety, Risk Assessments, Governance, forming committees and writing grant applications. Many Toddler groups closed during the pandemic due to operating restrictions enforced by the SG Organised Activities for children (OAC) Covid-19 guidance. The financial challenges on groups during this time meant that some were unable to open, even as restrictions eased, due to lack of upfront funding for things such as insurance and lack of confidence around how to manage restrictions and guidance. Early Years Scotland practitioners have been able to support community provision to help many of these groups to re-open, helping with best practice guidance for future sustainability. Nationally, through the membership strand of the organisation our 2 Development and support staff and membership team have also seen a high demand for this type of support, in response we developed new membership resources to support this category of members including:

- 4 Top tips for forming a successful committee
- Checklist for getting outdoors (unregulated groups)
- Health, Food and Snack Guidance for parent and toddler groups
- 10 new Top Tips for Parent and Toddler groups

The Early Years Scotland team has been solution-focused during the pandemic around the impact the restrictions have had on this part of the unregulated Early Years sector and worked closely with the Scottish Government as part of a strategic working group to address the supports needed for these groups to reopen. The Care and Learning Alliance (CALA) and EYS highlighted the need for financial support and both organisations were very grateful to support the administration of the Parent, Baby and Toddler Group Funding which was so welcomed by the sector. Whilst we recognise the support given, we are highly aware of the vital need for significant support which is still necessary for recovery of parent and toddler groups.

A direct face to face service is available in 2 Local authority areas, Glasgow and Fife, where we support managers and Management Committees, carry out audits of governance and financial management processes. This supports settings to run their service effectively, maintaining and improving leadership and management. This planned approach leads to successful, sustainable services within communities. Playgroups have needed intense management, advisory, staffing and recruitment support during this reporting period.

The Development and Support Officer team continue to provide beneficial and much needed online and remote support through Zoom, Teams or phone calls and now have also now returned to direct face to face visits as and when required by the setting. Throughout this reporting period they have also provided a national support service via the EYS helpline.

**EYS Professional Learning (2021-22)**

Covid-19 continues to have a significant impact on how the sector engages in professional learning. The roll out of 1,140 hours of ELC continues to cause challenges for the workforce in relation to staffing and time off the floor for staff to engage in professional learning activity.

However, openness to the variety of virtual 'interactive tools' has seen our virtual mode of delivery become a credible, high-quality alternative to in person opportunities. In a sector experiencing daily challenges relating to staff cover, the ability to allow staff off the floor to engage in professional learning whilst in setting has become a viable alternative.

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This was reflected in the commissioning by Glasgow City Council of a fully virtual Practice for Impact programme, which has seen over 400 practitioners engage in three 2.5 hour sessions, 'Birth to Three Matters'. Commitment to engaging, high-quality virtual opportunities has become a strength in the offer of EYS learning opportunities. These opportunities work alongside the range of high-quality online course available to the sector. Online opportunities support access at a time that works for individuals and settings, addressing the previously mentioned challenges in the sector.

A return to in person opportunities was something we believed we would see a greater increase in over this period: however, the reality being that the sector is not returning to this at the rate we believed it would and virtual opportunities continue to evidence increased engagement.

Evaluations across all modes of delivery continue to evidence excellent levels of satisfaction, reflecting the position that what we are doing is high-quality and desired and indeed valued by the sector.

**EYS Key Achievements 2021/22**

Early Years Scotland's achievements and progress over the past year have been considerable and include the following:

1. Ongoing and successful delivery of our Stay Play and Learn sessions for eligible 2 and 3-year-olds in partnership with Glasgow City Council as well as a family wellbeing programme using the funded entitlement, giving families more choice and opportunities to improve attachment and attainment.
2. We adapted our community-based Stay Play and Learn service delivery in response to COVID-19 by delivering one to one garden/park sessions with families.
3. We received support from Fare Share and funding through William Grant Foundation, BCDC and the Glasgow Food Fund/GCVS to provide regular Wellbeing, Food and Activity bags to over 280 families until September 2021.
4. All practitioners completed Breast Feeding Awareness training
5. We continued to support the Oral Health Challenge Fund from the Scottish Government to allow us to provide supported parent and toddler sessions across Glasgow with oral health themed activities and were showcased as an example of good practice with regards to meeting the aims of the fund.
6. We successfully applied for The Promise "Good Childhood Fund" and partnered with Care Visions and Scottish Attachment in Action to provide an online community to care experienced parents and parents to be.
7. We received continued funding through the NHS to remain in Glasgow South where we work in partnership with the Health Improvement Team.
8. We maintain income through support from our current funders and receive funding from diverse funders and projects.
9. We secured continued funding from Renfrewshire Council to deliver our Stay, Play and Learn and Baby Massage sessions.
10. We have continued to support effective primary school transitions in primary schools, specifically the 3 Gaelic schools in Glasgow where we supported 320 children from April to June.
11. We secured continued funding from Glasgow City Council to support young parents across the city.
12. We successfully applied for the Glasgow Community Mental Health and Wellbeing Fund allowing us to give perinatal support parents across the city.



**REPORT OF THE TRUSTEES  
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**EYS Partnerships 2021/22**

- Scottish Government
- Key Local Authorities
- NHS Community Food and Health
- Glasgow Health Board
- Dumfries and Galloway NHS Endowment Fund
- Scottish Prison Service (6 Prisons)
- Community Custody Units for Women
- Family Visitor Centre National Steering Group
- Community Justice Department
- William Grant Foundation
- Medical Research at Uni. of Glasgow
- Scottish Funding Council
- Young Parents' Unit Smithycroft High School
- SSSC
- SQA
- SDS
- SOSCN
- SCMA
- National GIRFEC Team
- Glasgow Working Group - Women and Offending
- Play Scotland
- Holywood Trust
- NHS
- College Development Network
- Play Wales
- Play Ireland
- Scottish Attainment in Action
- Care Visions
- Comic Relief
- GCVS
- Scottish Book Trust
- Glasgow Life
- Education Scotland
- Uni. of the West of Scotland
- Families Outside
- Children 1st
- Inspiring Scotland
- Scottish Parent Teacher Council
- National Parent Forum Scotland
- Parenting Across Scotland
- Various colleges & College Development Network
- Robertson Trust
- Volant Trust
- National Lottery Community Fund
- Charles Hayward Foundation
- Children in Need
- CELCIS
- Media Scotland and Reach plc
- Children in Scotland
- Care Inspectorate
- NDNA
- Glasgow University Educational Colloquium
- CALA
- Cross Party Group - Affected by Imprisonment
- Cross Party Group - Women's Justice
- Charles Gordon Foundation
- Saints and Sinners
- BCDC Wellbeing Fund
- Tots and Toys (Tron St Mary's)
- Fare Share

**Performance**

During this challenging period, the Board introduced additional strategic meetings to ensure ongoing robust governance arrangements and monitoring/measuring meetings were in place, fully supported the Senior Management and wider staff team. Early Years Scotland Trustees receive papers and written reports before every Board meeting to enable them to provide strategic leadership and monitor operations accordingly. The designated Board sub-groups met regularly and were provided with papers in advance of the meetings and action minutes were shared following the meetings. The RAG/traffic light system, which was introduced in 2012-13 to monitor performance and all financial activity, continued to be used effectively in 2021-22.

The Board and Management Team continue to place an important focus on ensuring that the Strategic and Operational Plans are refreshed and kept up to date. Management Team and Board Meeting Agendas reflect this, and Strategic Plan Progress Reports from all managers, facilitate robust monitoring of targets.

As we were unable to deliver our services in the usual way, alternative service delivery arrangements were agreed with funders to ensure children and families continued to receive the highest quality support at this crucial time.

We have been continuing to work with partners to improve and strengthen our approaches to recording, monitoring, evaluation and analysis. As we go forward, this continues to be an important area of development so that we can ensure that we are able to evaluate the impact of our services effectively, meaningfully and proportionately.

The EYS Professional Learning Academy continues to deliver high quality, relevant and up to date ELC professional learning. Covid restrictions have meant that our professional learning sessions have been delivered virtually, and very positive feedback has been received on both content and delivery.

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**ACHIEVEMENT AND PERFORMANCE**

The Trustees are extremely grateful to the Scottish Government, The Promise Village Project, Glasgow City, West Dunbartonshire, Renfrewshire, Fife, Dumfries & Galloway and Aberdeenshire Councils, Pupil Equity Funding in Glasgow, The National Lottery, William Grant Foundation, BBC Children in Need, Scottish Prison Service for HMP Cornton Vale, Garfield Weston Foundation, Robertson Trust, Charles Gordon Foundation, Saints and Sinners Club of Scotland, Holywood Trust, Arnold Clark, Kelly Family Trust, Barrack Trust, Endrick Trust, National Lottery Dumfries and Galloway, Dumfries and Galloway NHS Endowment Fund, Comic Relief, NHS Greater Glasgow, NHS Glasgow South, Cash for Kids and Commonwealth Fund.

The support of our partners has been essential in maintaining such a varied range of services. Our sincere thanks also go to all our partners who have made financial contributions to support our work this year.

**FINANCIAL REVIEW**

**Financial overview**

Overall reserves have decreased by £67,599 during the year to 31 March 2022. Total income in the year was £1,707,546, an increase on the prior year by £222,173.

During the course of the year, we have been successful in having funding awarded from:

- Scottish Government to develop a well-being hub and host well-being seminars for the Early Learning and Childcare workforce.
- Scottish Government support for Mental Health 3- 5 year project.
- Scottish Government provided funds to support the operation of the family visitors centre at HMP Low Moss.
- Glasgow Community Mental Health and Wellbeing Fund to support positive parental engagement.
- Glasgow City Council supported the Get into Summer outdoor summer provision for parents and children.
- Dumfries and Galloway Community Mental Health and Wellbeing Fund to support positive parental engagement.
- Inspiring Scotland to deliver outdoor play activities for parents and children in West Dunbartonshire.
- National Lottery, NHS Dumfries and Galloway Endowment Fund and the Holywood Trust for Stay Play and Learn in Dumfries and Galloway.
- Charles Gordon Foundation for Stay Play and Learn in Glasgow South.
- Scottish Prison Service for the provision of family services at HMP Cornton Vale.

**Principal funding sources**

The principal funding sources were:

- Scottish Government	£638,764
- Local Authorities Services	£311,803
- Other Grants and Contracts	£527,380

**Investment policy and objectives**

During the financial year 2018/19, the Trustees decided to diversify the Charity's assets by using an asset management company to establish an investment portfolio which is managed by Brewin Dolphin. This has continued to be successful with a diversified portfolio which generates both income and capital return. The investment has naturally fluctuated due to the pandemic and is closely monitored and discussed by the Board of Trustees.

**Reserves policy**

The Trustees recognise the need for the charity to have reserves (that is, those funds that are freely available), which will enable it to cope with unexpected fluctuations in income and expenditure, to take advantage of development opportunities that might otherwise cause cash flow problems and to act as responsible employers in the event of termination of specific funding of the organisation. Currently, funding decisions are significantly delayed, in some cases beyond the start of the relevant period which necessitates an element of gap funding.

Consequently, the Trustees remain committed to maintaining unrestricted reserves to at least three months operating costs.

At 31 March 2022, unrestricted reserves totalled £577,503. The actual free reserves of the charity at the year end, being those funds not tied up in long-term investments, designated for a specific purpose or restricted are £10,218.

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**FUTURE PLANS**

- Professional learning Academy expansion plans to expand the range of options for the ELC sector.
- Custody to Community throughcare model of support for children, families and those liberated from prison.
- Develop our EYS Prison Programmes of support for children and families affected by parental imprisonment by expanding this to more prisons and creating more support through additional family visitor centres.
- Develop refreshed and targeted membership offer and wider advertising streams for our magazines nationally.
- Explore new digital fundraising opportunities and continue to develop our new website and membership portal.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

Early Years Scotland is a company limited by guarantee, registered number SC086932. It was incorporated on 7 November 1968 and is governed by its Articles of Association which were amended to allow for current governance arrangements on 27 April 1996. It is registered as a charity with the Office of the Scottish Charity Regulator, charity number SC003725. It operates from its registered office at 23 Granville Street, Glasgow, G3 7EE and local office in Dumfries. We also have a dedicated Professional Learning Academy, based in Edward House, 199 Sauchiehall Street that we use for delivering our EYS professional learning services. Any Early Learning and Childcare provider, Parent and Toddler Group, Local Authority or students etc, can become a member of the company, each of whom agrees to contribute £1 in the event of the charity winding up.

**Recruitment and appointment of new trustees**

The Board recruit trustees from membership and others with relevant skills and experience who can support the governance of the charity. Trustees are elected annually by the members of the charitable company by ballot and confirmed at the Annual General Meeting, and serve for a period of six years, with provision for exceptions where agreed by the Board. The trustees have the power to co-opt up to three further members to fill specialist roles. Co-opted members are appointed by the Board annually and may serve for a period of up to six years maximum. As set out in the Articles of Association, the chair of the trustees is nominated by the Board of Trustees.

**Organisational structure**

Early Years Scotland is a membership and delivery organisation. The Board of Directors, which can have up to nine elected members and three co-opted members, have overall responsibility for the strategic management of the charity. The Board meet at least four times each year and there are Board standing committees covering finance, risk management and conference planning, which meet more regularly. A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. The Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and services related activity.

**Induction and training of new trustees**

New trustees undergo an induction session to brief them on their legal obligations under charity and company law; the content of the Articles of Association; the Board and decision-making processes; the strategic business plan and recent financial performance of the charity. During the induction session, the new trustees meet with the Chief Executive and thereafter with other key employees and trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

**Related parties**

Early Years Scotland Services (EYSS) provides management and administrative services to ELC providers and communities to support the ELC expansion across Scotland, and to supply all such ancillary services and facilities, as the directors may consider appropriate from time to time. EYSS will carry on any other trade or business, ancillary to the core activities of the company which the directors may consider appropriate from time to time. EYSS will also make donations (whether by way of gift aid or otherwise), and/or provide other forms of support, to the Holding Company and that irrespective of whether the provision of such support advances the interests of the company.

During the year 2021/22 there was no activity for EYSS.

**REPORT OF THE TRUSTEES  
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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Risk management**

The trustees, with support from Management, conduct regular reviews of the major risks to which the charity is exposed. The trustees considered a revised risk register drafted by the Management Team and members of the Board, and this continues to be developed in an ongoing way. Where possible and appropriate, systems, procedures or action plans have been established to mitigate the risks the charity faces. Strategic planning has helped to identify risks to funding and enabled the organisation to address more effectively the need for the diversification of funding and activities. Risks are minimised by effective control procedures.

This risk assessment has also facilitated improved emergency procedures and contingency plans and has given the impetus for better planning. Particular focus of this risk management is on non-financial risks arising from fire, flood, health and safety and any resulting business disruption, including the most recent Coronavirus pandemic. A key element in the management of financial risk is the setting of a reserves policy to establish, at least, three months operating costs in reserve from 2011. This target has been achieved in 2021-22.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Company number**

SC086932 (Scotland)

**Registered Charity number**

SC003725

**Registered office**

23 Granville Street  
Glasgow  
G3 7EE

**Trustees**

H Brace (appointed 26/5/2022)  
B Dale (resigned 26/8/2021)  
T Ashmead  
M Burns  
B Malcolm  
F Sanderson  
S Harkins  
D Coupar  
M Courtney  
M Samson (resigned 26/5/2022)

**Company Secretary**

J Brumpton

**Auditors**

Martin Aitken & Co Ltd  
Statutory Auditor  
Chartered Accountants  
Caledonia House  
89 Seaward Street  
Glasgow  
G41 1HJ

**Bankers**

Bank of Scotland  
54/62 Sauchiehall Street  
Glasgow  
G2 3AH

**REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 MARCH 2022**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Solicitors**

Boyle Shaughnessy  
94 Hope Street  
Glasgow  
G2 6QB

Burness Paul  
120 Bothwell Street  
Glasgow  
G2 7JL

Morton Fraser  
145 St Vincent Street  
Glasgow  
G2 5JF

**Investment Advisers**

Brewin Dolphin  
48 St Vincent Street  
Glasgow  
G2 5TS

**Key Management Personnel**

Jane Brumpton  
Gillian Middleton  
Michele Doull

Chief Executive  
Deputy Chief Executive  
Head of Professional Learning & Quality Assurance

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Early Years Scotland for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**AUDITORS**

The auditors, Martin Aitken & Co Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 8 September 2022 and signed on its behalf by:

*Marion A. Burns*

M Burns - Trustee

## **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF EARLY YEARS SCOTLAND (REGISTERED NUMBER: SC086932)**

### **Opinion**

We have audited the financial statements of Early Years Scotland (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 the provisions available for small entities, in the circumstances set out in note 22 to the financial statements, 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors 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.

In connection with our audit of the financial statements, 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 the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF EARLY YEARS SCOTLAND (REGISTERED NUMBER: SC086932)**

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Our responsibilities for the audit of the financial statements**

We have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act and relevant regulations made of having effect thereunder.

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 a Report of the Independent Auditors 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 aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES AND MEMBERS OF  
EARLY YEARS SCOTLAND (REGISTERED NUMBER: SC086932)**

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

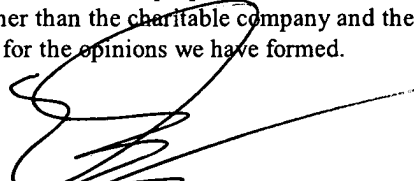
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**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, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and the trustees those matters we are required to state to them in an auditors' 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.



Ewen Dyer BA CA (Senior Statutory Auditor)  
for and on behalf of Martin Aitken & Co Ltd  
Statutory Auditor  
Chartered Accountants  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
Caledonia House  
89 Seaward Street  
Glasgow  
G41 1HJ

8 September 2022



# EARLY YEARS SCOTLAND

## STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
<b>INCOME FROM</b>					
Donations and legacies	2	6,548	1,471,987	1,478,535	1,271,463
<b>Charitable activities</b>					
Education and social development		119,773	14,361	134,134	112,239
Income from sale of publications		2,455	-	2,455	2,892
Friends of EYS		466	-	466	1,284
Sponsorship		-	-	-	4,000
Miscellaneous income		71,284	-	71,284	71,409
Investment income	3	6,360	-	6,360	7,454
Other income		14,312	-	14,312	14,632
<b>Total</b>		<b>221,198</b>	<b>1,486,348</b>	<b>1,707,546</b>	<b>1,485,373</b>
<b>EXPENDITURE ON</b>					
Raising funds	5	2,410	-	2,410	2,532
<b>Direct charitable costs</b>	6				
Education and social development		209,566	1,569,829	1,779,395	1,500,426
<b>Total</b>		<b>211,976</b>	<b>1,569,829</b>	<b>1,781,805</b>	<b>1,502,958</b>
Net gains on investments		6,660	-	6,660	19,787
<b>NET INCOME/(EXPENDITURE)</b>		<b>15,882</b>	<b>(83,481)</b>	<b>(67,599)</b>	<b>2,202</b>
<b>Transfers between funds</b>	19	25,875	(25,875)	-	-
<b>Net movement in funds</b>		<b>41,757</b>	<b>(109,356)</b>	<b>(67,599)</b>	<b>2,202</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Total funds brought forward</b>		<b>535,746</b>	<b>209,858</b>	<b>745,604</b>	<b>743,402</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>577,503</b>	<b>100,502</b>	<b>678,005</b>	<b>745,604</b>

The notes form part of these financial statements

**EARLY YEARS SCOTLAND (REGISTERED NUMBER: SC086932)****BALANCE SHEET  
31 MARCH 2022**

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible assets	12	54,713	60,714
Investments	13	278,958	268,380
		<u>333,671</u>	<u>329,094</u>
<b>CURRENT ASSETS</b>			
Stocks	14	2,262	1,512
Debtors	15	83,622	149,850
Cash at bank and in hand		390,186	379,334
		<u>476,070</u>	<u>530,696</u>
<b>CREDITORS</b>			
Amounts falling due within one year	16	(131,736)	(114,186)
		<u>344,334</u>	<u>416,510</u>
<b>NET CURRENT ASSETS</b>			
		<u>678,005</u>	<u>745,604</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>678,005</u>	<u>745,604</u>
<b>NET ASSETS</b>			
		<u>678,005</u>	<u>745,604</u>
<b>FUNDS</b>	19		
Unrestricted funds		577,503	535,746
Restricted funds		100,502	209,858
<b>TOTAL FUNDS</b>		<u>678,005</u>	<u>745,604</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 8 September 2022 and were signed on its behalf by:

*Maurice A. Burns*

M Burns - Trustee

## EARLY YEARS SCOTLAND

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>37,937</u>	<u>(54,662)</u>
Net cash provided by/(used in) operating activities		<u>37,937</u>	<u>(54,662)</u>
 <b>Cash flows from investing activities</b>			
Purchase of property plant and equipment		(29,531)	(27,979)
Purchase of fixed asset investments		(48,754)	(63,179)
Sale of fixed asset investments		44,840	58,588
Interest received		<u>6,360</u>	<u>7,454</u>
Net cash used in investing activities		<u>(27,085)</u>	<u>(25,116)</u>
 <b>Change in cash and cash equivalents in the reporting period</b>		<u>10,852</u>	<u>(79,778)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>379,334</u>	<u>459,112</u>
 <b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>390,186</u></u>	<u><u>379,334</u></u>

The notes form part of these financial statements

## EARLY YEARS SCOTLAND

### NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

#### 1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(67,599)	2,202
Adjustments for:		
Depreciation charges	35,532	30,197
Gain on investments	(6,660)	(22,319)
Interest received	(6,360)	(7,454)
(Increase)/decrease in stocks	(750)	1,014
Decrease/(increase) in debtors	66,228	(63,028)
Increase in creditors	17,546	4,726
Net cash provided by/(used in) operations	<u>37,937</u>	<u>(54,662)</u>

#### 2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/21 £	Cash flow £	At 31/3/22 £
Net cash			
Cash at bank and in hand	<u>379,334</u>	<u>10,852</u>	<u>390,186</u>
	<u>379,334</u>	<u>10,852</u>	<u>390,186</u>
Total	<u>379,334</u>	<u>10,852</u>	<u>390,186</u>

## **EARLY YEARS SCOTLAND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (revised and effective 2 September 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are presented in Sterling (£).

##### **Going concern**

The Trustees and Key Management Personnel have assessed the potential future of Early Years Scotland and whether it can continue as a going concern. The budget for 2022/23 has been prepared to include all approved funding in place for next year and any funding pending approval is being tracked.

After assessing all potential impacts and future commitments, the Trustees have a reasonable expectation that the charity has adequate resources and reserves to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Preparation of consolidated financial statements**

The financial statements show information about Early Years Scotland as an individual charity and do not contain consolidated financial information as the parent of a group. The accounts have not been consolidated as the results of the subsidiary undertaking are not material to the group.

##### **Judgements**

The company considers on an annual basis the judgements that are made by management when applying its significant accounting policies that would have the most significant effect on amounts that are recognised in the financial statements. The Trustees consider there are no such significant judgements.

##### **Provisions**

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

##### **Information and key sources of estimation uncertainty**

In the application of the company's accounting policies, the Trustees are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 ongoing basis.

The company does not have any key assumptions concerning the future, or other key sources of estimation uncertainty in the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **Income**

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

## EARLY YEARS SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 1. ACCOUNTING POLICIES - continued

##### **Income**

Income from government or other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be reliably measured and is not deferred.

Income received in advance of the provision of specific service through a contract is deferred until the criteria for income recognition are met.

Other revenue streams such as membership and subscriptions are recognised when there is an understanding of the terms to both parties and the charity have invoiced the appropriate entity. In the event that a service is subject to conditions that require a level of performance before the charity is entitled to funds, the income is deferred and not recognised until either those conditions are fully met or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

##### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

##### **Charitable activities**

Costs of charitable activities are incurred on the charity's core operations, including support costs and costs relating to the governance of the charity.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Furniture & fittings	- 10% on cost
Office equipment	- 20% on cost
Computer equipment	- at varying rates on cost

Fixed assets are included in the balance sheet at cost less accumulated depreciation and impairment.

No assets with a gross value of less than £250 are capitalised. These items have been treated as expenditure in the Statement of Financial Activities.

##### **Impairment of non-financial assets**

At each reporting date non-financial assets not carried at fair value, like plant, property and equipment, are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount which is the higher of value in use and the fair value less cost to sell, is estimated and compared with the carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit and loss.

##### **Stocks**

Stocks are valued at the lower of cost and estimated selling price less costs to sell.

##### **Taxation**

The charity is exempt from corporation tax on its charitable activities.

##### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

## **EARLY YEARS SCOTLAND**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022**

#### **1. ACCOUNTING POLICIES - continued**

##### **Fund accounting**

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Designated funds are income funds which are set aside by the trustees out of unrestricted funds for specific future purposes.

Transfers between funds - With regard to the use of both restricted and designated funds, the release represents an amount which matches the expenditure incurred in the year in respect of the relevant purpose of each fund. Transfers are made between funds for identified internal transactions such as staff training where funds are moved from unrestricted core income to a designated training fund.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

##### **Pension commitments**

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting period.

##### **Financial instruments**

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments that are payable or receivable within one year, typically trade debtors and trade creditors, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received.

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for evidence of impairment and if found, an impairment loss is recognised in profit or loss.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

##### **Leasing commitments**

Rentals payable under operating leases are charged to the Statement of Financial Activities as they are incurred over the term of the lease.

## EARLY YEARS SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 2. DONATIONS AND LEGACIES

	2022	2021
	£	£
Donations	588	766
Contracts	307,147	185,660
Grants	1,170,800	1,085,037
	<u>1,478,535</u>	<u>1,271,463</u>

Grants received, included in the above, are as follows:

	2022	2021
	£	£
Scottish Government	638,764	343,595
Area grants	480,789	670,737
Other grants	51,247	70,705
	<u>1,170,800</u>	<u>1,085,037</u>

#### 3. INVESTMENT INCOME

	2022	2021
	£	£
Deposit account interest	33	329
Other investment income	6,327	7,125
	<u>6,360</u>	<u>7,454</u>

#### 4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2022	2021
		£	£
Subscriptions	Education and social development	115,660	100,935
Other income	Education and social development	18,474	11,304
Publications sales	Income from sale of publications	2,455	2,892
Other income	Friends of EYS	466	1,284
Other income	Sponsorship	-	4,000
Other income	Miscellaneous income	71,284	71,409
		<u>208,339</u>	<u>191,824</u>



# **EARLY YEARS SCOTLAND**

## **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022**

### **5. RAISING FUNDS**

#### **Investment management costs**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Portfolio management	<b>2,410</b>	<b>2,532</b>

### **6. CHARITABLE ACTIVITIES COSTS**

	<b>Direct Costs £</b>	<b>Support costs (see note 7) £</b>	<b>Totals £</b>
Education and social development	<b>1,708,736</b>	<b>70,659</b>	<b>1,779,395</b>

### **7. SUPPORT COSTS**

	<b>Governance costs £</b>
Education and social development	<b>70,659</b>

Support costs, included in the above, are as follows:

	<b>2022 Education and social development £</b>	<b>2021 Total activities £</b>
Governance salaries	<b>19,864</b>	<b>19,416</b>
Auditors' remuneration	<b>8,250</b>	<b>8,730</b>
Professional fees	<b>42,545</b>	<b>22,707</b>
	<b>70,659</b>	<b>50,853</b>

### **8. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	<b>2022 £</b>	<b>2021 £</b>
Auditors' remuneration	<b>8,250</b>	<b>8,730</b>
Depreciation - owned assets	<b>35,532</b>	<b>30,197</b>

## EARLY YEARS SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

##### Trustees' expenses

During the year, 1 Trustee was reimbursed travel expenses of £120 (2021: £131).

#### 10. STAFF COSTS

	2022 £	2021 £
Wages and salaries	1,125,104	1,044,740
Social security costs	92,355	84,545
Other pension costs	54,541	49,731
	<u>1,272,000</u>	<u>1,179,016</u>

The average monthly number of employees during the year was as follows:

	2022	2021
Administration	18	18
Area staff	30	29
Management	6	6
	<u>54</u>	<u>53</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2022	2021
£60,001 - £70,000	<u>1</u>	<u>1</u>

Remuneration paid to key management personnel in the year amounted to £193,629 (2021: £143,609).

**EARLY YEARS SCOTLAND****NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2022****11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total funds £</b>
<b>INCOME FROM</b>			
Donations and legacies	766	1,270,697	1,271,463
<b>Charitable activities</b>			
Education and social development	100,935	11,304	112,239
Income from sale of publications	2,892	-	2,892
Friends of EYS	1,284	-	1,284
Sponsorship	4,000	-	4,000
Miscellaneous income	71,409	-	71,409
Investment income	7,454	-	7,454
Other income	14,632	-	14,632
<b>Total</b>	<b>203,372</b>	<b>1,282,001</b>	<b>1,485,373</b>
<b>EXPENDITURE ON</b>			
Raising funds	2,532	-	2,532
<b>Direct charitable costs</b>			
Education and social development	279,480	1,220,946	1,500,426
<b>Total</b>	<b>282,012</b>	<b>1,220,946</b>	<b>1,502,958</b>
Net gains on investments	19,787	-	19,787
<b>NET INCOME/(EXPENDITURE)</b>	<b>(58,853)</b>	<b>61,055</b>	<b>2,202</b>
<b>Transfers between funds</b>	<b>41,906</b>	<b>(41,906)</b>	<b>-</b>
<b>Net movement in funds</b>	<b>(16,947)</b>	<b>19,149</b>	<b>2,202</b>
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward</b>	<b>552,693</b>	<b>190,709</b>	<b>743,402</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>535,746</b>	<b>209,858</b>	<b>745,604</b>

## EARLY YEARS SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 12. TANGIBLE FIXED ASSETS

	Furniture & fittings £	Office equipment £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2021	13,379	34,649	244,166	292,194
Additions	-	7,255	22,276	29,531
At 31 March 2022	13,379	41,904	266,442	321,725
<b>DEPRECIATION</b>				
At 1 April 2021	13,379	17,084	201,017	231,480
Charge for year	-	7,820	27,712	35,532
At 31 March 2022	13,379	24,904	228,729	267,012
<b>NET BOOK VALUE</b>				
At 31 March 2022	-	17,000	37,713	54,713
At 31 March 2021	-	17,565	43,149	60,714

#### 13. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Listed investments £	Cash and settlements pending £	Totals £
<b>MARKET VALUE</b>				
At 1 April 2021	100	256,144	12,136	268,380
Additions	-	48,754	-	48,754
Disposals	-	(38,543)	(3,140)	(41,683)
Revaluations	-	3,507	-	3,507
At 31 March 2022	100	269,862	8,996	278,958
<b>NET BOOK VALUE</b>				
At 31 March 2022	100	269,862	8,996	278,958
At 31 March 2021	100	256,144	12,136	268,380

There were no investment assets outside the UK.

There were no investments held in individual entities at 31 March 2022 which are over 5% of portfolio.

The investments have a fair value of £269,862 (2021: £256,144) and a historical cost of £260,534 (2021: £246,057).

The company's investments at the balance sheet date in the share capital of companies include the following:

## EARLY YEARS SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 13. FIXED ASSET INVESTMENTS - continued

##### Early Years Scotland Services Limited (SC293952)

Registered office: 23 Granville Street, Glasgow, G3 7EE.

Nature of business: pre-primary education

Class of share:	% holding
Ordinary	100

	2022	2021
	£	£
Aggregate capital and reserves	100	100

#### 14. STOCKS

	2022	2021
	£	£
Stocks	2,262	1,512

#### 15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Other debtors	23,662	68,399
Prepayments and accrued income	59,960	81,451
	<u>83,622</u>	<u>149,850</u>

#### 16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	5,799	10,442
Social security and other taxes	21,743	20,232
Pension creditor	8,594	8,065
Other creditors	35,653	31,951
Accruals and deferred income	59,947	43,496
	<u>131,736</u>	<u>114,186</u>

#### 17. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	20,397	30,334
Between one and five years	5,436	1,583
	<u>25,833</u>	<u>31,917</u>

# **EARLY YEARS SCOTLAND**

## **NOTES TO THE FINANCIAL STATEMENTS - continued** **FOR THE YEAR ENDED 31 MARCH 2022**

### **18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Fixed assets	54,713	-	54,713	60,714
Investments	278,958	-	278,958	268,380
Current assets	375,568	100,502	476,070	530,696
Current liabilities	(131,736)	-	(131,736)	(114,186)
	<u>577,503</u>	<u>100,502</u>	<u>678,005</u>	<u>745,604</u>

### **19. MOVEMENT IN FUNDS**

	At 1/4/21 £	Net movement in funds £	Transfers between funds £	At 31/3/22 £
<b>Unrestricted funds</b>				
Unrestricted	236,768	47,067	(3,655)	280,180
Designated - Central office	298,978	(31,185)	29,530	297,323
	<u>535,746</u>	<u>15,882</u>	<u>25,875</u>	<u>577,503</u>
<b>Restricted funds</b>				
Scottish Government	8,234	77,139	(1,671)	83,702
Local Authorities	20,878	(228,292)	(17,056)	(224,470)
Prisons	20,712	54,921	-	75,633
NHS	2,380	-	(2,380)	-
Trusts & Foundations	89,283	29,064	(68,448)	49,899
Defined Projects	68,371	(16,313)	63,680	115,738
	<u>209,858</u>	<u>(83,481)</u>	<u>(25,875)</u>	<u>100,502</u>
<b>TOTAL FUNDS</b>	<u>745,604</u>	<u>(67,599)</u>	<u>-</u>	<u>678,005</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Unrestricted	217,085	(176,678)	6,660	47,067
Designated - Central office	4,113	(35,298)	-	(31,185)
	<u>221,198</u>	<u>(211,976)</u>	<u>6,660</u>	<u>15,882</u>
<b>Restricted funds</b>				
Scottish Government	639,364	(562,225)	-	77,139
Local Authorities	312,619	(540,911)	-	(228,292)
Prisons	222,056	(167,135)	-	54,921
Trusts & Foundations	104,400	(75,336)	-	29,064
Defined Projects	207,909	(224,222)	-	(16,313)
	<u>1,486,348</u>	<u>(1,569,829)</u>	<u>-</u>	<u>(83,481)</u>
<b>TOTAL FUNDS</b>	<u>1,707,546</u>	<u>(1,781,805)</u>	<u>6,660</u>	<u>(67,599)</u>

# EARLY YEARS SCOTLAND

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

### 19. MOVEMENT IN FUNDS - continued

#### Comparatives for movement in funds

	At 1/4/20 £	Net movement in funds £	Transfers between funds £	At 31/3/21 £
<b>Unrestricted funds</b>				
Unrestricted	246,818	(34,972)	24,922	236,768
Designated - Central office	305,875	(23,881)	16,984	298,978
	<u>552,693</u>	<u>(58,853)</u>	<u>41,906</u>	<u>535,746</u>
<b>Restricted funds</b>				
Scottish Government	1,103	7,131	-	8,234
Local Authorities	26,689	8,991	(14,802)	20,878
Prisons	14,624	10,419	(4,331)	20,712
NHS	61	(2,421)	4,740	2,380
Trusts & Foundations	125,244	45,687	(81,648)	89,283
Defined Projects	22,988	(8,752)	54,135	68,371
	<u>190,709</u>	<u>61,055</u>	<u>(41,906)</u>	<u>209,858</u>
<b>TOTAL FUNDS</b>	<u>743,402</u>	<u>2,202</u>	<u>-</u>	<u>745,604</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Unrestricted	199,872	(254,631)	19,787	(34,972)
Designated - Central office	3,500	(27,381)	-	(23,881)
	<u>203,372</u>	<u>(282,012)</u>	<u>19,787</u>	<u>(58,853)</u>
<b>Restricted funds</b>				
Scottish Government	343,595	(336,464)	-	7,131
Local Authorities	465,698	(456,707)	-	8,991
Prisons	195,448	(185,029)	-	10,419
NHS	20,000	(22,421)	-	(2,421)
Trusts & Foundations	114,101	(68,414)	-	45,687
Defined Projects	143,159	(151,911)	-	(8,752)
	<u>1,282,001</u>	<u>(1,220,946)</u>	<u>-</u>	<u>61,055</u>
<b>TOTAL FUNDS</b>	<u>1,485,373</u>	<u>(1,502,958)</u>	<u>19,787</u>	<u>2,202</u>

#### General fund

This fund is available for use at the discretion of the Trustees in accordance with the Early Year Scotland's charitable objectives. It is maintained at a level sufficient to allow the organisation time to adjust to changing financial circumstances.

## EARLY YEARS SCOTLAND

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

#### 19. MOVEMENT IN FUNDS - continued

##### **Designated Funds:**

##### **Training Reserve**

Ensures that EYS has funds available to support and develop staff for any training and/or qualifications.

##### **Capital Reserve**

Represents the estimated current value of EYS's property and equipment.

##### **Contingency Fund**

Monies held and to be used for matters outside of EYS's control.

##### **GDPR Reserve**

Allows financial support to be given to projects and any general office work to ensure it maintains GDPR compliance.

##### **Premises Relocation Reserve**

Monies held for the potential reallocation of the main office.

##### **Grants for Distribution Reserve**

A fund to allow EYS to make any input to projects they are associated with and to support any voluntary settings with sustainability issues.

##### **Restricted funds:**

##### **Scottish Government**

These funds are used for projects funded by the Scottish Government which consists of contribution to core costs, oral health project, and prison visitor centre and a well-being campaign for the sector.

##### **Local Authorities**

These funds are used for projects funded by local councils which consist of family support groups, supporting young children, direct support for ELC settings and the stay, play and learn project.

##### **Prisons**

These funds are used for prison programmes and projects.

##### **NHS**

These funds are used for health and wellbeing activities for young children and families.

##### **Trusts & Foundations**

These funds are from smaller grants received during the year to assist on larger projects carried out by EYS or to be used to fund staff salaries.

##### **Defined Projects**

These funds are used on projects that are specific to the grant provider.

##### **Transfer between funds**

The gains on investments are distributed across the funds and these were transferred back to unrestricted.

##### **Free reserves**

At 31 March 2022, unrestricted reserves totalled £577,503. The actual free reserves of the charity at the year end, being those funds not tied up in long-term investments, designated for a specific purpose or restricted are £10,218.



## **EARLY YEARS SCOTLAND**

### **NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022**

#### **20. EMPLOYEE BENEFIT OBLIGATIONS**

The company pays into the personal pension plans of certain staff members. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions paid during the year amounted to £54,541 (2021: £49,731). At the balance sheet date unpaid contributions of £8,594 (2021: £8,065) were due.

#### **21. RELATED PARTY DISCLOSURES**

There were no related party transactions for the year ended 31 March 2022 (2021: none).

#### **22. FRC ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES**

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

#### **23. COMPANY LIMITED BY GUARANTEE**

Early Years Scotland is a company limited by guarantee in the terms of the Companies Act 2006. The liability of each member is limited to the sum of £1. In the event of the winding up or dissolution of the company, in terms of the Memorandum of Association, any surplus assets shall be transferred to some other charitable body or bodies having objects similar to the company.