ACORN EARLY YEARS FOUNDATION

England & Wales · Charity number 1145108

Details

Other names	ACORN CHILDCARE 2, ACORN CHILDCARE
Status	Registered
Legal form	Charitable company
Company number	07703801
Registered	2011-12-16
Register	View on the Charity Commission register

Contact

Address	Acorn Early Years Foundation Unit 47 Waterside Barns Lodge Farm Business Centre Castlethorpe Milton Keynes MK19 7ES
Phone	01908510309
Email	info@acornearlyyears.org.uk
Website	www.acornearlyyears.org.uk

Activities

Objects: 4. THE CHARITY'S OBJECTS ARE TO ENHANCE THE DEVELOPMENT AND EDUCATION OF CHILDREN PRIMARILY UNDER THE AGE OF ELEVEN BY:4.1 THE PROVISION OF HIGH QUALITY CHILDCARE IN NURSERIES, OUT-OF-SCHOOL CLUBS AND FOREST SCHOOLS;4.2 WORKING TO ENSURE THAT HIGH QUALITY CHILDCARE IS AVAILABLE TO CHILDREN AND FAMILIES REGARDLESS OF MEANS, RACE, DISABILITY, GENDER, RELIGION, BELIEF OR ANY OTHER FACTOR;4.3 IDENTIFYING OTHER SOCIAL AND DEVELOPMENTAL SUPPORT NEEDS OF CHILDREN AND FAMILIES AND SEEKING TO ENSURE THESE ARE MET;4.4 ENCOURAGING, ENABLING AND SUPPORTING THE INVOLVEMENT OF PARENTS AND CARERS IN THEIR CHILDREN'S LEARNING AND DEVELOPMENT; AND4.5 CONTRIBUTING TO THE PROFESSIONAL DEVELOPMENT OF THOSE WORKING IN CHILDCARE.

Activities: Early years care and education in day nurseries and out-of-school clubsForest Schools Training and development activities for early years practitioners

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Classification

- **How:** Provides Services
- **What:** Education/training
- **Who:** Children/young People

Geography

- Bedford
- Milton Keynes
- Northamptonshire

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£13,168,610	£13,028,023	£635,456	476
2023-12-31	£11,419,095	£11,480,339	£494,869	467
2022-12-31	£9,575,853	£9,568,685	£557,182	408
2021-12-31	£8,165,719	£8,005,703	£550,014	341
2020-12-31	£6,975,216	£6,926,838	£389,998	308

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Trustees

Name	Role	Appointed
Carolyn Ann Norfolk		2017-04-11
Denise Bragg		2026-02-13
Dr Narendra Laljani Dr		2025-04-30
Emma Cox		2024-11-08
Giles Ashley Chilton		2017-12-02
Hannah Cheetham-Joshi		2025-04-30
Joslyn Hooper		2026-02-13
Katherine Ruth Vernon Pillai		2023-01-13
Michelle Louise Sogga		2025-10-24
Nicholas Ireland		2026-05-15
Olivia Margaret White		2024-11-08
Robert Prosser-Dryer		2021-02-05
Suzanne Marie Dawes		2024-02-07

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ACORN EARLY YEARS FOUNDATION

England & Wales - Charity number 1145108

Accounts

ACORN EARLY YEARS FOUNDATION

(A Charitable Company Limited by Guarantee)

FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2024

Charity number: 1145108

Company number: 07703801

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TRUSTEES' REPORT

The trustees, who are also the directors of the Charity for the purposes of the Companies Act, submit their Annual Report together with the audited financial statements for the year ended 31 December 2024.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Reference and Administrative Details of the Charity, its trustees and advisors

Charity registered number:	1145108
Company registered number:	07703801

The registered address for the Charity also houses the central support team:

Unit 47, Waterside Barns
Lodge Farm Business Centre
Castlethorpe
Milton Keynes
MK19 7ES

The following trustees served during the period, or were in office at the time these accounts were approved:

Eva Lloyd	Chair of trustees
Carolyn Norfolk	
Giles Chilton	
Narendra Laljani	Resigned 16 July 2024
Vanessa Gwynn	
Damien Beedham	
Allawee Albaghdadi	Resigned 3 October 2024
Robert Prosser-Dryer	
Laura Faulkner	
Hema Kotecha-Clarke	Resigned 27 November 2024
Katherine Pillai	
Suzanne Dawes	Appointed 7 February 2024
Olivia White	Appointed 8 November 2024
Emma Cox	Appointed 8 November 2024

TRUSTEES' REPORT

Reference and Administrative Details of the Charity, its trustees and advisors (continued)

The trustees delegate the day-to-day management of the charity to the Chief Executive Officer (CEO) and the Senior Leadership Team (SLT):

Zoe Raven	Chief Executive Officer
Emily Hepden	Head of Finance
Sue Fenton	Head of People & Talent
Laura Tingey	Head of Early Years & Compliance
Gabrielle Brandon	Head of Marketing & Communications
Steve Petty	Facilities and Health & Safety Manager
Santa Svike	Sustainability Lead, Governance Lead & Content Co-ordinator

Bankers:	Handelsbanken Moorgate House 201 Silbury Boulevard Milton Keynes MK9 1LZ
Solicitors:	Shakespeare Martineau Exchange Square 21 North Fourth Street Milton Keynes MK9 1HL
Auditors:	MHA Chartered Accountants and Statutory Auditors The Pinnacle 150 Midsummer Boulevard Milton Keynes MK9 1LZ

TRUSTEES' REPORT

About Acorn Early Years Foundation

History

Acorn Early Years Foundation (Acorn) was established in 1989 with a single nursery in the village of Castlethorpe, Milton Keynes. The founder, Zoe Raven, still leads the organisation as Chief Executive Officer (CEO), and now works with a central support team to support 17 nurseries across four counties, as well as out-of-school clubs, holiday playschemes, nature kindergartens, forest schools, catering, training and consultancy services.

Acorn initially operated as a private company, slowly expanding and diversifying into school-age childcare, forest schools, training, and creating a catering hub to support nurseries lacking full catering facilities. By 2011, Acorn had developed a cross-subsidy model to support nurseries in economically disadvantaged areas, and at this point Zoe recognised that being a private company was limiting the social impact that had become central to Acorn's mission. A separate not-for-profit company, Tall Oaks, had already been established to run forest schools and training services, and this then became a registered charity and over several years the nurseries were transferred from the original company into this charitable social enterprise. The process was completed in 2016, at which point the organisation changed its name from Acorn Childcare to Acorn Early Years Foundation. Acorn has developed a social impact model to ensure that its core ethos and values are fully realised, and the organisation is continuing to grow at a manageable pace.

Mission and Objectives

Acorn's mission statement is *'to be an inspirational learning organisation which operates a model of excellence for early years care and education which is accessible to all'*.

The charity's objectives are to enhance the development and education of children primarily under the age of eleven by:

1. The provision of high quality childcare in nurseries, out-of-school clubs and forest schools;
2. Working to ensure that high quality childcare is available to children and families regardless of means, race, disability, gender, religion, belief or any other factor;
3. Identifying other social and developmental support needs of children and families and seeking to ensure these are met;
4. Encouraging, enabling and supporting the involvement of parents and carers in their children's learning and development; and
5. Contributing to the professional development of those working in childcare.

TRUSTEES' REPORT

Ethos and Pedagogy

Acorn's core values are rooted in an ethic of care, and implemented through a relational pedagogy. The ethic of care emphasises the importance of nurturing relationships and a responsive approach, and care is seen as a value, not just a practice. It guides Acorn's interactions with children, families, staff members, and the local community. Children need to experience genuinely caring practice if they are to learn how to develop a caring attitude and caring relationships themselves.

Acorn's relational pedagogy recognises the need to know and understand children in order to foster their development, and builds on caring relationships between children, parents/carers and staff. It also extends to children's relationships with people in their local communities, including the elderly, and with the natural world. Home visits are a key aspect of the settling-in process for children, laying the foundations of trusting partnerships with parents/carers, and intergenerational visits to care homes are organised regularly where local opportunities exist.

Acorn's ethic of care, and relational pedagogy extends to encouraging care and respect for the natural environment, integrating environmentally sustainable practices where possible, across all areas of our work.

The five values that arise from this ethos are:

Personal – Personalising care and education, treating children, parents/carers and staff as individuals, within supportive, respectful relationships.

Professional – Striving to be a learning organisation, continually reflecting and developing the knowledge, skills and qualifications of the early years workforce.

Nurturing – Putting children's needs first through a holistic approach that encompasses nutrition and encouragement of healthy lifestyles.

Outdoor – Encouraging play and learning in natural environments, through an extensive forest school provision, and every child spending time outdoors every day.

Ethical – Putting children before profit, and being inclusive and sustainable, both environmentally and financially. Seeking excellence, honesty and integrity in all aspects of Acorn's work.

TRUSTEES' REPORT

Structure, Governance and Management

Acorn Early Years Foundation is incorporated as a charitable company limited by guarantee.

The board of trustees delegates operational responsibilities, including financial management, to the CEO, who works alongside a Senior Leadership Team (SLT) to coordinate support for the nurseries, out-of-school clubs, forest schools, catering department, and training centre. The trustees have approved a financial delegated authority framework, as well as a risk management framework and register. Role descriptions for the CEO, chair and trustees outline the delegation scope, and a code of conduct has been adopted by the trustees.

Annual skills audits are conducted and used in the recruitment of new trustees. Policy reviews are presented to the trustees, with some trustees focusing on specific areas of the organisation. Currently, two trustees, Laura Faulkner and Emma Cox, share the role of safeguarding trustee, working with Laura Tingey, the organisation's lead safeguarding officer, who is also the head of compliance, to ensure that correct procedures and practices are followed at all times. They scrutinise safeguarding policies and practice to ensure that Acorn remains compliant and effective in safeguarding children.

Trustees discuss and approve the pay and remuneration of the CEO each year, and maintain an overview of Senior Leadership Team salaries and the overall pay scale and fair pay policy. There are four committees; Finance, Audit and Risk, chaired by Robert Prosser-Dryer; Governance and HR, chaired by Vanessa Gwynn; Childcare, Learning and Development, chaired by Laura Faulkner, and Remuneration, chaired by Carolyn Norfolk as well as a Strategy and Impact working group, chaired by Katy Pillai.

The board of trustees

One new trustee appointment to the board was made at the start of 2024 and two more appointments were made at the end of 2024. Three trustees resigned during the year. There were four full board meetings that were held in person, plus an exceptional meeting held online. A strategy day was also held in person, and each committee met several times, usually online.

How Acorn's activities deliver public benefit

Acorn provides inclusive, high quality early years care and education in its nurseries, out-of-school clubs, and forest schools for children from 4 months to 11 years. In safe and supportive learning environments, highly qualified and professional practitioners nurture each child's social, emotional, and physical development, building their self-confidence and love of learning, and thereby preparing them to take advantage of opportunities, responsibilities, and experiences in later life.

Acorn aims to be fully inclusive and seeks to provide high quality early years care and education to all children regardless of their background and meeting their individual needs wherever possible. Acorn is committed to providing the government-funded entitlement in an inclusive way, and is therefore seriously challenged by the current guidance, which treats meals, snacks, consumables, and activities such as forest schools, as optional extras. Acorn believe that this breaches our inclusive ethos, as allowing some children to miss out on freshly prepared nutritious meals and snacks, and depriving them of the opportunity to experience the wonder of forest schools, would disadvantage the children most in need of them, and would create a two-tier provision.

TRUSTEES' REPORT

Structure, Governance and Management (continued)

How Acorn's activities deliver public benefit (continued)

Acorn operates a cross-subsidy model, setting fees at rates which aim to be as affordable as possible, and which vary according to location and to each site's overheads. This allows nurseries in areas of deprivation to provide fully funded sessions that include the full offering of high quality provision. A limited number of fully funded sessions are available in all nurseries, but in cases where the funding rate is significantly below the cost of provision, the cost of some additional hours reflects the inclusive nature of the provision, such as meals, consumables and activities. Acorn managers are empowered to adapt sessions and costs for families undergoing difficult financial struggles, and no registration fees are payable, only a deposit which is refunded against the first month's fees. Fully funded places have no additional costs.

Acorn's cross-subsidy model ensures that each nursery covers its own direct costs, but nurseries in areas of deprivation are not required to make their full contribution to central costs, thereby enabling them to be financially sustainable, in situations which would be impossible for single-site nurseries. In having consistent pay scales applied across the group, it also ensures that early years professionals are not penalised by working at nurseries that charge lower fees. All children benefit from a full range of activities and resources, and a fully inclusive offering that includes nappies, consumables, meals and snacks.

Acorn work in partnership with family centres, local authorities, schools, and external agencies and this is a key feature of Acorn's success in supporting parents and carers, and in promoting the early years sector as a career pathway for both young people, and adults seeking a change of career. The professional development of Acorn's workforce is a key part of the strategy for maintaining high quality provision within the settings. Training and support is provided for all employees, from apprentices to those working towards higher level qualifications. The support for the professional development of early years practitioners extends beyond the Acorn workforce through the training centre. Courses covering core subjects, such as safeguarding, inclusion and first aid, are run alongside a range of wider subjects, from forest school leader training to experiential play. Pay scales are reviewed at least annually, and Acorn's action research group is developing ways to support parents/carers, measure social impact and continually improve early years practice.

Forest schools and outdoor play and learning are of particular importance in delivering public benefit to children who might otherwise miss the chance to connect with the natural world. These experiences offer children freedom, autonomy, and sensory experiences of the outdoor environment, and forest school sessions are available to all pre-school children attending Acorn nurseries at no extra cost. During school holidays, Acorn also offers forest school holiday clubs for school-age children, which are accessed by a high number of children with additional needs.

The trustees have had regard to the Charity Commission's guidance on public benefit.

TRUSTEES' REPORT

Achievements and Performance in 2024

Early Years

There were five Ofsted inspections in the year, with Castlethorpe, Hedgerows, Emberton and Mulberry Bear all graded 'Good' and Acorn at New Bradwell graded 'Outstanding'. All nurseries within Acorn's portfolio have either a 'Good' or 'Outstanding' Ofsted judgement, with two further Outstanding judgements having been awarded at the start of 2025.

Two Nature Kindergartens were opened this year, one at Cold Harbour and the other at Emberton. At the end of the year, Acorn also acquired a nursery in Wolverton Mill that was earmarked for closure by its operator. The transition took place over the Christmas closure, with staff and children all transferring over, and extensive refurbishment and refreshment of resources taking place. This then enabled places to be offered to many families who had been on the waiting list at nearby Acorn nurseries.

The Early Years team continued to maintain a high level of support for all Acorn sites, and also to some external early years providers through the consultancy arm. Acorn was also visited by a total of 34 delegates from Childcare International across three different visits throughout the year, and Zoe Raven was invited to give a presentation on Acorn's Nature Pedagogy at their workshop in Utrecht on 'The Outdoor Space as the Third Pedagogue.' Zoe and her colleague Laura Tingey also visited an outdoor kindergarten and out-of-school club there.

Acorn also participated in the Milton Keynes SEND (Special Educational Needs and Disabilities) Strategy Workstream meetings, focusing on autism. This involvement has helped drive improvements in SEND support across both early years settings and schools.

Forest Schools

The forest school provision continued to develop, with an increase in holiday club provision across Salcey Forest and at Acorn's Nature Kindergarten's at Cold Harbour and Emberton. These provisions proved to be popular, with increasing numbers of children attending. Forest school training courses resulted in 17 more forest school leaders becoming qualified to level 3, four of whom were Acorn employees.

External sessions also continued, with 17 schools and pre-schools having a total of 131 sessions completed during the year. In addition, a scout group had a session for 70 children. Additional training was delivered for Active Beds at their annual conference. There were 43 sessions for home educated children and 21 tots stay and play sessions.

Acorn Training Centre

Safeguarding training, delivered in partnership with Tammie Redman, remained a core component of Acorn's external training in 2024, alongside a diverse range of other courses. Throughout the year, 83 courses were offered to external delegates (35 more than the previous year), with an additional five exclusively for Acorn employees, complementing the four dedicated staff training days.

Of these courses, 55 were conducted in person and 33 online, with a total of 569 external delegates and 248 internal delegates participating in Acorn training. Notably, 2024 saw the introduction of free First Aid Awareness courses for Acorn's families, held on Saturdays. Three of these sessions were delivered, with a total of 66 parents/carers attending.

TRUSTEES' REPORT

Achievements and Performance in 2024 (continued)

Acorn Action Research, Sector Presentations and Publishing

Acorn's Action Research group continued to work on several projects, including some longitudinal studies measuring the gender balance of parental involvement, the consistency of key persons, and the benefits of the volunteer programme. In addition, Zoe Raven and Santa Svike presented papers at the European Early Childhood Research Association conference in September, on the ethic of care in early years provision, and on sustainability in early years. In November, both Zoe and Santa presented at the Nursery World conference on sustainability and were approached by an editor from Routledge to submit a book proposal for a guide to sustainability for early years educators. This publishing project is now underway. Zoe has also been working on a book based on her doctoral thesis, which is due for publication by Bristol Policy Press in Spring 2026.

Catering

The Acorn catering hub continued to supply freshly prepared meals to six internal nurseries which do not have their own full catering facilities and four external nurseries in similar situations. In total, 80,129 lunches were provided (63,757 internally, and 16,372 externally) and 33,931 teas (30,342 internally, and 3,589 externally). 48 lunches were also provided externally as part of the Milton Keynes City Council holiday meal provision.

Acorn's recipe book, featuring favourite nursery recipes was printed at the end of 2023, and distributed during the year. The book has been positively received by families, with several parents sharing photos and updates of themselves and their children trying out the recipes at home.

Acorn's People

Acorn's workforce grew to 487 employees by the end of 2024, reflecting a 5% increase from the previous year. This growth was primarily driven by the transfer of employees following the acquisition of the Wolverton Mill nursery from Bright Horizons in December. However, staff turnover remains high and has risen slightly compared to 2023. Recruitment challenges persisted throughout the year, in line with sector-wide trends. Nevertheless, the organisation is beginning to see the positive impact of the Apprentices and Nursery Assistants who commenced their Early Years qualifications in 2023.

In 2024, nursery-based employees received three pay reviews in January, April, and June in order to remain competitive, and to align with the National Living Wage (NLW) which rose from £10.42 to £11.44 in April 2024. As a result, the average hourly rate for a Qualified Practitioner (Level 2 or 3) increased by 7.8% since January 2024, retaining a differential between the qualified rate and the NLW.

In celebration of Acorn's 35th anniversary in September 2024, a special lunch was held to honour employees with over 10 years of service. Special recognition was given to an employee who reached 30 years' service. Throughout the year, 45 long-service awards were presented, including seven for 10 years, three for 15 years, and one for 30 years. Additionally, 30% of employees have been with the organisation for more than five years.

TRUSTEES' REPORT

Achievements and Performance in 2024 (continued)

Acorn's People (continued)

Apprenticeship development remained a key focus, with 35 new apprentices enrolled during the year. Notably, 21 apprentices completed their Level 3 qualification, 10 of whom achieved a distinction.

In 2024, Acorn finalised the agreement to take over the Bright Horizons nursery at Wolverton Mill. The transfer was conducted in accordance with the Transfer of Undertakings (Protection of Employment) Regulations (TUPE), ensuring a structured consultation process in collaboration with the HR team from Bright Horizons. As a result, 19 employees were transferred to Acorn on their existing terms and conditions.

Training and development remained a key focus in 2024, with four dedicated training days that were both well-received and highly beneficial to staff teams. The average Net Promoter Score (NPS) for these training days was 77, up from 74 in the previous year. The annual staff conference also saw strong engagement, achieving an NPS of 80 compared to 77 the year before. The conference brought together over 250 employees at the Ridgeway Centre in Milton Keynes. The event featured keynote speaker Alice Sharp in the morning, followed by a variety of interactive and engaging learning sessions in the afternoon. This included a course on Boisterous Play delivered by Ben Kingston-Hughes, a hands-on woodworking workshop delivered by Pete Moorhouse and a course on 'Maths Makes the World Go Around' by Kirstine Beeley. Acorn's internal team delivered training on Mindful Marks for Meaningful Art, STEAM (science, technology, engineering, arts and maths) and Eco-Friendly Practices. The conference also included informative stalls from companies such as Community Playthings, the Scrap Store and Girl Pack.

Central Support Office

The Central Support Office supports Acorn's nurseries, forests schools and out of school clubs. During 2024, the central support team underwent a reorganisation, creating two distinct roles for Training & Development Managers, with one manager focusing on Acorn's internal training, while the other overseeing external training. Also, the facilities team within the central support team expanded, including the addition of a gardener to help enhance the outdoor spaces at the nurseries.

Reinvestment and development of key assets

In 2024, several projects were completed across various sites to improve the physical environment and sustainability across Acorn sites, with a capital expenditure reinvestment of £391,858. Notable upgrades included the refurbishment of side gardens at Burton Latimer nursery to enhance children's mobility, the installation of sound clouds for improved acoustics, and the addition of a new energy-efficient oven. At Cold Harbour, a new outdoor shelter and robust picket fence were installed, along with improved drainage to prevent flooding. Jubilee Wood saw the addition of a hand-washing trough in the Oaks room, while Kents Hill benefited from an office floor replacement and the installation of a bridge and an extended fence to improve access to the forest school area.

TRUSTEES' REPORT

Achievements and Performance in 2024 (continued)

Reinvestment and development of key assets (continued)

Other projects included the installation of a sandpit pergola at Mulberry Bear nursery for weather protection, a new cooker at New Bradwell, and a refurbished toilet at Rowans nursery. Westcroft saw flooring upgrades in the Oaks area, allowing repurposing of rooms for a range of activities. Sharnbrook received a new climbing frame for children's physical development, while Shenley underwent significant upgrades, including a removal of the old oil heating system, a new air conditioning/heating system, and improved flooring. Further energy-efficient measures at Shenley included the installation of new water heaters, front and back doors, and windows, alongside a new fire system and consumer board upgrade.

Awards

Acorn won the 'Nursery Group of the Year' at the 2024 Nursery World Awards. This award recognised Acorn's excellence in every aspect of care, learning and development for all children, the provision of inspirational environments, an exemplary approach to staff development and a fostering of warm, supportive relationships with parents and carers.

At the 2024 Nursery World Awards, Acorn's Head of Early Years & Compliance, Laura Tingey also won the 'Nursery Operations Manager of the Year'. This award recognised her exemplary leadership and managements skills in enabling consistent high quality across all of Acorn's nurseries, for the benefit if children, families and staff. Earlier in the year, Laura was also a finalist for the 2024 Women Leaders' Awards in the category 'Community Impact'.

For the first time, 13 of Acorn's nurseries achieved their Eco-Schools Green Flag Award in 2024, with three achieving this for the first time, nine achieving it for the second or third consecutive year, and one achieving it for the fourth consecutive year. This internationally recognised sustainability award recognises the work of nursery practitioners to engage and empower children, as well as their families, to respect, care for and protect our natural environment.

Acorn was also awarded a place in the Daynurseries Top 20 Nursery Group 2024, recognising it as one of the top 20 rated nursery groups in the region, based on the reviews from its parents and carers.

Sustainability

Acorn continued to expand its commitment to sustainability, with growing awareness of the importance of sustainable practices across the organisation. Throughout the year, staff members—from apprentices to senior nursery managers—took part in the *Developing Eco-Friendly Practices in Early Years* workshop, held during Acorn's staff training days. This workshop has provided essential knowledge on sustainability and its relevance and importance in early years education, empowering staff to contribute to sustainability efforts wherever possible.

TRUSTEES' REPORT

Achievements and Performance in 2024 (continued)

Sustainability (continued)

A key milestone was Acorn's partnership with Eco-Schools, through which the organisation has actively participated in the annual programme to integrate environmental learning and actions into everyday practices. Additionally, Acorn shared its best practices with sector colleagues within its journey so far within the economic pillar of sustainability, by hosting a workshop at Nursery World's annual sustainability conference.

Also, as part of Acorn's Action Research Group, a research piece was conducted exploring how sustainability is understood by children, their families and staff teams. This research was presented art the European Early Childhood Education Research Association (EECERA) annual conference. The findings from this research laid the foundation for the development of Acorn's sustainability strategy.

Social Impact

Acorn's charitable objectives can be summarised as being to provide high quality early years care and education for children as inclusively as possible, and to work in partnership with families to support their child's learning and development. Complementary to this is the aim to contribute to the professional development of the early years workforce.

These objectives are particularly challenging in the current political and economic climate, when funding policies encourage early years settings to treat meals, snacks, and activities like forest schools, as 'optional extras.' Acorn firmly believes that ALL children should have the benefit of nutritious, freshly prepared meals, and the social capital of carefully curated mealtimes, when children learn to share, take turns, use cutlery and to serve themselves as much as they are able. Forest schools, similarly, should not be limited to children whose parents can afford to pay additional fees.

Acorn's social impact, then, is focused around providing the full offering of the best in early years care and education, in ways which remove as many barriers as possible that might prevent children from low-income families, or with additional needs, from accessing provision. The ethic of care underpins Acorn's social impact model, which places the child at the centre, and nurtures the relationships between children and adults, at home, in the setting, in the local community and in the natural world.



TRUSTEES' REPORT

Social Impact (continued)

The implementation of this social impact model can be seen in the stories below, which highlight Acorn's achievements in a challenging time for the sector. These achievements rely on a highly committed and dedicated workforce, including volunteers, and on the support of our families, stakeholders and partners in the communities in which we work.

Happy, confident children

Acorn places its values around the children, emphasising the importance of **nurturing**, through its ethic of care, of a **personal**, individualised approach, **professional** development, **ethical** policies and practices, and of valuing the **outdoor** environment. These values are embedded in everyday practice and support children to be happy and confident individuals.

Staff teams plan in the moment in order to follow the interests of the children. Staff teams provide children with lots of opportunities to learn beyond the nursery by providing them with first hand experiences, such as travelling on the bus and paying for items at a shop. During 2024 several of Acorn's nurseries provided additional home visits for children with additional needs, practised regular yoga sessions to support children's wellbeing and created resources to support children's independence at nursery and at home. Throughout the year, Ofsted feedback has noted:

- "Children thrive in this exceptional setting"
- "Children confidently engage in adventurous play that provides them with challenge"
- "Children are excited to learn about the world around them. They are eager to develop eco-friendly habits"
- "Staff give children the confidence they need to explore, take manageable risks and be tenacious when trying new experiences"

2024 Social Impact Story
An Acorn nursery supported a child who was initially under a Child Protection Plan, until they were placed in the care of their father. To ensure a smooth transition, the nursery manager provided dedicated support to the father, helping him establish routines and secure appropriate medical care for his child. To further assist during this period, Acorn offered the family 50 hours of free childcare, providing stability and continuity for both the father and child. The impact was profoundly positive, particularly for the child. Their overall well-being improved significantly, and with consistent routines and care, the child made remarkable progress in their learning and development.

TRUSTEES' REPORT

Social Impact (continued)

Happy, confident children (continued)

2024 Social Impact Story
Acorn provided extended nursery placements for two children with significant additional needs, allowing them to remain in the nurseries' care beyond the typical school age. The nurseries supported each child until after their fifth birthday, ensuring continuity in their wellbeing, care, and education until suitable school placements were available. This additional support positively impacted the children's wellbeing and helped strengthen the overall support for their families.

2024 Social Impact Story
A child who is deaf joined Acorn after the family explored other provisions that were unable to meet their needs. To ensure the child received the necessary support, Acorn hired a qualified professional with expertise in early years education and British Sign Language levels 1 and 2. In addition, Acorn collaborates with the local inclusion team, receiving referrals for other deaf children in the area to ensure their communication needs are fully supported.

In 2024, Acorn provided support to 70 children with special educational needs across its organisation. This included 15 children with an Education, Health and Care Plan (EHCP), 7 children in the process of obtaining an EHCP, and 20 children receiving Disability Access Funding (DAF). One of Acorn's nurseries ran a dedicated speech and language group, led by a speech and language therapist, to address the significant number of children requiring support in this area.

Ofsted reports have praised Acorn's efforts:

- "The support for children with special educational needs and/or disabilities is exemplary and highly effective. Additional support is tailored to each child's specific needs. The manager is highly inclusive in her approach, going above and beyond to ensure the nursery is truly welcoming to children."

- "Staff have high expectations of children with special educational needs and/or disabilities. Leaders take prompt action to ensure that children with SEND receive the support they need to reach their full potential. Staff work in excellent partnership with parents, who report how delightful they are with the strong progress children make."

Acorn also secured funding from the Holiday Activities and Food (HAF) programme, which enabled the organisation to provide vital support to children in areas of deprivation during school holidays. This initiative offered enriching activities and hot meals to children who might otherwise lack access to such resources. In 2024, Acorn was able to offer 128 spaces for children through the HAF programme.

TRUSTEES' REPORT

Social Impact (continued)

Professionalised workforce

Acorn is committed to the continuous professional development of its staff teams and dedicates four days each year to staff training days, including an annual conference. During 2024, training topics covered by internal and external trainers included invitations to play and using natural resources, paediatric first aid, working together to safeguard children, wellbeing workshops, leadership and management, developing eco-friendly practices, domestic violence, boosting babies' brains, and many more. Acorn also supported other settings through consultancy.

Some of the staff feedback following training days in 2024:

- "Really inspiring. Going forward, I want to create even more learning activities led by the children's interests that encourage them further with what they would like to learn about!"
- "The whole day was great and really well-organised. It has given me motivation and reminded me why I love this job."
- "Lots to take back and share with our nursery, from den building to gross motor skills and using fine motor skills in lots of different ways."
- "So good to have a better understanding of how STEAM links into so much that the children do."

Acorn also works with local colleges to support student understanding and knowledge of apprenticeships and the early years qualifications that they can achieve.

Feedback for Acorn's apprenticeship scheme:

> "The apprenticeship scheme, offered by Acorn Early Years has proved a wonderful experience for my granddaughter who has additional needs. Staff provide on-going training through daily and consistently high quality and creative practice of care and work with babies and young children. They have set a very high standard for my granddaughter which she is pursing with great enthusiasm after a 'rocky' start. She has also received specific training days with fellow students, together with much support enabling her to pursue academic qualifications. She is a professional in the making, for which she will owe a great debt to the company and staff who gave her this opportunity."

Partnership with families

Building strong relationships with families, including parents, carers, and extended family members like grandparents, is a crucial aspect of how Acorn helps children feel happy, confident, and ready to learn. Acorn's nurseries prioritise consistent, personalised communication with families, making sure they feel supported in every possible way. Through the year examples of family partnerships included:

- Home visits for new children starting nursery
- Provision of a variety of different home learning resources to support children's development at home such as welcoming a new baby, teeth brushing, toilet learning, feelings and emotions
- Additional support to families with SEN children transiting into the nursery
- Welcoming of families to the nursery to read books with the children
- A range of Stay and Plays, including for Mother's Day, Father's Day and Grandparent's Day
- Eco-themed competitions for families e.g. birds spotting and litter picking

TRUSTEES' REPORT

Social Impact (continued)

Partnership with families (continued)

- Additional sessions offered to a parent who was diagnosed with cancer and was going through chemotherapy

Some of the highlights:

Acorn launched its first set of free First Aid awareness workshops for its parents/carers, which received very positive feedback from families. The topics covered included choking, CPR, head injuries, seizures, body temperatures and minor injuries, helping to give families the confidence to know what to do in various situations.
Acorn's Kents Hill nursery hosted their first 'Grab & Go' breakfast for their families. Parents/carers were able to sample new breakfast items that will be on offer for the children, working towards phasing out cereals for a healthier, homemade start to the children's day.
A parent at one of Acorn's nurseries invited the staff team to their child's adoption ceremony to celebrate the finalisation of the adoption. The parent felt it was important for the nursery team, especially the child's key person, to attend, as they are like family and have played a key role in the child's positive settling-in process.

According to the annual family feedback survey –

96% of our families rated the friendliness of our nursery staff as good or excellent

96% of our families rated the relationship our nursery staff have with their children as good or excellent

95% of our families rated the professionalism of our nursery staff as good or excellent

- "I couldn't ask for more! Every aspect of the care that is given is exemplary, every member of the team goes above and beyond."
- "My children love coming to nursery and they absolutely love their key worker! You can see the effort that gets put in to get that bond."
- "I think the personalised service we receive is excellent, I feel like every member of staff knows our children and us as individuals. I feel like I know all of the staff too, they are all so friendly."
- "The nursery spends lots of time outside and visiting the local community. I love when they have naps outside."
- "I love how the children are outside mixing together as much as possible. The little trips to the farm next door, the park down the road, the shop and walks across the fields is all really lovely."
- "I think the staff are brilliant and I feel very comfortable leaving both my children with anyone who works at the nursery. Even though both have a key person, all staff seem to know every single child on a personal level."
- "Both of my children eat incredibly well at nursery, I'm very happy with the food they're offered throughout the day."

TRUSTEES' REPORT

Social Impact (continued)

Partnership with families (continued)

- "I always feel listened to if I raise any concerns e.g. "she's teething so might be a bit grumpy today"
- "The outdoor facilities are wonderful and I love that the children spend the majority of their time outdoors."
- "The staff have both built very strong bonds with our child and as such have become important people in his life. When our little girl starts in the coming weeks, we feel very confident that she will be in safe hands and that they will help her to feel secure at nursery just as our son does."
- "They go above and beyond to support my little one."
- "Our daughter is completely flourishing at nursery and we could not be happier with the level of care and nurturing she is receiving."

Acorn received a Net Promoter Score of 77 in the 2024 Family Feedback Survey (up from 76 in the 2023 Survey)

Community embeddedness

Acorn settings are socially embedded within their local communities. In 2024, Acorn facilitated 26 visits to local residential care homes, where children engaged with residents through singing, dancing, and playing games. These intergenerational experiences created meaningful connections, bringing joy and social enrichment to both the children and the elderly.

Alongside regular visits to local shops, libraries and garden centres, many of Acorn's nurseries supported local food banks through donations, took part in local village events and spread small acts of kindness in their local community on World Kindness Day.

Acorn's Burton Latimer nursery supported the local community by sharing sunflower seedlings and teaching children how to plant them in the Millennium Gardens. In August, the Burton Latimer Community Nature Reserve highlighted the successful outcome of the community planting. Additionally, Acorn nurseries organised litter-picking events, collaborating with the Milton Keynes Parks Trust and local councils, where children learned about environmental care. At Acorn's Stony Stratford nursery, children worked with volunteers from Scania to maintain the nursery's own gardening plot at the local allotment, interacting with other plot holders during visits.

Throughout the year, Acorn also collaborated with 23 volunteers, some of whom were in the process of becoming adoptive parents. These volunteers gained valuable experience through their time at an Acorn nursery, where they supported children's wellbeing, confidence, and learning. Additionally, some of the volunteers were people who have previously been subject to domestic abuse, and by volunteering with Acorn, they had the opportunity to build their confidence and develop new skills. Their involvement not only positively impacted the children they worked with but also enriched the nurseries by bringing diverse perspectives and fostering a supportive, community-driven environment. Furthermore, Acorn participated in six sessions at a local domestic abuse charity, where it contributed to workshops on first aid, government funding, and a Women in Work project.

TRUSTEES' REPORT

Social Impact (continued)

Children engaged with nature

Nature pedagogy is woven into daily nursery practices, all the way from using natural materials in play and crafts to providing free-flow access to garden areas and forest school sessions, to encouraging care for the natural environment and promoting a positive impact on nature.

Throughout the year, the children participated in various nature-related initiatives. They took part in the RSPB's Big Garden Birdwatch, where they made bird feeders and learned to identify different bird species. Many nurseries also joined The Wildlife Trust's 30 Days Wild, observing the lifecycles of butterflies and frogs, nurturing plants, recycling, and celebrating environmental events such as World Environment Day and Bike Week.

Other activities included composting with a wormery, where children learned about the importance of worms and celebrating World Bee Day by visiting a beehive. The children also had hands-on experiences in the garden, growing fruits and vegetables that they later harvested and enjoyed during meals at nursery. And at Acorn's Emberton Nature Kindergarten children engaged in pond dipping, discovering aquatic life and habitats. Additionally, some nurseries took trips to nature reserves or local rivers to explore and observe wildlife, further enhancing their understanding of the natural world. By fostering curiosity, these activities not only helped children connect with nature but also instilled an ethic of care and responsibility for the natural world. It also helped children gain a deeper understanding of how their actions can positively impact the environment.

To extend children's engagement with nature and to help children learn about sustainable lifestyles and taking action to protect our environment, Acorn's nurseries complete the annual Eco-Schools programme. In 2024, 13 of Acorn's nurseries achieved the Eco-Schools Green Flag award, recognising their achievements and progress in their eco journeys. Some of the nurseries achieved the award for the fourth or third consecutive year, and others for the very first time.

Feedback from Eco-Schools included:

"It was wonderful to read that your greatest success has been your ability to spark and encourage the curiosity and fascination of the children when it comes to the outdoors and wildlife."

"We love the range of activities that your Eco-Committee planned for delivery. The fact that they cover both indoor (reducing single-use plastics such as cling film, artivism, reducing food waste, and doing clothes, wellies and book swaps) and outdoor (making bug hotels, log piles and hedgehog homes, creating a bee corridor and a mini pond, planting wildflowers and composting food waste) activities is excellent."

"You engaged the wider community by connecting with parents who kindly allowed the children to visit their allotments. These visits provided valuable opportunities for hands-on learning experiences."

TRUSTEES' REPORT

Financial Review

Acorn's turnover grew 15.3% in the year to £13,168,610 (2023: £11,419,095). The growth in turnover is expected to continue into 2025 as a result of a higher demand for nursery places following the expansion of funded childcare and the acquisition of a new nursery, Acorn at Wolverton Mill, in December 2024.

Staff salaries were increased in line with fee increases during the year, but balancing affordability and the cost of providing high quality care and education continues to be challenging.

The Finance, Audit and Risk Committee monitors the cash position on a quarterly basis. Cash flow recovered in 2024 after ending 2023 on £24,680. This was predominately due to receiving additional funding in advance as well as improving occupancy across the group. In the year to December 2024 £391,858 was approved by the trustees for ongoing investment in nurseries.

Social Investment and loans

The social investment loan from the Charities Aid Foundation was fully settled on 3 May 2024. No further loans were taken out in 2024. Subsequently on 21 January 2025 a new social investment loan of £80,000 was taken out from the Charities Aid Foundation to fund the creation of new places at the nursery in Stanwick.

Reserves policy

The reserves policy was reviewed in November 2024 and it was agreed to increase the unrestricted funds to £300,000 being readily available with the aim to increase this each year. On 31 December 2024 the charity had unrestricted reserves of £612,377 (2023: £483,952). In the opinion of the trustees, the level of unrestricted reserves is appropriate.

Fundraising

A small proportion of Acorn's income is generated from fundraising activities and is used for specific projects. In the year, £4,558 was raised through donations. Acorn's fundraising policy outlines appropriate fundraising activities and the ethical considerations. All fundraising income in 2024 is accurately documented in the accounts.

Future Plans

The trustees continue to drive financial stability through the expansion of spaces at our current nurseries or adding nurseries to the portfolio.

Principal risks and uncertainties

The trustees regularly review major strategic and operational risks and have a risk matrix and a risk register, which identifies risks and how these may be mitigated. Areas of risk that are assessed include finance, operations, governance, environmental issues, regulatory and compliance, and external issues that may affect the early years sector are carefully monitored.

TRUSTEES' REPORT

Financial Review (continued)

Principal risks and uncertainties (continued)

Acorn's business continuity plan details actions and responses that may be required in the event of major incidents and this is regularly reviewed. The board of trustees are regularly kept informed of the charity's financial and operational position and the frequency of updates and meetings is adjusted to meet the severity or exposure to risks. The board is satisfied that effective systems are in place to monitor and control identifiable risks.

Major risks that have been identified for the year ahead include the following:

- The impact of the recruitment and retention crisis in the early years sector, and the resulting pressure on salaries and in some instances on occupancy levels. Staff shortages also affect staff morale and the consistency of high quality provision, particularly with the difficulty of recruiting qualified practitioners.
- Inadequate funding levels for the 'free entitlement,' which particularly affects nurseries with a higher proportion of funded-only places.

Going Concern

Having reviewed the cash flow forecast and underlying assumptions for the next 12 months the trustees remain confident in the ability of the management team to maintain the charity's financial viability. On this basis the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to Auditor

The trustees who held office at the date of approval of the Trustee's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Charity's auditor is unaware; and each trustee has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

The charity's auditors, MHA were appointed on 5 September 2023. The trustees who held office at the date of approval of the financial statements have confirmed the reappointment of MHA for 2025.

TRUSTEES' REPORT

Financial Review (continued)

Trustees' Responsibility Statement

The trustees (who are also directors of Acorn Early Years Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any; material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity 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 auditor is unaware. 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 auditor is aware of that information.

Eva Lloyd

Eva Lloyd
Chair of Trustees

Date 30 April 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN EARLY YEARS FOUNDATION

Opinion

We have audited the financial statements of Acorn Early Years Foundation (the 'charity') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 charitable company's affairs as at 31 December 2024 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; 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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 other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN EARLY YEARS FOUNDATION

Other information (continued)

our knowledge obtained in the course of 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.

Opinion 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Trustees' Report.

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

- adequate 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN EARLY YEARS FOUNDATION

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.

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:

- Discussions held with management and those charged with governance around any legal claim.
- Audit work performed over key risks areas identified such as management override and reviewing accounting estimates for bias.
- Review of financial statement disclosures to ensure accounting policies have been correctly followed.

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.

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Elizabeth Newell BA (Hons) FCA (Senior Statutory Auditor)
for and on behalf of
MHA
Chartered Accountants
Statutory Auditors
Milton Keynes

Date: 06/05/2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds	Restricted Funds	Total 2024	Total 2023
		£	£	£	£
Income and Expenditure					
INCOME:					
Donations and legacies	4	4,558	-	4,558	13,712
Income from charitable activities	5	12,941,355	216,102	13,157,457	11,403,943
Investment income		6,595	-	6,595	1,440
Total Income		12,952,508	216,102	13,168,610	11,419,095
EXPENDITURE:					
Expenditure on charitable activities	6	(12,823,488)	(203,940)	(13,027,428)	(11,480,339)
Total Expenditure		(12,823,488)	(203,940)	(13,027,428)	(11,480,339)
Income/(expenditure) movement in funds for the year before tax		129,020	12,162	141,182	(61,244)
Tax on expenditure	7	(595)	-	(595)	(1,069)
Net income/(expenditure) movement in funds for the year		128,425	12,162	140,587	(62,313)
Reconciliation of funds					
Total funds brought forward		483,952	10,917	494,869	557,182
Total funds carried forward		612,377	23,079	635,456	494,869

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continued activities.

The accompanying accounting policies and notes on pages 29 to 44 form an integral part of the financial statements.

The 2023 comparative includes both restricted and unrestricted funds, a breakdown of the comparatives can be found in note 23 to these financial statements.

BALANCE SHEET

	Note	2024		2023	
		£	£	£	£
Fixed Assets					
Intangible assets	11		95,351		146,379
Tangible assets	12		850,706		1,028,732
			946,057		1,175,111
Current Assets					
Debtors	13	305,922		322,259	
Stock		635		717	
Cash at bank		439,223		24,680	
Total Current Assets		745,780		347,656	
Creditors:					
Amounts falling due within one year	14	(1,056,381)		(1,027,898)	
Net Current Liabilities			(310,601)		(680,242)
Total Assets less Current Liabilities			635,456		494,869
Creditors:					
Amounts falling due after one year			-		-
Net Assets			635,456		494,869
The funds of the charity					
Restricted Funds	17		23,079		10,917
General Unrestricted Funds	17		612,377		483,952
Total Charity Funds			635,456		494,869

The notes on pages 29 to 44 form part of these financial statements.

The Board of Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of the financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees and signed on their behalf by:

.....

Eva Lloyd
Trustee

Date: 30 April 2025

Company number: 07703801

STATEMENT OF CASH FLOWS

	Note	2024	2023
		£	£
Net cash used in operating activities	18	901,985	349,466
Cash flows from investing activities			
Purchase of intangible fixed assets	11	-	(12,495)
Purchase of tangible fixed assets	12	(391,858)	(356,060)
Net cash used in investing activities		(391,858)	(368,555)
Cash flows from financing activities			
Investment income		6,595	1,440
Repayment of borrowings		(97,394)	(91,281)
Interest paid		(4,785)	(12,426)
Net cash from financing activities		(95,584)	(102,267)
Increase/(decrease) in cash and cash equivalents in the year		414,543	(121,356)
Cash and cash equivalents at the beginning of the year		24,680	146,036
Cash and cash equivalents at the end of the year		439,223	24,680

Analysis of changes in net debt	**1 January 2024**	**Cash flows**	**31 December 2024**
	£	£	£
Cash at bank	24,680	414,543	439,223
Borrowings	(97,394)	97,394	-
	(72,714)	511,937	439,223

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Basis of preparation

Acorn Early Years Foundation is a charitable company limited by guarantee registered in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity. The address of the registered office is given in the Reference and Administrative Details on page 3 of these financial statements. The nature of the charity's operations and principal activity is the provision of childcare in nurseries, out of school clubs and forest schools.

The financial statements 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Acorn Early Years Foundation meets the definition of a public benefit entity under FRS 102. 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 prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest £.

b) Preparation of the accounts on a going concern basis

Having reviewed the cash flow forecast and underlying assumptions for the next 12 months the trustees remain confident in the ability of the management team to maintain the charity's financial viability. On this basis the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

c) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Fee income is allocated to the month to which it relates, and the free entitlement funding is allocated on the same basis, with policies in place to ensure entitlement is verified prior to headcount dates.

d) Government Grants

Income from government and other grants, whether 'capital' grants 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 measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

e) Investment income

Interest on funds held on deposit is included when received and the amount can be measured reliably by the Charity. This is normally upon notification of the interest paid by the Bank.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity.

Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are funds which are used in accordance with specific restrictions and raised by the Charity for a particular purpose. The aim and use of each restricted fund is set out in the notes of the financial statements. Restricted funds can include donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

g) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

1. Cost of raising funds comprises the costs of activities outside the regular operation of the nurseries, forest schools, out of school clubs, catering and training department.
2. Expenditure on charitable activities comprises the costs of commercial trading including the running of the nurseries and their associated costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Governance costs

Governance costs are those functions that assist the strategic work of the Charity but do not directly undertake charitable activities. These costs have been allocated to expenditure on charitable activities.

Governance costs are set out in note 8.

i) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the tangible assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

j) Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis.

k) Finance leases

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Statement of Financial Activities on a straight-line basis.

l) Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Charity.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using a straight-line basis.

Depreciation is provided on the following basis:

Asset Category	Annual rate
Leasehold Improvements	Lower of 20% of cost and length of lease
Office Equipment	20% - 33.3% of cost
Fixtures and Fittings	20% of cost
Motor Vehicles	20% of cost
Play Equipment	20% of cost

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities (including income and expenditure account).

m) Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably. All intangible fixed assets related to business combinations are amortised on a straight-line basis over the estimated economic life of 10 years.

Intangible assets related to computer software are amortised over 3 years.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Stock

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

p) Cash at bank

Cash at bank includes cash within a current or deposit account.

q) Creditors

Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

r) Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

s) Pension costs

The Charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Charity. The annual contributions payable are charged to the Statement of Financial Activities.

The Charity is also part of the Bucks CC LGPS which is a defined benefit scheme. The Charity has three employees in this scheme. Bucks CC LGPS has confirmed that when the Charity took over these nurseries, the portion of the LGPS relating to it was transferred at no deficit/no surplus. As there is no deficit, a valuation has not been obtained under FRS 102 section 28. The payments have been expensed in the same way as that of defined contribution scheme payments.

t) Taxation

The income and expenditure relating directly to the charitable activities is exempt from corporation tax. The income and expenditure relating to the non-charitable activities is eligible for corporation tax. The non-charitable activities relate to training room hire and external catering.

2. Judgements and key sources of estimation uncertainty

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3. Company limited by guarantee

The charity is a Company limited by guarantee and has no share capital. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

NOTES TO THE FINANCIAL STATEMENTS

4. Income earned from donations and legacies

	Unrestricted Funds	Restricted Funds	Total 2024	Total 2023
	£	£	£	£
Donations	4,558	-	4,558	13,712
	4,558	-	4,558	13,712

In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

5. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Total 2024	Total 2023
	£	£	£	£
Childcare income	12,682,633	216,102	12,898,735	11,180,166
Training courses	31,185	-	31,185	42,802
Forest school activities	136,720	-	136,720	101,368
Catering income	63,172	-	63,172	51,247
Other income	27,645	-	27,645	28,360
	12,941,355	216,102	13,157,457	11,403,943

Local authority grants totalling £4,356,925 (2023: £2,500,745) relate to the Two Year Old Offer and the Early Years Funding. Restricted local authority grants of £212,486 (2023: £154,622) relate to deprivation funding, inclusion and disability access funding grants. Further information can be found in note 17.

NOTES TO THE FINANCIAL STATEMENTS

6. Analysis of expenditure on charitable activities

	Unrestricted Funds £	Restricted Funds £	Total 2024 £	Total 2023 £
Childcare costs	11,103,701	203,940	11,307,641	10,010,534
Training costs	56,971	-	56,971	38,292
Catering costs	58,735	-	58,735	40,099
Forest school activities costs	127,515	-	127,515	112,512
Property and administration	1,389,696	-	1,389,696	1,222,280
Accountancy fees (note 8)	14,550	-	14,550	14,040
Legal and professional fees	54,193	-	54,193	18,092
Other financial costs	18,127	-	18,127	24,490
	12,823,488	203,940	13,027,428	11,480,339

7. Taxation

(a) Tax on income/(expenditure)

The tax charge/(credit) is made up as follows:

	2024 £	2023 £
Current tax:		
UK corporation tax at 19% (2023: 19%)	595	(245)
Previous year's tax correction	-	1,314
	595	1,069

(b) Factors affecting the total tax charge

The tax assessed on the income/(expenditure) before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2023:19%). The differences are reconciled below:

NOTES TO THE FINANCIAL STATEMENTS

7. Taxation (continued)

(b) Factors affecting the total tax charge (continued)

	2024 £	2023 £
Income/(expenditure) before tax	141,182	(61,224)
Income/(expenditure) before tax multiplied by standard rate of corporation tax in the UK of 19% (2023: 19%)	26,825	(11,633)
(Expenditure)/income not deductible for tax purposes (exempt due to derived from charity activities)	(26,230)	12,702
Prior year tax adjustment	-	(1,314)
	595	(245)

8. Net income / (expenditure) for the year

This is stated after charging:	2024 £	2023 £
Depreciation	325,210	299,675
Disposal write offs	244,674	-
Amortisation	51,028	47,249
Operating lease payments	572,043	567,913
Auditor's remuneration:		
Audit fees	14,550	13,200
Accountancy services	-	840

Analysis of governance costs:

	2024 £	2023 £
Audit fees	14,550	13,200
Trustees' expenses	337	129
Consultancy fees	8,160	12,830
	23,047	26,159

NOTES TO THE FINANCIAL STATEMENTS

9. Analysis of staff costs, trustee remuneration and expenses, and the cost of Key Management Personnel

	2024 £	2023 £
Salaries and wages	8,670,154	7,583,625
Social security costs	596,494	490,551
Pension costs	379,603	339,177
	9,646,251	8,413,353

One employee had employee benefits in excess of £60,000, with total employee benefits excluding employer pension costs falling within the band of £100,001 to £110,000 (2023: one employee falling within the band of £100,001 to £110,000). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The Charity trustees were not paid or received any other benefits from employment with the Charity in the year (2023: £nil). Trustees were reimbursed expenses during the year totalling £337 (2023: £129). The amount of consultancy fees paid to trustees in the year was £nil (2023: £nil).

The Key Management Personnel of the Charity comprise the trustees, who receive no remuneration, the Chief Executive Officer, and the Senior Leadership Team. The total employee benefits of Key Management Personnel of the Charity were £405,449 (2023: £349,230).

10. Staff numbers

The average monthly number of persons (including directors) employed by the Charity during the year was as follows:

	2024 Number	2023 Number
Total staff	476	467
	476	467

NOTES TO THE FINANCIAL STATEMENTS

11. Intangible assets

	Computer software £	Goodwill £	Total £
Cost			
As at 1 January 2024	12,495	470,732	483,227
Additions	-	-	-
As at 31 December 2024	**12,495**	**470,732**	**483,227**
Amortisation			
As at 1 January 2024	344	336,504	336,848
Charge for the year	4,123	46,905	51,028
Amortisation on disposals	-	-	-
As at 31 December 2024	**4,467**	**383,409**	**387,876**
Net book value			
As at 31 December 2024	**8,028**	**87,323**	**95,351**
As at 31 December 2023	12,151	134,228	146,379

12. Tangible fixed assets

	Leasehold Improvements £	Office Equipment £	Fixtures & Fittings £	Motor Vehicles £	Play Equipment £	Total £
Cost						
As at 1 January 2024	1,412,757	60,267	370,617	42,626	136,183	**2,022,450**
Reclassification	10,143	-	(10,143)	-	-	-
Additions	206,073	23,648	63,658	27,199	71,280	**391,858**
Disposals	(436,564)	(4,261)	(89,295)	-	(9,105)	**(539,225)**
As at 31 December 2024	**1,192,409**	**79,654**	**334,837**	**69,825**	**198,358**	**1,875,083**
Depreciation						
As at 1 January 2024	638,481	26,455	221,478	32,597	74,707	**993,718**
Charge for the year	220,474	18,972	53,872	6,694	25,198	**325,210**
On disposals	(198,283)	(3,940)	(85,104)	-	(7,224)	**(294,551)**
As at 31 December 2024	**660,672**	**41,487**	**190,246**	**39,291**	**92,681**	**1,024,377**
Net book value						
As at 31 December 2024	**531,737**	**38,167**	**144,591**	**30,534**	**105,677**	**850,706**
As at 31 December 2023	774,276	33,812	149,139	10,029	61,476	1,028,732

NOTES TO THE FINANCIAL STATEMENTS

13. Debtors

	2024	2023
	£	£
Trade debtors	57,432	112,229
Other debtors	43,527	46,771
Prepayments	204,963	163,259
	305,922	322,259

14. Creditors: amounts falling due within one year

	2024	2023
	£	£
Bank loan	-	97,394
Trade creditors	81,545	174,784
Taxation and social security	136,234	127,734
Other creditors	779,473	541,948
Accruals	59,129	86,038
	1,056,381	1,027,898

Acorn Early Years Foundation operates a defined contribution pension scheme for all eligible staff. Outstanding contributions awaiting payment at the 31 December 2024 were £57,621 (2023: £51,081).

In 2020 the charity borrowed £380,000 from the Charities Aid Foundation. This loan was secured with a fixed and floating charge over all the Charity's assets and repayable over four years from September 2020 at an interest rate of 6.5% above the base rate, after a six month capital and repayment holiday. On 3 May 2024 the remaining loan balance was settled early.

NOTES TO THE FINANCIAL STATEMENTS

15. Deferred Income

Included within other creditors are balances relating to deferred income. Deferred income comprise fees and grant income receipts related to financial year 2025.

	2024	2023
	£	£
Balance as at 1 January	451,847	414,709
Amounts released to income earned from charitable activities	(451,847)	(414,709)
Amount deferred in year	681,773	451,847
Balance as at 31 December	681,773	451,847

16. Commitments under operating leases

As at 31 December the Charity had annual commitments under non-cancellable operating leases as set out below.

	2024			2023		
	Property leases	Other operating leases	Total	Property leases	Other operating leases	Total
	£	£	£	£	£	£
Amounts payable within 1 year	519,006	15,045	534,051	507,154	23,999	531,153
Amounts payable between 2 to 5 years	1,499,726	21,279	1,521,005	1,331,626	28,546	1,360,172
Amounts payable after 5 years	1,642,998	-	1,642,998	860,004	-	860,004
	3,661,730	36,324	3,698,054	2,698,784	52,545	2,751,329

Post year end a new lease was signed at our nursery at Stanwick increasing the annual commitments by £50,728 in 2025 per annum.

NOTES TO THE FINANCIAL STATEMENTS

17. Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance at 1 January 2024	Income	Expenditure	Balance at 31 December 2024
	£	£	£	£
General Unrestricted Funds	483,952	12,952,508	(12,824,083)	612,377
Total	483,952	12,952,508	(12,824,083)	612,377

Analysis of movements in unrestricted funds - previous year

	Balance at 1 January 2023	Income	Expenditure	Balance at 31 December 2023
	£	£	£	£
General Unrestricted Funds	536,636	11,254,226	(11,306,910)	483,952
Total	536,636	11,254,226	(11,306,910)	483,952

Name of unrestricted fund	Description, nature and purposes of the fund
General Unrestricted Funds	The 'free reserves' to cover normal fluctuations of working capital.
Designated Funds	Funds set aside by the trustees for specific purposes. There are no designated funds during the year.

NOTES TO THE FINANCIAL STATEMENTS

17. Analysis of charitable funds (continued)
Analysis of movements in restricted funds

	Balance at 1 January 2024	Income	Expenditure	Balance at 31 December 2024
	£	£	£	£
MKC Jubilee Wood deprivation	1,069	20,621	(9,113)	12,577
Restricted Higher Needs & DAF	-	162,569	(162,569)	-
Enjoy Benefit donations	-	3,850	(3,850)	-
MKC Hedgerows deprivation	6,515	19,964	(16,895)	9,584
MKC Rowans deprivation	2,649	8,864	(11,513)	-
MKC Ukrainian fund	684	234	-	918
Total	10,917	216,102	(203,940)	23,079

Analysis of movements in restricted funds - previous year

	Balance at 1 January 2023	Income	Expenditure	Balance at 31 December 2023
	£	£	£	£
MKC Jubilee Wood deprivation	2,899	12,187	(14,017)	1,069
Restricted Higher Needs & DAF	-	126,837	(126,837)	-
Mulberry Bear Reserve	2,768	-	(2,768)	-
Enjoy Benefit donations	200	2,600	(2,800)	-
MKC Hedgerows deprivation	7,312	6,520	(7,317)	6,515
Scott Bader donations	-	7,647	(7,647)	-
MKC Rowans deprivation	7,367	8,394	(13,112)	2,649
MKC Ukrainian fund	-	684	-	684
Total	20,546	164,869	(174,498)	10,917

Name of restricted fund	Description, nature and purposes of the fund
Scott Bader donations	Company who provided a donation for specific contribution towards the sensory room at Burton Latimer nursery.
Enjoy Benefits donations	Parents use the childcare voucher offer from Enjoy Benefits and in return the nursery receives payments from the company.
Restricted Higher Needs & DAF	The charity receives Disability Access Funding (DAF) and Restricted Higher Needs funding for children who meet these criterion. This type of funding varies year on year depending on the children attending the nurseries.

NOTES TO THE FINANCIAL STATEMENTS

17. Analysis of charitable funds (continued)

Mulberry Bear Reserve	Mulberry Bear was an existing nursery (under a different charity - Mulberry Bear Day Nursery and Pre-School) that has now been taken over by the charity. In this process, the charity received the closing bank balance from the nursery which was subsequently restricted to expenditure on this site only.
Deprivation Funds	The purpose of these funds is to increase the learning opportunities and improve achievement of the children in areas of deprivation. This can be done via enhancing indoor and outdoor learning environments to increase wellbeing and learning opportunities.
Ukrainian Funds	The purpose of these funds is to increase the learning opportunities for children from Ukraine. This can be done via enhancing indoor and outdoor learning environments to increase wellbeing and learning opportunities.

Analysis of net asset movements between funds

	Fixed Assets	Net Liabilities	Total 2024	Total 2023
	£	£	£	£
Restricted Funds	-	23,079	23,079	10,917
General Unrestricted Funds	946,057	(333,680)	612,377	483,952
	946,057	(310,601)	635,456	494,869

Analysis of net asset movements between funds - previous year

	Fixed Assets	Net Liabilities	Total 2023	Total 2022
	£	£	£	£
Restricted Funds	-	10,917	10,917	20,546
General Unrestricted Funds	1,175,111	(691,159)	483,952	536,636
	1,175,111	(680,242)	494,869	557,182

NOTES TO THE FINANCIAL STATEMENTS

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2024	2023
	£	£
Net movement in funds	140,587	(62,313)
Add back disposals write off	244,674	-
Add back depreciation charge	325,210	299,675
Add back amortisation charge	51,028	47,249
Deduct bank interest received	(6,595)	(1,440)
Add back loan interest paid	4,785	12,426
Decrease/(increase) in stock	82	(717)
Decrease/(increase) in debtors	16,337	(138,673)
Increase in creditors	125,877	193,259
	901,985	349,466

19. Related party transactions

Trustees who are Acorn parents do not receive any form of fee subsidy. They pay full price for their childcare. The total payments made by trustees for childcare for the year to 31 December 2024 were £25,840 (2023: £32,190). No payments were made in advance for 2024 childcare by the trustees (2023: £271). No free sessions were provided to trustees in the year to cover their childcare on days when they were required to attend trustee meetings (2023: £258).

In November 2024 Acorn received a £500 donation from one of the trustee's employers acknowledging their contribution to a charitable organisation (2023: £500).

In addition, Acorn Nursery Properties Limited (ANP), the landlord for two of the nursery buildings, is a related party. The CEO is the majority shareholder in ANP. ANP charged Acorn rent for two properties, totalling £56,917 (2023: £69,000). In August 2024 ANP sold one of these properties to a third party. Rents payable to ANP are set on a arms length basis, and reviewed based on the agreed lease terms.

Acorn further charged book-keeping of £600 (2023: £600) to ANP.

20. Post balance sheet events

On 21 January 2025 the charity borrowed £80,000 from the Charities Aid Foundation to support the expansion of child places at the Stanwick nursery. This loan is secured with a fixed and floating charge over all the Charity's assets and repayable over three years from March 2025 at an fixed interest rate of 5.5%.

21. Capital Commitments

As at 31 December 2024, the charity was committed to spending an additional £69,534 towards the development and refurbishment of the Stanwick nursery.

22. Controlling Party

The Charity is ultimately controlled by the Board of Trustees.

NOTES TO THE FINANCIAL STATEMENTS

23. Comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Total 2023
	£	£	£
Income and Expenditure			
INCOME:			
Donations and legacies	6,065	7,647	13,712
Income from charitable activities	11,246,721	157,222	11,403,943
Investment income	1,440	-	1,440
Total Income	11,254,226	164,869	11,419,095
EXPENDITURE:			
Expenditure on charitable activities	(11,305,841)	(174,498)	(11,480,339)
Total Expenditure	(11,305,841)	(174,498)	(11,480,339)
Net expenditure movement in funds for the year before tax	(51,615)	(9,629)	(61,244)
Tax on expenditure	(1,069)	-	(1,069)
Net expenditure movement in funds for the year	(52,684)	(9,629)	(62,313)
Reconciliation of funds	536,636	20,546	557,182
Total funds carried forward	483,952	10,917	494,869

ACORN EARLY YEARS FOUNDATION

England & Wales - Charity number 1145108

Accounts

ACORN EARLY YEARS FOUNDATION

(A Charitable Company Limited by Guarantee)

FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2023

Charity number: 1145108

Company number: 07703801

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TRUSTEES' REPORT

The trustees, who are also the directors of the Charity for the purposes of the Companies Act, submit their Annual Report together with the audited financial statements for the year ended 31 December 2023.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Reference and Administrative Details of the Charity, its trustees and advisors

Charity registered number:	1145108
Company registered number:	07703801

The registered address for the Charity also houses the central support team:

Unit 47, Waterside Barns
Lodge Farm Business Centre
Castlethorpe
Milton Keynes
MK19 7ES

The following trustees served during the period, or were in office at the time these accounts were approved:

Eva Lloyd	Chair of trustees
Carolyn Norfolk	
Giles Chilton	
Narendra Laljani	
Vanessa Gwynn	
Damien Beedham	
Allawee Albaghdadi	
Robert Prosser-Dryer	
Tracey Coley	Resigned 25 April 2023
Laura Faulkner	
Hema Kotecha-Clarke	Appointed 13 January 2023
Katherine Pillai	Appointed 13 January 2023
Suzanne Dawes	Appointed 7 February 2024

TRUSTEES' REPORT

Reference and Administrative Details of the Charity, its trustees and advisors (continued)

The trustees delegate the day-to-day management of the charity to the Chief Executive Officer (CEO) and the Senior Leadership Team (SLT):

Zoe Raven	CEO	
Emily Hepden	Head of Finance	Appointed 6 March 2023
Sue Fenton	HR Manager	
Laura Andrews	Head of Early Years & Compliance	
Gabrielle Brandon	Marketing Manager	
Steve Petty	Facilities and Health & Safety Manager	
Santa Svike	Sustainability Lead, Governance Lead & Content Co-ordinator	

Bankers:	Handelsbanken Moorgate House 201 Silbury Boulevard Milton Keynes MK9 1LZ
Solicitors:	Geoffrey Leaver 251 Upper Third Street Central Milton Keynes MK9 1DR
Auditors:	MHA Chartered Accountants and Statutory Auditors Moorgate House 201 Silbury Boulevard Milton Keynes MK9 1LZ

TRUSTEES' REPORT

About Acorn Early Years Foundation

History

Acorn Early Years Foundation (Acorn) began in 1989 with a single nursery in the village of Castlethorpe in Milton Keynes. The founder, Zoe Raven, still leads the organisation as Chief Executive Officer, but now works with a central support team to support 16 nurseries across four counties, as well as out-of-school clubs, holiday playschemes, nature kindergartens, forest schools, catering, training and consultancy. For the first 12 years, Acorn was a private company which used business angel investment to expand and open the next two nurseries. It then grew organically for several years, diversifying into school-age childcare provision, forest schools and training, as well as developing a catering hub to serve nurseries that do not have full catering facilities.

By 2011 the organisation had developed a cross-subsidy model to sustain nurseries in areas of economic deprivation, and Zoe realised that being a private company was inhibiting the social impact which had become a core objective. A separate not-for-profit social enterprise had already been created for the forest schools and training provision, and this then became a charitable organisation, into which the nurseries were transferred from the original company in stages. On completion of the transfers in 2016, the organisation changed its name from Acorn Childcare to Acorn Early Years Foundation. The board of trustees has since then developed and strengthened, and Acorn has adopted a social impact model to capture the implementation of its ethos and values.

Mission and Objectives

Acorn's mission statement is *'to be an inspirational learning organisation which operates a model of excellence for early years care and education which is accessible to all'*.

The charity's objectives are to enhance the development and education of children primarily under the age of eleven by:

1. The provision of high quality childcare in nurseries, out-of-school clubs and forest schools;
2. Working to ensure that high quality childcare is available to children and families regardless of means, race, disability, gender, religion, belief or any other factor;
3. Identifying other social and developmental support needs of children and families and seeking to ensure these are met;
4. Encouraging, enabling and supporting the involvement of parents and carers in their children's learning and development; and
5. Contributing to the professional development of those working in childcare.

TRUSTEES' REPORT

Ethos and Pedagogy

Acorn has embraced an ethic of care as a basis for its core values and a relational pedagogy. The ethic of care prioritises caring relationships and a responsive approach. It views care as a value, not just a practice, and this is applied to Acorn's dealings with everyone, including children, family members, staff members and the local community. Children need to experience and witness genuinely caring practices if they are to learn how to develop caring relations and a caring attitude themselves.

Acorn's relational pedagogy also recognises the importance of personal relationships, between children, parents/carers and staff. This also includes children's relationships with people in local communities, including the elderly, and with the natural world. Home visits are a key aspect of the settling-in process for children, laying the foundations of a partnership with parents/carers, and intergenerational visits to care homes and retirement accommodation are arranged to take place regularly where there are local opportunities. Acorn's relational pedagogy and ethic of care extends to encouraging care and respect for the natural environment, and to an environmentally sustainable approach to all areas of the organisation's work.

The five values that arise from this ethos are:

Personal – Personalising care and education, treating children, parents/carers and staff as individuals, within supportive, respectful relationships.

Professional – Striving to be a learning organisation, continually reflecting and developing the knowledge, skills and qualifications of their childcare workforce.

Nurturing – Putting children's needs first through a holistic approach that encompasses nutrition and encouragement of healthy lifestyles.

Outdoor – Encouraging play and learning in natural environments, through an extensive forest school provision, and every child spending time outdoors every day.

Ethical – Putting children before profit, and being inclusive and sustainable, both environmentally and financially. Seeking excellence, honesty and integrity in all aspects of Acorn's work.

TRUSTEES' REPORT

Structure, Governance and Management

Acorn Early Years Foundation is incorporated as a charitable company limited by guarantee.

The board of trustees delegates the administration, including financial management, to the CEO, who works with a Senior Leadership Team (SLT) to co-ordinate support for the nurseries, out-of-school clubs, forest schools, catering department and training centre. The trustees have approved a financial delegated authority framework, and a risk management framework and register. Role descriptions for the CEO, chair and trustees set out the scope of delegation, and trustees have adopted a code of conduct.

Annual skills audits are completed and used in the recruitment of new trustees. Policy reviews are presented to the trustees, and some trustees take a particular interest in different aspects of the organisation. Two trustees, Laura Faulkner and Hema Kotecha-Clarke, currently share the role of safeguarding trustee, working with Laura Tingey, the organisation's lead safeguarding officer, who is also the head of compliance, to ensure that correct procedures and practices are followed at all times. They scrutinise safeguarding policies, procedures, and practice to ensure that Acorn remains compliant and effective at safeguarding children.

Trustees discuss and approve the pay and remuneration of the CEO each year, and maintain an overview of Senior Leadership Team salaries and the overall pay scale and fair pay policy. There are four committees; Finance, Audit and Risk, chaired by Robert Prosser-Dryer; Governance and HR, chaired by Vanessa Gwynn; Childcare, Learning and Development, chaired by Laura Faulkner, and Remuneration, chaired by Eva Lloyd, as well as a Strategy and Impact working group, chaired by Narendra Laljani.

The board of trustees

Two new appointments to the board were made at the beginning of 2023. One trustee resigned during the year and a new trustee was appointed early in 2024. There were four full board meetings that were held in person, plus an exceptional meeting held online. A strategy day was also held in person, and each committee met several times, usually online.

How Acorn's activities deliver public benefit

Acorn provides accessible, high quality childcare and early education in its nurseries, out-of-school clubs, and forest schools for children from 4 months to 11 years. In safe and supportive learning environments, highly qualified and professional practitioners nurture each child's social, emotional, and physical development, building their self-confidence and love of learning, and thereby preparing them to take advantage of opportunities, responsibilities, and experiences in later life.

TRUSTEES' REPORT

Structure, Governance and Management (continued)

How Acorn's activities deliver public benefit (continued)

Acorn aims to be socially inclusive and seeks to give all children high quality childcare regardless of background. Acorn is committed to providing the government-funded entitlement to childcare and aims to ensure that children attending only the funded hours benefit from the full extent of the activities and resources provided within those sessions. Acorn's fees are set at rates which are as affordable as possible, without jeopardising quality. Acorn introduced a voluntary contribution in February 2023 towards the cost of food and activities for fully funded places only, to help bridge the gap between Acorn's costs and the funding rates. Since its introduction a number of these fully funded families have been happy to contribute. Places are also made available for the local authority and for children with additional needs. Acorn operates a cross-subsidy model which monitors and evaluates the financial viability and the social impact of each nursery to ensure a balance across the group.

We are in partnership with children's centres, local authorities, schools, and external agencies and this is a key feature of Acorn's success in supporting parents and carers, and in promoting the early years sector as a career pathway for both young people and adults seeking a change of career. Regular visits to care homes and retirement accommodations also enrich the lives of elderly residents in local communities.

The professional development of Acorn's childcare workforce is a key part of the strategy for maintaining high quality provision within the settings. Training and support is provided for all staff, from apprentices up to those working towards higher level qualifications. The support for the professional development of early years practitioners extends beyond the Acorn workforce through the training centre. Courses covering core subjects, such as safeguarding, inclusion and first aid, are run alongside a range of wider subjects, from forest school leader training to experiential play. Pay scales are improved annually, and Acorn's action research group is developing ways to support parents/carers, measure social impact and continually improve childcare practice.

Forest schools and outdoor play and learning are of particular importance in delivering public benefit to children who would otherwise miss out on the opportunity to engage with the natural world and benefit from the freedom, autonomy, and sensory experiences of the outdoor environment. Sessions are delivered to children attending Acorn nurseries during funded hours at no additional charge. During school holidays, forest school sessions are offered to school age children, accessed by a high number of children with additional needs.

The trustees have had regard to the Charity Commission's guidance on public benefit.

TRUSTEES' REPORT

Achievements and Performance in 2023

Early Years

The primary focus of the Early Years team in 2023 was to continue supporting the integration of the four new nurseries taken on in the previous year. Taking on another full time Early Years Manager provided the additional resource needed to do this effectively.

There were two Ofsted inspections in the year, at Jubilee Wood and Rowans, and both achieved a 'Good' judgement. All nurseries within Acorn's portfolio have either a 'Good' or 'Outstanding' Ofsted judgement.

At the end of the calendar year, the difficult decision was made to close the nursery at the YMCA in Milton Keynes due to ongoing difficulties in the immediate external environment of the nursery, which prompted concern about potential risks to the children's health and wellbeing, and about whether the nursery would remain able to meet health and safety requirements under the Early Years Foundation Stage. This was handled very carefully, ensuring that every family was offered a place for their child at one of Acorn's other nurseries, with the majority of children and staff transferring to Jubilee Wood, which is only just over a mile away. The transition for both children and staff was tailored to the needs of individuals, and settling in visits were arranged prior to the nursery closure. The after-school club at Castlethorpe, which was linked to the nursery, was transferred to the school at the end of the academic year.

Forest Schools

The forest school provision continued to go from strength to strength, with the forest school holiday clubs maintaining their immense popularity. Further forest school training courses resulted in 17 more forest school leaders becoming qualified to level 3, three of whom were Acorn employees. The forest school team also supported the outdoor provision at both Emberton and Cold Harbour, and outdoor holiday clubs were successfully launched at both nurseries, running on similar lines to the forest school holiday club at Salcey Forest.

External sessions also continued, with 19 schools and pre-schools having a total of 70 sessions. Two scout groups had two sessions each, and two schools received training sessions. There were 58 sessions for home educated children and 24 tots stay and play sessions.

Acorn's associate trainer, Great and Small, also achieved ten qualified level 3 Forest School leaders.

The Acorn Training Centre

Safeguarding training in partnership with Tammie Redman continued to be a core offering of the training centre, alongside a range of other courses. 48 courses were offered to external delegates, and 23 internally (in addition to the four training days). Of these courses 46 were held in person, and 25 online. A total of 503 external delegates and 278 internal delegates received Acorn training.

TRUSTEES' REPORT

Achievements and Performance in 2023 (continued)

Catering

The Acorn catering hub continued to supply freshly prepared meals to seven internal nurseries which do not have their own full catering facilities and four external nurseries in similar situations. In total, just under 75,000 lunches were provided (60,214 internally, and 14,735 externally) and just under 38,000 teas (37,089 internally, and 815 externally). 40 lunches were also provided externally as part of the Milton Keynes City Council holiday meal provision.

The catering provision at Acorn was also a finalist in the Nursery Food category of the 2023 Nursery World awards, and a book of favourite nursery recipes was printed at the end of the year, and offered for sale to nursery families, with some copies also given away.

Acorn's People

Acorn had a workforce of 464 employees by the end of 2023, which is an increase of 6% from the prior year. This reflects the gradually increasing occupancy of the four nurseries acquired in 2022 and an increase in the number of apprenticeships offered in the year. Turnover remained relatively high, although slightly reduced from 2022, and recruitment remained challenging throughout the year in line with the sector. Salary increases were implemented in April, with some additional interim increases implemented during the year, to ensure parity and recognition for qualifications.

37 awards for long service were made during the year, including four for 10 years, seven for 15 years and one for 25 years, and more than 25% of employees have more than five years' service. 48 apprentices were signed up during the year, with 28 as a cohort with Pen Green, who have regular face-to-face workshops and training sessions. 18 apprentices completed their level 3 qualification during the year.

Training and development continued to be a key focus, with four training days proving to be very beneficial and popular with the staff teams. The average Net Promoter Score for the training days was 74, an increase from 69 in the prior year, and with a score of 77 for the staff conference, where all sites joined together at the Ridgeway Centre in Milton Keynes. 378 employees also attended additional courses throughout the year. Overall training was rated as 'good' or 'very good' by 97% of delegates.

Central Support Office

During 2023 the central support team increased from 20 to 22 staff working to support the nurseries, forest schools and out of school clubs. This included creating a new Head of Finance role, as well as expanding the Early Years and Compliance team and facilities team.

TRUSTEES' REPORT

Achievements and Performance in 2023 (continued)

Reinvestment and development of key assets

Acorn continued to invest in improving the physical environment and equipment at all sites, investing £356,060 in capital expenditure during the year. In 2023 these improvements included: air conditioning in part of the Burton Latimer nursery, and an evaporation unit at Kents Hill; a commercial electric cooker at Castlethorpe in place of the previous gas cooker, thus reducing carbon emissions, and an upgrading of the cooker at the catering hub; the installation of an outdoor shelter and two compost toilets at the Emberton outdoor learning centre; sound clouds in the Emberton nursery; a pergola to replace the shaded area and screening at Kents Hill, which had previously been provided by two trees; new flooring throughout the nursery at New Bradwell; and sensory rooms at both the Hedgerows and Burton Latimer nurseries, the latter being partially funded by a generous donation from Scott Bader.

The year in numbers

- 99% of our families rated the friendliness of our nursery staff as good or excellent
- 98% of our families rated the professionalism of our nursery staff as good or excellent
- 98% of our families are satisfied or very satisfied with the management of their setting
- 97% of our families rated the relationship our nursery staff have with their children as good or excellent
- Acorn supported 2,279 children via its nurseries, out of school clubs and holiday clubs
- 1,985 children attended Forest School holiday club sessions, 928 children attended Forest School home educated sessions, and 288 parents/carers and children attended Forest School Tots Stay and Play sessions
- 173 children were in receipt of 2-year-funding, 23 children were in receipt of SEN inclusion funding, and 14 children were in receipt of Disability Access Funding
- Acorn received a Net Promoter Score of 76 in the 2023 Family Questionnaire
- Acorn Forest Schools delivered 70 sessions to 19 external schools and pre-schools, 2 scout sessions and external Forest School training sessions at 2 schools
- 17 trainees qualified as Level 3 Forest School leaders, including 3 internal members of staff
- 18 Acorn apprentices qualified as Level 3 practitioners, 8 of which achieved a distinction
- 71 Acorn training courses delivered
- 881 attendees of Acorn training courses, 378 of which were internal staff members and 503 were external delegates
- Acorn received an average Net Promoter Score as a training provider of 74
- £356,060 of our funds invested into Acorn settings
- 2 awards won in the year being; 'Eco-Friendly Early Years Award' at the 2023 Nursery World Awards and 'Top 20 Daynurseries Group Award 2023'

TRUSTEES' REPORT

Achievements and Performance in 2023 (continued)

The year in numbers (continued)

- 10 nurseries achieved their Eco-Schools Green Flag Award (6 achieved it for the first time and 4 achieved it for the second or third year in a row, with a distinction)
- 97% of delegates rated the overall enjoyability of Acorn's training courses as 'very good' or 'good'
- 74,949 hot lunches provided by the catering hub
- Acorn awarded 40 long term employment service awards in the year, including 27 five-year awards, six ten-year awards, six 15-year awards and one 25-year award.

Sustainability

In summer 2023 Acorn's journey towards sustainability began to grow with the appointment of a Sustainability Lead, who has been supporting nursery eco-leads to implement, develop and celebrate eco-friendly practices. For the first time, ten of Acorn's nurseries achieved the internationally accredited Eco-Schools Green Flag award, recognising the work of nursery practitioners to engage and empower children (as well as the wider staff teams and families) to respect and protect our natural environment. Six of these ten nurseries achieved the award for the first time and the other four achieved it with a distinction, either for the second or the third year in a row.

One of the changes implemented was reducing the list of food items that are permitted for play. This change was initiated by a reflection on ethical practice, which involved the consideration of the negative impacts of food waste on the planet, the cost-of-living crisis in the UK and what playing with food may be teaching children. Now the focus has been placed on more sustainable, non-food alternatives that can provide the same or a very similar sensory benefit for the children, such as natural loose parts, as well as exploring food in more meaningful ways such as cooking experiences that help to educate children about the value of food.

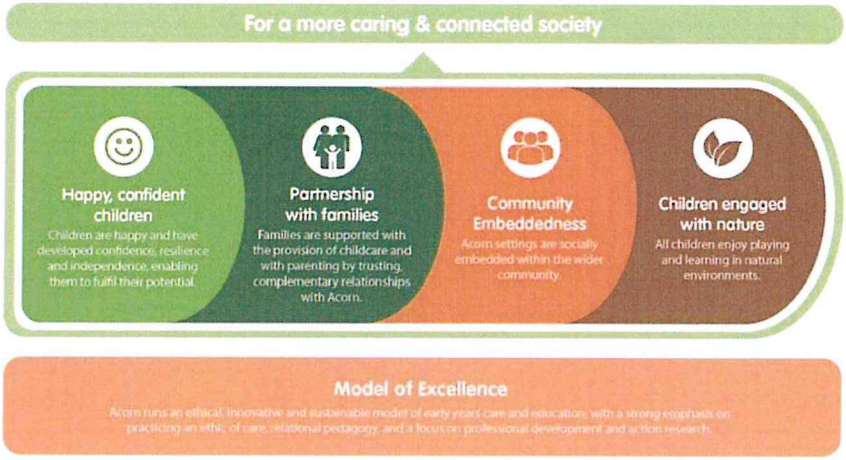
Acorn's efforts in its sustainability journey were further recognised in September 2023, when Acorn won the Eco-Friendly Early Years award at the 2023 Nursery World Awards.

TRUSTEES' REPORT

Social Impact

Acorn is working towards a vision of a more caring and connected society by putting children's wellbeing and development at the centre of everything. Its key social impact outcome is to enable children to fulfil their potential by ensuring that they are supported in the critical period of their early years to be happy, emotionally secure, confident and eager to learn. This is achieved through four social impact areas, which in 2023, were reviewed, bringing the launch of a new, revised social impact model.

The original social impact model consisted of four segments, starting with children, then partnerships with families, community embeddedness and an engagement with nature, underpinned by Acorn's model of excellence.



The new social impact model has not only been redesigned to help further emphasise the place of children at the centre of all of Acorn's work, but it now has an additional fifth segment – a professionalised workforce. The professional development of the early years workforce has always been a part of Acorn's charitable objectives and Acorn recognises that its key social outcome of happy, confident children is not possible without the passion, dedication and professionalism of its staff and the ethic of care that underpins the Acorn ethos.



TRUSTEES' REPORT

Social Impact (continued)

Happy, confident children

Throughout 2023 Acorn staff teams have worked in multitudes of ways to support children to be happy and confident, recognising that children learn most effectively when they are nurtured in caring environments with opportunities to explore a range of activities and experiences. Acorn places its values around the children, emphasising the importance of **nurturing**, through its ethic of care, of a **personal**, individualised approach, **professional** development, **ethical** policies and practices and of valuing the **outdoor** environment. At several of Acorn's nurseries this approach took form in additional home visits for children with additional needs; provision of 'emotions bags' for children with parents/carers who are going through a difficult time; a temporary space given to a child from Germany whose sibling is in Great Ormond Street Hospital; enabling a child on a protection plan to attend nursery for additional sessions (whilst the social worker was away) to ensure the child's safety by being seen by a professional for this time; creating book bags for the children to take home and providing ad hoc sessions at short notice to a child whose parent was in hospital.

Social Impact Story
At Kents Hill nursery one of the children was diagnosed with cancer. To support the child and their family, the nursery waived the nursery fees and the staff team kept in touch with the child and their family by regularly sending videos of songs and nursery rhymes, as well as cards and artwork with messages of support through the post. The child's key person visited the family at home, helping with the process of settling back into nursery. **Impact from parent perspective:** "After being given the worst imaginable news we had a lot to manage practically such as work, childcare, finances, etc. and Acorn immediately appeased one of our concerns that our daughter would lose her space at the nursery amidst all of the absences due to her chemotherapy. However, that was not the case at all and we immediately felt supported throughout the whole terrible time. Not only could we keep her space but all of the staff made so much effort in supporting us all through it with regular videos to our daughter and even coming to see her when she was fit and well enough for visitors. All of the touching support helped us manage through it together and we will be eternally grateful for all of the care that the staff at Acorn have, and continue to, show us and our daughter. She is now back to herself and loving life back at nursery with all her friends. Thank you so much for all of your help and support."

TRUSTEES' REPORT

Social Impact (continued)

Happy, confident children (continued)

Social Impact Story
In the local area of Burton Latimer there is a significant shortage of support for children with additional needs, where many nursery settings are declining families due to a lack of funds, as well as the lack of special education schools in general, resulting in children being deferred at nursery for an additional year. The Burton Latimer nursery is continuously recommended to families by health visitors due to its recognised experience in supporting children with additional needs, and its inclusive and personalised practice. To expand and improve the level of support the nursery can provide, and with the help of a Scott Bader grant, the nursery transformed one of its spaces into a sensory room, providing a safe, calm and stimulating environment that provides awe and wonder for all children, but particularly benefiting children with additional needs. The nursery also secured SENIF funding that has been used towards a private speech therapist who attends the nursery and provides one-to-one sessions with each child to improve their speech and language skills, supporting the children's transitions into school and enable them to have a voice that can be heard and understood. **Impact:** • Improved level of support for children with additional needs such as speech and language and/or physical development delays • Enhanced learning through play, improving the stimulation of all children's senses • Increased children's wellbeing • Improved children's regulation of focus and promotion of socialisation skills and vocalisation • Improved children's fine and gross motor skills • Families with children with additional needs feeling more supported, as well as more confident about their child's transition to school.

TRUSTEES' REPORT

Social Impact (continued)

Happy, confident children (continued)

Social Impact Story
Acorn's action research group conducted a research study exploring the impact of Acorn's Forest School holiday club on children with additional needs. Questionnaires and interviews were completed, capturing the experience of three different families and five children. **Impact from family perspectives:** "It's one of the only holiday clubs that have been fully understanding of their additional needs and have accepted them and worked with them." "It is a very welcoming and inclusive environment. While being a relaxed and informal learning environment, there are clear physical boundaries and expectations for behaviour which has helped them to take part in all activities on offer and gain more independence. They love the freedom of choosing what they do, and have learned so many different skills. The environment fosters understanding and respect and all the children attending respond well to this. As a result my children have made friends with nice children, which can be difficult for my children to achieve. Staff are very familiar with my children as they have been attending Forest Schools for a long time, and the staff have adapted to my children's changing additional needs seamlessly over this time. Nothing appears to be too difficult to manage, ranging from toileting to using visual cues and aids, to helping my children to resolve communication breakdowns. Forest School provides a complete break from my children's school environment and lots of fresh air, keeping my children away from screens when they would otherwise probably choose to be sedentary. There are not many places that can not only handle my children for the day, but also facilitate them to have a lovely, positive day." "It has given him a further love of nature and he loves to go to the forest with us and show us various things like climbing trees, building dens, talking about trees. He has been in the same Forest School since he was very young and the staff are amazing with him, accepting him for exactly who he is. They have supported him when he was very unhappy in school." **Impact from a child's perspective:** "I love being free outside, it's relaxing and I have different friends at Forest School. I really look forward to going to Forest School."

TRUSTEES' REPORT

Social Impact (continued)

Professionalised workforce

Acorn is committed to the continuous professional development of its staff teams and dedicates four days each year to staff training days, including an annual conference. During 2023, training topics covered by internal and external trainers included supporting children with Special Educational Needs (SEN); safeguarding; the power of engagement; race, inequality and unconscious bias; signing for babies; loose parts; creating enabling environments; first aid; effective leadership and many more.

Some of the staff feedback in 2023:

- "Excellent. I am thoroughly buzzing with ideas, want to get started now! Really enjoyed the subject and the trainer knew her subject inside and out. Can't wait to start this project."
- "I liked the atmosphere of all the nurseries together. It created a sense of something bigger and that what we do is important!"
- "My favourite conference yet and really informative!"
- "Very much enjoyed the sustainability workshop, it allowed us to share knowledge and ideas, and motivated us to do more within our nursery."
- "A very helpful and informative approach to health and safety. I found the training subjects, although serious, thought provoking, and I will use these in my nursery."
- "It was good to reflect on our practice and listen to others share their practices, great opportunity."
- "Her courses are always great, they are interactive and she is very passionate about her work. She gives us the opportunity to try out the ideas she is teaching us which for me is the perfect way to learn."
- "Loved seeing practitioners from the other Acorn sites and sharing views and ideas!"
- "Both sessions were great and each had plenty of time of everyone to have meaningful discussions."
- "What I found most helpful were the ideas of how to lead my team effectively and how to inspire a more positive and proactive input from everyone."
- "Both trainers have given me lots of food for thought. I have taken lots of notes on things I would like to use during my practice, which will hopefully impact the children in a more beneficial way. I love having professional discussions with other people with the same passion but who have had different experiences."
- "Great ideas to take back to my settings and implement in my day-to-day role."

Acorn also held its first ever sustainability workshops for its staff, covering the meaning of sustainability and its importance in the early years, Acorn's eco journey so far and new ideas for practice.

TRUSTEES' REPORT

Social Impact (continued)

Professionalised workforce (continued)

The annual conference invited practitioners to take part in a World Ocean Day themed competition, to set up an invitation to play that enables children to learn more about the wonders and importance of the world's oceans, as well as to explore the impact of negative human behaviour and what can be done to help. Following a sign language course during one of the staff training days, a member of staff implemented the learning by teaching a child by practising together – the child became confident very quickly, despite sign language being completely new to them.

In the context of the early years recruitment crisis, Acorn focuses on ensuring that its staff teams have varied opportunities for progression to support staff engagement, retention and performance. In 2023, 21 apprentices and nursery assistants gained their Level 3 qualification, with 8 passing with a distinction, and some progressing further to become lead practitioners and senior practitioners. One of Acorn's Eco-Leads was the first to qualify in the organisation with a Level 4 Sustainability in the Early Years qualification. She commented that "The impact of this sustainability course on my work with the children has been momentous! Not only have I become really passionate about ensuring that we recycle to the best ability we can, but I have also expanded my knowledge about issues such as greenwashing and have begun implementing a long-term project of a kitchen garden within our nursery. It has been fantastic to expand children's opportunities to plant seeds and learn how to nurture what is growing!".

In addition, two of Acorn's Early Years managers, Becky Watanabe and Kim Langstaff featured in Nursery World Magazine, discussing what makes a good working relationship. Kim confirmed that "The secret to a good working relationship is mutual respect, collaboration and being ready to hear each other's ideas. Becky and I are on the same page. We share the same early years ethos, but we're also always learning and are open to new ideas. I know Becky will always put our children first."

Partnership with families

Working closely with families and developing relationships with parents/carers and other family members such as grandparents, is one of the key components that enables Acorn to support children to be happy, confident and able to learn effectively. Acorn's nurseries value regular, personalised communication with families, ensuring that they feel supported in every way possible. Through the year examples of family partnerships included:

- Continuation of a winter clothing bank at a couple of Acorn's nurseries, including donations from the other Acorn nurseries, to support families in need
- Toys and books that were no longer in use at the nursery were donated to a family in need
- A grandparent coming in and playing their guitar to the children every two weeks
- Regularly checking in with parent wellbeing during times when they have been struggling at home, and signposting them to external agencies

TRUSTEES' REPORT

Social Impact (continued)

Partnership with families (continued)

- A Father's Day stay and play session where one of the fathers commented on the quality time spent with the other fathers and his child - "It's important that men get time together for their mental health, we all need to work together."
- A parent offered to volunteer their time by helping the nursery to prepare their garden space for planting
- Prepared special interest bags for children with additional/behavioural needs, enabling a sense of belonging for the children both at home and nursery
- Building relationships with the Family Centre on site by working together and sharing event information to reach more families
- Provided emotional support to parents during a relationship break-up
- Put together 'Left-over Friday' bags that contained any perishable food items and a recipe for families to make over the weekend, inspiring families to cook healthy recipes with their children and reducing any potential food waste
- Supported a single parent with autism by adjusting day-to-day communication (i.e. sending emails as this supported the parent more than verbal communication). The grandfather was also heavily involved in supporting the child, and so the nursery invited him to all the nursery meetings
- Delivered parent training sessions focused on promoting positive behaviour and fostering emotional health in children

Family responses from annual feedback survey included:

- "As a parent of a child with additional needs we were apprehensive about nursery. The attention and care of all the staff has meant he has a wonderful experience and we have no hesitation that this is a great environment. The relationships that the staff build with the children is absolutely lovely. They always make sure they are going at the child's pace and are incredibly receptive to their needs. My son loves being at nursery, I genuinely feel like he sees it as an extension of home."
- "Consistent quality. First child was here seven years ago for four years and the quality of care is still excellent with my second child who started four months ago. Some of the staff are even the same!"
- "The staff have gone above and beyond to support our son, who has additional needs. He is included in every aspect of nursery life."
- "The Acorn nursery has changed everything for us, from a little boy who cried at every drop off to a little man who cannot get in the gate quick enough!"
- "I love the nursery and it is very well managed. The staff have the children's needs as a top priority, and it is very clear to see how strong the bond between the children and staff is, especially the management, they are very hands on."
- "The range of healthy snacks offered to the children is really good and I always know my son is eating well and healthy."

TRUSTEES' REPORT

Social Impact (continued)

Partnership with families (continued)

- "I had separation anxiety from my children, but the staff were so understanding and supportive from the day I walked into the nursery. Any moment I need clarity, they have been there. My kids mentally, emotionally and intellectually have really grown and improved from the day they started at the nursery (9 months) to now."
- "The whole ethos of Acorn is wonderful. Every child is treated as an individual and the people that work in the nursery, every single one of them, are passionate about creating a great environment for the children."
- "We both parents came from different country and we have no family help in the UK. Acorn is honestly biggest help for us to grow up my little boy. We are so pleased to find Acorn and much appreciate all carers."
- "Overall brilliant setting/company. My child loves forest school and all the outdoor play, we really love the Acorn ethos and values."
- "Food and care of children is exceptional."
- "I love the outdoor emphasis and focus of the nursery. It has helped to really cultivate an appreciation of the environment with my older child."
- "Acorn is inspiring for the children, a fun place to learn and grow. An emphasis on playing outside in all weathers and being creative was a huge plus point for us & our daughter absolutely loves going to nursery. So thank you all at Acorn, you are fantastic!"

Key statistics from annual family feedback survey:

- 99% of our families rated the **friendliness** of our nursery staff as good or excellent.
- 98% of our families rated the **professionalism** of our nursery staff as good or excellent.
- 98% of our families are satisfied or very satisfied with the **management** of their setting.
- 97% of our families rated the **relationship our nursery staff have with their children** as good or excellent.
- 97% of our families rated the **security measures** at their nursery as good or excellent.
- 96% of our families rated the **caring of their children and meeting their children's needs** by our nursery staff, as good or excellent.
- 96% of our families rated the **outdoor environment** at their nursery as good or excellent.
- 96% of our families rated the **range of activities on offer** at their nursery as good or excellent.
- 96% of our families rated the **Famly app** at their nursery as good or excellent.
- 95% of our families rated the **indoor environment** of their nursery as good or excellent.
- 95% of our families rated the **toys and equipment** at their nursery as good or excellent.
- 94% of our families rated the **meals and snacks** at their nursery as good or excellent.

TRUSTEES' REPORT

Social Impact (continued)

Community embeddedness

Another key aspect of the Acorn's social impact is providing children with opportunities to engage in their local community. Through the year this took form in collections of food donations which the children delivered to their local food banks. Some of the children and their families even helped towards achieving the Guinness World Record for longest line of food cans, helping to reach 10km line of food cans in Milton Keynes. Regular involvement in donating to local food banks is not only making a positive difference to people in the local community, but it is also helping the children to develop an ethic of care towards the people around them.

Nurseries also engaged in different initiatives such as World Kindness Day and World Smile Day and used these as an opportunity to connect to the local community and teach children about the power of positive action, even when it takes form in small interactions such as greeting community members and surprising them with a random act of kindness.

Children also had the opportunity to learn about cars by visiting the local mechanic, to explore new books by visiting the local library and to walk to the local church to see the poppy display during Remembrance Day. Some of the children were also visited by the local fire brigade and police team and went litter picking with the local Parish Council to keep the local area clean and tidy.

The nurseries that are close to a residential care home were also able to connect to the elderly members of the community by reading books together, talking about their favourite animals and singing their favourite songs. During Christmas time, some of the residents from Elizabeth House visited our Stony Stratford nursery and joined the children for Christmas dinner. One of the residents even wrote a poem to read to the children.

During December, instead of doing 'Secret Santa', the staff team at the Jubilee Wood nursery donated gifts to the Dunelm Delivering Joy Scheme, to help make a difference to the local community – the gifts were given to young adults in the community who are being supported by Macmillan.

Children engaged with nature

Nature pedagogy is embedded in the everyday practice of Acorn's nurseries, all the way from the use of natural materials for play and crafts and free-flow access to garden areas, to taking care of the natural world and creating a positive impact on the environment.

Throughout the year this involved:

- Allotment visits, enabling children to learn about how to grow their own food
- Litter picking, teaching children about keeping the green spaces of their community clean, as well as protecting wildlife
- Learning about the amazing roles of bees and being visited by a local beekeeper on World Bee Day
- Visiting a green roof, exploring the different flowers and vegetables growing on it and the importance of biodiversity in the city
- Looking after different plants in the nursey garden spaces, including raspberry picking and tasting
- Learning about rainforests and their incredible habitats for different wildlife

TRUSTEES' REPORT

Social Impact (continued)

Children engaged with nature (continued)

To help embed regular engagement with nature as well as environmental learning and responsibility, many of Acorn's nurseries took part in the Eco-Schools programme, exploring various different topics such as biodiversity, water and waste, and 10 nurseries achieved their Eco-Schools Green Flag award, recognising and celebrating their efforts towards sustainability. Five of Acorn's nurseries achieved the award with a distinction and 5 achieved it for the very first time.

Green Flag Award feedback from Eco-Schools includes:

- "Staff members should be proud for providing the children with a good awareness of environmental issues and strong foundations for them to build on as they progress to school and hopefully continue their journey as environmentalists. Your greatest successes link clearly to the experiences of the children. We loved reading about your success in improving awareness, opportunities and enthusiasm across your setting and your families!"
- "Reducing your waste has clearly been a great success, well done! This is what the best forms of climate action are about – impactful but achievable things that create a positive experience and prompt more action. Your garden sounded a huge success with lots of healthy vegetables grown – well done!
- "It was amazing to see how your Eco-Committee maximised the impacts of their Eco-Schools work by reaching out to their local council to work together. It's a great initiative to start involving the wider community!"
- "We love the range of activities that you and your Eco-Committee planned for delivery. The fact that they cover regular litter-picks, planting bee-friendly flowers, creating a garden sensory space and improving your frog pond and nature area is excellent.
- "We are certain that the children will have greatly benefited from your involvement with such outside organisations as the RSPB and The Wildlife Trust."
- "We were impressed with the way you conducted your environmental review! You held a discussion with the children, to answer the questions. The review gave you the chance to find what the children were interested in and what ideas they had. Your action plan focused on topics children were excited about, like biodiversity, healthy living, and litter. This will increase their engagement and allow them to take ownership of the programme, even at a young age!"
- "We love the range of activities that you and your Eco-Committee planned for delivery. The fact that they cover both indoor (recycling bins and plants in every room, and using wet bags instead of nappy sacks) and outdoor (regular litter-picks, growing fruit, vegetables, herbs and flowers, promoting outdoor learning and the Great British Spring Clean) activities is excellent!"
- "We love the open and inclusive approach you've taken to appointing your Eco-Committee, welcoming parent/carer members who are passionate about supporting your young people to make a difference through drop-ins. This sets a positive and encouraging tone for your work and supports a collaborative and community ethos."

Parent feedback includes:

- "We chose Acorn because we both really care about sustainability and we could see that this is baked into what the nursery is about. We love the fact that there is an eco-committee and that the children learn from a very young age just how important our planet is."

In further recognition of Acorn's progress in its eco-journey, in September, Acorn won the Nursery World 'Eco-Friendly Early Years' Award!

TRUSTEES' REPORT

Financial Review

2023 was another challenging year financially, although Acorn grew its revenue with a full year contribution of new nurseries and organic growth, cost pressures including underfunding of the early education entitlement meant that this did not translate into profits. This particularly affected nurseries that had a high proportion of children attending funded-only sessions. The four nurseries that were acquired in 2022 also had a slower than expected rise in occupancy. The cross-subsidy model, whereby profitable nurseries contribute a higher proportion towards central costs than those in areas of greater deprivation, supports Acorn's ethos to provide affordable childcare to all.

Acorn's turnover grew 19.2% in the year to £11,419,095 (2022: £9,575,853). The growth in turnover is expected to continue into 2024 as a result of a higher demand for nursery places following the expansion of funded childcare from April and September 2024.

Staff salaries were increased in line with fee increases during the year, but balancing affordability and the cost of providing high quality care and education continues to be challenging.

The Finance, Audit and Risk Committee monitors the cash position on a quarterly basis. There was a short-term reduction in working capital at the end of 2023, but this was resolved by February 2024. Decisions regarding capital investment projects take account of cash flow projections. In the year to December 2023 £356,060 was approved by the trustees for ongoing investment in nurseries.

Social Investment and loans

Repayments for the social investment loan from the Charities Aid Foundation continued throughout the year. No further loans were taken out in 2023.

Reserves policy

The reserves policy was reviewed in November 2023 and it was agreed to increase the unrestricted funds to £150,000 being readily available with the aim to increase this each year. On 31 December 2023 the charity had unrestricted reserves of £483,952 (2022: £536,636). In the opinion of the trustees, the level of unrestricted reserves is appropriate.

Fundraising

A small proportion of Acorn's income is generated from fundraising activities and is used for specific projects. In the year, £13,712 was raised through donations, of which £7,647 was donated by Scott Bader and used at Burton Latimer to create a sensory room. Acorn's fundraising policy outlines appropriate fundraising activities and the ethical considerations. All fundraising income in 2023 is accurately documented in the accounts.

Future Plans

The trustees continue to drive financial stability through the expansion of spaces at our current nurseries or adding nurseries to the portfolio.

TRUSTEES' REPORT

Financial Review (continued)

Principal risks and uncertainties

The trustees regularly review major strategic and operational risks and have a risk matrix and a risk register, which identifies risks and how these may be mitigated. Areas of risk that are assessed include finance, operations, governance, environmental issues, regulatory and compliance, and external issues that may affect the early years sector are carefully monitored.

Acorn's business continuity plan details actions and responses that may be required in the event of major incidents and this is regularly reviewed. The board of trustees are regularly kept informed of the charity's financial and operational position and the frequency of updates and meetings is adjusted to meet the severity or exposure to risks. The board is satisfied that effective systems are in place to monitor and control identifiable risks.

Major risks that have been identified for the year ahead include the following:

- The impact of the recruitment and retention crisis in the early years sector, and the resulting pressure on salaries and in some instances on occupancy levels. Staff shortages also affect staff morale and the consistency of high quality provision, particularly with the difficulty of recruiting qualified practitioners.
- Cashflow sensitivities, given the relatively low level of reserves at the end of 2023.
- Inadequate funding levels for the 'free entitlement,' which particularly affects nurseries with a higher proportion of funded-only places.

Going Concern

Having reviewed the cash flow forecast and underlying assumptions for the next 12 months the trustees remain confident in the ability of the management team to maintain the charity's financial viability. On this basis the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to Auditor

The trustees who held office at the date of approval of the Trustee's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Charity's auditor is unaware; and each trustee has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

The charity's previous auditors, Mercer & Hole LLP, were superseded by MHA on 5 September 2023. The trustees who held office at the date of approval of the financial statements have confirmed the reappointment of MHA for 2024.

Following a rebranding exercise on 15 May 2023 the trading name of the charity's independent auditor changed from MHA MacIntyre Hudson to MHA.

Financial Review (continued)

Trustees' Responsibility Statement

The trustees (who are also directors of Acorn Early Years Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any; material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity 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 auditor is unaware. 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 auditor is aware of that information.

.....

Eva Lloyds
Trustee

Date....31 May 2024.....

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN EARLY YEARS FOUNDATION

Opinion

We have audited the financial statements of Acorn Early Years Foundation (the 'charity') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 charitable company's affairs as at 31 December 2023 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; 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN EARLY YEARS FOUNDATION (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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 course of 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.

Opinion 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Trustees' Report.

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

- adequate 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN EARLY YEARS FOUNDATION (CONTINUED)

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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:

- Discussions held with management and those charged with governance around any legal claim.
- Audit work performed over key risks areas identified such as management override and reviewing accounting estimates for bias.
- Review of financial statement disclosures to ensure accounting policies have been correctly followed.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN EARLY YEARS FOUNDATION (CONTINUED)

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Elizabeth Newell BA (Hons) FCA (Senior Statutory Auditor)
for and on behalf of
MHA
Chartered Accountants
Statutory Auditors
Milton Keynes

Date: 11 JUNE 2024

MHA is the trading names of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds	Restricted Funds	Total 2023	Total 2022
		£	£	£	£
Income and Expenditure					
INCOME:					
Donations and legacies	4	6,065	7,647	13,712	4,295
Income from charitable activities	5	11,246,721	157,222	11,403,943	9,571,541
Investment income		1,440	-	1,440	17
Total Income		11,254,226	164,869	11,419,095	9,575,853
EXPENDITURE:					
Expenditure on charitable activities	6	(11,305,841)	(174,498)	(11,480,339)	(9,568,685)
Total Expenditure		(11,305,841)	(174,498)	(11,480,339)	(9,568,685)
Income/(expenditure) movement in funds for the year before tax		(51,615)	(9,629)	(61,244)	7,168
Tax on expenditure	7	(1,069)	-	(1,069)	-
Net (expenditure)/income movement in funds for the year		(52,684)	(9,629)	(62,313)	7,168
Reconciliation of funds					
Total funds brought forward		536,636	20,546	557,182	550,014
Total funds carried forward		483,952	10,917	494,869	557,182

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continued activities.

The accompanying accounting policies and notes on pages 33 to 48 form an integral part of the financial statements.

The 2022 comparative includes both restricted and unrestricted funds, a breakdown of the comparatives can be found in note 23 to these financial statements.

BALANCE SHEET

	Note	2023		2022	
		£	£	£	£
Fixed Assets					
Intangible assets	11		146,379		181,133
Tangible assets	12		1,028,732		972,347
			1,175,111		1,153,480
Current Assets					
Debtors	13	322,259		183,586	
Stock		717		-	
Cash at bank		24,680		146,036	
Total Current Assets		347,656		329,622	
Creditors:					
Amounts falling due within one year	14	(1,027,898)		(828,526)	
Net Current Liabilities			(680,242)		(498,904)
Total Assets less Current Liabilities			494,869		654,576
Creditors:					
Amounts falling due after one year	15		-		(97,394)
Net Assets			494,869		557,182
The funds of the charity					
Restricted Funds	18		10,917		20,546
General Unrestricted Funds	18		483,952		536,636
Total Charity Funds			494,869		557,182

The notes on pages 33 to 48 form part of these financial statements.

The Board of Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of the financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees and signed on their behalf by:

.....

Eva Lloyd
Trustee

Date: 31 May 2024

Company number: 07703801

STATEMENT OF CASH FLOWS

	Note	2023	2022
		£	£
Net cash used in operating activities	19	349,466	378,420
Cash flows from investing activities			
Purchase of intangible fixed assets	11	(12,495)	-
Purchase of tangible fixed assets	12	(356,060)	(361,670)
Net cash used in investing activities		(368,555)	(361,670)
Cash flows from financing activities			
Investment income		1,440	17
Repayment of borrowings		(91,281)	(85,551)
Interest paid		(12,426)	(18,156)
Net cash from financing activities		(102,267)	(103,690)
Decrease in cash and cash equivalents in the year		(121,356)	(86,940)
Cash and cash equivalents at the beginning of the year		146,036	232,976
Cash and cash equivalents at the end of the year		24,680	146,036

Analysis of changes in net debt	**1 January 2023**	**Cash flows**	**31 December 2023**
	£	£	£
Cash at bank	146,036	(121,356)	24,680
Borrowings	(188,675)	91,281	(97,394)
	(42,639)	(30,075)	(72,714)

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Basis of preparation

Acorn Early Years Foundation is a charitable company limited by guarantee registered in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity. The address of the registered office is given in the Reference and Administrative Details on page 3 of these financial statements. The nature of the charity's operations and principal activity is the provision of childcare in nurseries, out of school clubs and forest schools.

The financial statements 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Acorn Early Years Foundation meets the definition of a public benefit entity under FRS 102. 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 prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest £.

b) Preparation of the accounts on a going concern basis

Having reviewed the cash flow forecast and underlying assumptions for the next 12 months the trustees remain confident in the ability of the management team to maintain the charity's financial viability. On this basis the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

c) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Fee income is allocated to the month to which it relates, and the free entitlement funding is allocated on the same basis, with policies in place to ensure entitlement is verified prior to headcount dates.

d) Government Grants

Income from government and other grants, whether 'capital' grants 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 measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

e) Investment income

Interest on funds held on deposit is included when received and the amount can be measured reliably by the Charity. This is normally upon notification of the interest paid by the Bank.

f) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity.

Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are funds which are used in accordance with specific restrictions and raised by the Charity for a particular purpose. The aim and use of each restricted fund is set out in the notes of the financial statements. Restricted funds can include donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

g) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

1. Cost of raising funds comprises the costs of activities outside the regular operation of the nurseries, forest schools, out of school clubs, catering and training department.
2. Expenditure on charitable activities comprises the costs of commercial trading including the running of the nurseries and their associated costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Governance costs

Governance costs are those functions that assist the strategic work of the Charity but do not directly undertake charitable activities. These costs have been allocated to expenditure on charitable activities.

Governance costs are set out in note 8.

i) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the tangible assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

j) Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis.

k) Finance leases

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Statement of Financial Activities on a straight-line basis.

l) Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Charity.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using a straight-line basis.

Depreciation is provided on the following basis:

Asset Category	Annual rate
Leasehold Improvements	Lower of 20% of cost and length of lease
Office Equipment	20% - 33.3% of cost
Fixtures and Fittings	20% of cost
Motor Vehicles	20% of cost
Play Equipment	20% of cost

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Financial Activities (including income and expenditure account).

m) Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably. All intangible fixed assets related to business combinations are amortised on a straight-line basis over the estimated economic life of 10 years.

Intangible assets related to computer software are amortised over 3 years.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Stock

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

p) Cash at bank

Cash at bank includes cash within a current or deposit account.

q) Creditors

Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

r) Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

s) Pension costs

The Charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Charity. The annual contributions payable are charged to the Statement of Financial Activities.

The Charity is also part of the Bucks CC LGPS which is a defined benefit scheme. The Charity has three employees in this scheme. Bucks CC LGPS has confirmed that when the Charity took over these nurseries, the portion of the LGPS relating to it was transferred at no deficit/no surplus. As there is no deficit, a valuation has not been obtained under FRS 102 section 28. The payments have been expensed in the same way as that of defined contribution scheme payments.

t) Taxation

The income and expenditure relating directly to the charitable activities is exempt from corporation tax. The income and expenditure relating to the non-charitable activities is eligible for corporation tax. The non-charitable activities relate to training room hire and external catering.

u) Disclosure reclassification for 2022 expenditure

As part of finalising the 2023 annual report it was identified that comparatives within note 6 were incorrect between childcare costs, training costs and catering costs. Therefore a reclassification of note 6 between these categories has taken place. No changes have been made to the Statement of Financial Activities as the overall expenditure of £9,568,685 remains correct.

2. Judgements and key sources of estimation uncertainty

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

3. Company limited by guarantee

The charity is a Company limited by guarantee and has no share capital. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

4. Income earned from donations and legacies

	Unrestricted Funds	Restricted Funds	Total 2023	Total 2022
	£	£	£	£
Donations	6,065	7,647	13,712	4,295
	6,065	7,647	13,712	4,295

Of the £13,712 donations received in the year, £7,647 was received from Scott Bader that contributed towards the new sensory room at the Burton Latimer nursery. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

5. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Total 2023	Total 2022
	£	£	£	£
Childcare income	11,022,944	157,222	11,180,166	9,362,846
Training courses	42,802	-	42,802	34,293
Forest school activities	101,368	-	101,368	77,187
Catering income	51,247	-	51,247	59,428
Consultancy income	-	-	-	1,974
Other income	28,360	-	28,360	35,813
	11,246,721	157,222	11,403,943	9,571,541

Local authority grants totalling £2,500,745 (2022: £2,326,514) received relates to the 2 year old offer and the Early Years Funding for all 3-4 year olds. Restricted local authority grants of £154,622 (2022: £93,370) relate to deprivation funding, inclusion and disability access funding grants. Further information can be found in note 18.

NOTES TO THE FINANCIAL STATEMENTS

6. Analysis of expenditure on charitable activities

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Restated Total 2022 £
Childcare costs	9,836,036	174,498	10,010,534	8,355,116
Training costs	38,292	-	38,292	30,350
Catering costs	40,099	-	40,099	32,169
Forest school activities costs	112,512	-	112,512	92,183
Property and administration	1,222,280	-	1,222,280	984,086
Accountancy fees	840	-	840	4,440
Auditor's remuneration	13,200	-	13,200	8,160
Legal and professional fees	18,092	-	18,092	34,132
Other financial costs	24,490	-	24,490	28,049
	11,305,841	174,498	11,480,339	9,568,685

7. Taxation

(a) Tax on (expenditure)/income

The tax charge/(credit) is made up as follows:

	2023 £	2022 £
Current tax:		
UK corporation tax at 19% (2022: 19%)	(245)	-
Previous year's tax correction	1,314	-
	(1,069)	-

(b) Factors affecting the total tax charge

The tax assessed on the (expenditure)/income before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2022:19%). The differences are reconciled below:

NOTES TO THE FINANCIAL STATEMENTS

7. Taxation (continued)

(b) Factors affecting the total tax charge (continued)

	2023 £	2022 £
(Expenditure)/income before tax	(61,224)	7,168
(Expenditure)/income before tax multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(11,633)	1,362
(Expenditure)/income not deductible for tax purposes (exempt due to derived from charity activities)	12,702	(1,362)
Previous year's tax correction	(1,314)	-
	(245)	-

8. Net income / (expenditure) for the year

This is stated after charging:	2023 £	2022 £
Depreciation	299,675	216,092
Amortisation	47,249	46,905
Operating lease payments	567,913	493,756
Auditor's remuneration:		
Audit fees	13,200	8,160
Accountancy services	840	4,440

Analysis of governance costs:

	2023 £	2022 £
Audit fees	13,200	8,160
Trustees' expenses	129	146
Consultancy fees	12,830	5,924
	26,159	14,230

NOTES TO THE FINANCIAL STATEMENTS

9. Analysis of staff costs, trustee remuneration and expenses, and the cost of Key Management Personnel

	2023 £	2022 £
Salaries and wages	7,583,625	6,418,608
Social security costs	490,551	433,235
Pension costs	339,177	277,772
	8,413,353	7,129,615

One employee had employee benefits in excess of £60,000, with total employee benefits excluding employer pension costs falling within the band of £110,001 to £120,000 (2022: one employee falling within the band of £100,001 to £110,000). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The Charity trustees were not paid or received any other benefits from employment with the Charity in the year (2022: £nil). Trustees were reimbursed expenses during the year totalling £129 (2022: £146). The amount of consultancy fees paid to trustees in the year was £nil (2022: £nil).

The Key Management Personnel of the Charity comprise the trustees, who receive no remuneration, the Chief Executive Officer, and the Senior Leadership Team (SLT). The total employee benefits of Key Management Personnel of the Charity were £349,230 (2022: £386,276).

10. Staff numbers

The average monthly number of persons (including directors) employed by the Charity during the year was as follows:

	2023 Number	2022 Number
Total staff	467	408
	467	408

NOTES TO THE FINANCIAL STATEMENTS

11. Intangible assets

	Computer software £	Goodwill £	Total £
Cost			
As at 1 January 2023	-	470,732	470,732
Additions	12,495	-	12,495
As at 31 December 2023	**12,495**	**470,732**	**483,227**
Amortisation			
As at 1 January 2023	-	289,599	289,599
Charge for the year	344	46,905	47,249
Amortisation on disposals	-	-	-
As at 31 December 2023	**344**	**336,504**	**336,848**
Net book value			
As at 31 December 2023	**12,151**	**134,228**	**146,379**
As at 31 December 2022	-	181,133	181,133

12. Tangible fixed assets

	Leasehold Improvements £	Office Equipment £	Fixtures & Fittings £	Motor Vehicles £	Play Equipment £	Total £
Cost						
As at 1 January 2023	1,186,218	104,836	348,516	42,626	115,802	**1,797,998**
Additions	245,010	19,541	60,941	-	30,568	**356,060**
Disposals	(18,471)	(64,110)	(38,840)	-	(10,187)	**(131,608)**
As at 31 December 2023	**1,412,757**	**60,267**	**370,617**	**42,626**	**136,183**	**2,022,450**
Depreciation						
As at 1 January 2023	446,568	76,288	211,732	26,274	64,789	**825,651**
Charge for the year	210,384	14,277	48,586	6,323	20,105	**299,675**
On disposals	(18,471)	(64,110)	(38,840)	-	(10,187)	**(131,608)**
As at 31 December 2023	**638,481**	**26,455**	**221,478**	**32,597**	**74,707**	**993,718**
Net book value						
As at 31 December 2023	**774,276**	**33,812**	**149,139**	**10,029**	**61,476**	**1,028,732**
As at 31 December 2022	739,650	28,548	136,784	16,352	51,013	972,347

NOTES TO THE FINANCIAL STATEMENTS

13. Debtors

	2023	2022
	£	£
Trade debtors	112,229	22,313
Other debtors	46,771	34,884
Prepayments	163,259	126,389
	322,259	183,586

14. Creditors: amounts falling due within one year

	2023	2022
	£	£
Bank loan	97,394	91,281
Trade creditors	174,784	97,754
Taxation and social security	127,734	101,355
Other creditors	541,948	493,563
Accruals	86,038	44,573
	1,027,898	828,526

Acorn Early Years Foundation operates a defined contribution pension scheme for all eligible staff. Outstanding contributions awaiting payment at the 31 December 2023 were £51,081 (2022: £48,138).

In 2020 the charity borrowed £380,000 from the Charities Aid Foundation. This loan is secured with a fixed and floating charge over all the Charity's assets and repayable over four years from September 2020 at an interest rate of 6.5% above the base rate, after a six month capital and repayment holiday. At 31 December 2023 the loan balance outstanding is £97,394 (2022: £188,675). This is expected to be fully paid by 31 December 2024.

15. Creditors: amounts falling due after one year

	2023	2022
	£	£
Bank Loan	-	97,394
	-	97,394

NOTES TO THE FINANCIAL STATEMENTS

16. Deferred Income

Included within other creditors are balances relating to deferred income. Deferred income comprise fees and grant income receipts related to financial year 2024.

	2023	2022
	£	£
Balance as at 1 January	414,709	357,115
Amounts released to income earned from charitable activities	(414,709)	(357,115)
Amount deferred in year	451,847	414,709
Balance as at 31 December	451,847	414,709

17. Commitments under operating leases

As at 31 December the Charity had annual commitments under non-cancellable operating leases as set out below:

	2023			2022		
	Property leases	Other operating leases	Total	Property leases	Other operating leases	Total
	£	£	£	£	£	£
Amounts payable within 1 year	507,154	23,999	531,153	451,802	22,425	474,227
Amounts payable between 2 to 5 years	1,331,626	28,546	1,360,172	1,668,329	28,849	1,697,178
Amounts payable after 5 years	860,004	-	860,004	1,008,370	-	1,008,370
	2,698,784	52,545	2,751,329	3,128,501	51,274	3,179,775

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance at 1 January 2023	Income	Expenditure	Balance at 31 December 2023
	£	£	£	£
General Unrestricted Funds	536,636	11,254,226	(11,306,910)	483,952
Designated Funds	-	-	-	-
Total	536,636	11,254,226	(11,306,910)	483,952

Analysis of movements in unrestricted funds - previous year

	Balance at 1 January 2022	Income	Expenditure	Balance at 31 December 2022
	£	£	£	£
General Unrestricted Funds	544,081	9,405,598	(9,413,043)	536,636
Designated Funds	-	-	-	-
Total	544,081	9,405,598	(9,413,043)	536,636

Name of unrestricted fund	Description, nature and purposes of the fund
General Unrestricted Funds	The 'free reserves' to cover normal fluctuations of working capital.
Designated Funds	Funds set aside by the trustees for specific purposes. There are no designated funds during the year.

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds (continued)
Analysis of movements in restricted funds

	Balance at 1 January 2023	Income	Expenditure	Balance at 31 December 2023
	£	£	£	£
MKC Jubilee Wood deprivation	2,899	12,187	(14,017)	1,069
Restricted Higher Needs & DAF	-	126,837	(126,837)	-
Mulberry Bear Reserve	2,768	-	(2,768)	-
Enjoy Benefit donations	200	2,600	(2,800)	-
Scott Bader donations	-	7,647	(7,647)	-
MKC Hedgerows deprivation	7,312	6,520	(7,317)	6,515
MKC Rowans deprivation	7,367	8,394	(13,112)	2,649
MKC Ukrainian fund	-	684	-	684
Total	20,546	164,869	(174,498)	10,917

Analysis of movements in restricted funds - previous year

	Balance at 1 January 2022	Income	Expenditure	Balance at 31 December 2022
	£	£	£	£
MKC Jubilee Wood deprivation	5,933	13,884	(16,918)	2,899
Restricted Higher Needs & DAF	-	59,382	(59,382)	-
Mulberry Bear Reserve	-	75,485	(72,717)	2,768
Enjoy Benefit donations	-	1,400	(1,200)	200
MKC Hedgerows deprivation	-	10,737	(3,425)	7,312
MKC Rowans deprivation	-	9,367	(2,000)	7,367
Total	5,933	170,255	(155,642)	20,546

Name of restricted fund	Description, nature and purposes of the fund
Scott Bader donations	Company who provided a donation for specific contribution towards the sensory room at Burton Latimer nursery.
Enjoy Benefits donations	Parents use the childcare voucher offer from Enjoy Benefits and in return the nursery receives payments from the company.
Restricted Higher Needs & DAF	The charity receives Disability Access Funding (DAF) and Restricted Higher Needs funding for children who meet these criterion. This type of funding varies year on year depending on the children attending the nurseries.

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds (continued)

Mulberry Bear Reserve	Mulberry Bear was an existing nursery (under a different charity - Mulberry Bear Day Nursery and Pre-School) that has now been taken over by the charity. In this process, the charity received the closing bank balance from the nursery which was subsequently restricted to expenditure on this site only. The remaining reserve was utilised in 2023.
Deprivation Funds	The purpose of these funds is to increase the learning opportunities and improve achievement of the children in areas of deprivation. This can be done via enhancing indoor and outdoor learning environments to increase wellbeing and learning opportunities.
Ukrainian Funds	The purpose of these funds is to increase the learning opportunities for children from Ukraine. This can be done via enhancing indoor and outdoor learning environments to increase wellbeing and learning opportunities.

Analysis of net asset movements between funds

	Fixed Assets	Net Liabilities	Total 2023	Total 2022
	£	£	£	£
Restricted Funds	-	10,917	10,917	20,546
General Unrestricted Funds	1,175,111	(691,159)	483,952	536,636
	1,175,111	(680,242)	494,869	557,182

Analysis of net asset movements between funds - previous year

	Fixed Assets	Net Liabilities	Total 2022	Total 2021
	£	£	£	£
Restricted Funds	-	20,546	20,546	5,933
General Unrestricted Funds	1,153,480	(616,844)	536,636	544,081
	1,153,480	(596,298)	557,182	550,014

NOTES TO THE FINANCIAL STATEMENTS

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2023	2022
	£	£
Net movement in funds	(62,313)	7,168
Add back depreciation charge	299,675	216,092
Add back amortisation charge	47,249	46,905
Deduct bank interest received	(1,440)	(17)
Add back loan interest paid	12,426	18,156
(Increase)/decrease in stock	(717)	10,776
Increase in debtors	(138,673)	(37,553)
Decrease in creditors	193,259	116,893
	349,466	378,420

20. Related party transactions

Related party transactions across the year, and balances at the year-end were payments for childcare made by trustees who are also nursery parents, and reimbursement to trustees for travel expenses. This totalled £32,190 for the year to 31 December 2023 (2022: £20,061), with a further £271 being paid in advance for 2024 childcare (2023: £654). Furthermore, we provided £258 of free sessions to trustees in the year to cover their childcare on days when they were required to attend trustee meetings (2022: £nil).

In October 2023 the CEO took out a loan for £1,000. At the year end the remaining balance of this loan was £500.

In November 2023 we received a £500 donation from one of the trustee's employers acknowledging their contribution to a charitable organisation.

In addition, Acorn Nursery Properties Limited (ANP), the landlord for two of the nursery buildings, is a related party, as the CEO is the majority shareholder in ANP. ANP charged the charity rent on two properties, totalling £69,000 (2022: £69,000). Acorn further charged book-keeping of £600 (2022: £600) to ANP.

21. Post balance sheet events

The YMCA nursery closed on 31 December 2023, Acorn remains contractually tied to a lease agreement for the building until February 2025. The remaining lease payments total £50,050. At 31 December 2023 the ongoing capitalised value of the investment is shown in the financial statements at £271,251. Subsequent to the closure, certain furniture, fixtures and fittings were removed for reuse. Any value to be written off in the financial statements will be crystalised when ongoing negotiations with the landlord conclude.

22. Controlling Party

The Charity is ultimately controlled by the Board of Trustees.

NOTES TO THE FINANCIAL STATEMENTS

23. Comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Total 2022
	£	£	£
Income and Expenditure			
INCOME:			
Donations and legacies	4,295	-	4,295
Income from charitable activities	9,401,286	170,255	9,571,541
Investment income	17	-	17
Total Income	9,405,598	170,255	9,575,853
EXPENDITURE:			
Expenditure on charitable activities	9,413,043	155,642	9,568,685
Total Expenditure	9,413,043	155,642	9,568,685
Net income /(expenditure) movement in funds for the year	(7,445)	14,613	7,168
Reconciliation of funds	544,081	5,933	550,014
Total funds carried forward	536,636	20,546	557,182

ACORN EARLY YEARS FOUNDATION

England & Wales - Charity number 1145108

Accounts

ACORN EARLY YEARS FOUNDATION

(A Charitable Company Limited by Guarantee)

FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2022

Charity number: 1145108

Company number: 07703801

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TRUSTEES' REPORT

The trustees, who are also the directors of the Charity for the purposes of the Companies Act, submit their Annual Report together with the audited financial statements for the year ended 31 December 2022. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Reference and Administrative Details

Charity number:	1145108
Company number:	07703801

The registered address for the Charity also houses the central support team:

Unit 47, Waterside Barns
Lodge Farm Business Centre
Castlethorpe
Milton Keynes
MK19 7ES

The following trustees served during the period, or were in office at the time these accounts were approved:

Eva Lloyd-Reichling	Chair from 18 June 2022
Carolyn Norfolk	
Giles Chilton	
Narendra Laljani	
Vanessa Gwynn	
Damien Beedham	
Allawee Albaghdadi	
Robert Prosser-Dryer	
Tracey Coley	
Laura Faulkner	Appointed 11 March 2022
Ruth Stone	Resigned 18 June 2022
Hannah Evans	Resigned 8 August 2022
Hema Kotecha-Clarke	Appointed 13 January 2023
Katherine Pillai	Appointed 13 January 2023

The trustees delegate the day-to-day management of the charity to the Chief Executive Officer (CEO) and the Senior Leadership Team (SLT):

Zoe Raven	CEO	
Emily Hepden	Head of Finance	Appointed March 2023
Asvin Morjaria	Interim Financial Controller	September - November 2022
Mark Carter	Chief Operating Officer	July 2022 - February 2023
Alex Hunter	Operations Manager	Resigned June 2022
Sue Fenton	HR Manager	
Laura Andrews	Head of Early Years & Compliance	
Gabrielle Brandon	Marketing Manager	
Steve Petty	Facilities and Health & Safety Manager	
Teresa Gardner	Finance Manager	

Bankers: Handelsbanken
Moorgate House
201 Silbury Boulevard
Milton Keynes
MK9 1LZ

TRUSTEES' REPORT

Reference and Administrative Details (continued)

Solicitors:	Richard Willis Geoffrey Leaver 251 Upper Third Street Central Milton Keynes MK9 1DR
Auditors:	Steve Robinson Mercer and Hole LLP Silbury Court 420 Silbury Boulevard Central Milton Keynes MK9 2AF

TRUSTEES' REPORT

About Acorn Early Years Foundation

History

Acorn Early Years Foundation (originally Acorn Childcare) began as a single nursery in 1989 in the village of Castlethorpe in Milton Keynes, where the organisation is still led by the founder and Chief Executive Officer, Zoe Raven. Driven by a desire to create a nursery which combined professionalism with a personal touch, Zoe and her family lived above the original nursery for ten years, and the organisation grew slowly and organically, first in old Victorian buildings, then on school sites, and then including purpose-built buildings. Now, over 30 years later, there are 17 nurseries across three counties, several out-of-school clubs, extensive forest school provision, a catering service and a training centre.

As part of the growth of the organisation, a decision was made in 2011 for Acorn to become a charitable social enterprise. The driver behind the move from a private company to charitable social enterprise was the desire to provide high quality, affordable childcare and early years education in areas of deprivation as well as in more affluent locations, and this was made possible with a cross-subsidy model. As the organisation evolved, the emphasis on social impact became central to its policies, practice, ethos and values. Acorn developed a reputation for encouraging outdoor play and learning, for providing professional development opportunities and for an ethic of care which is embedded across the organisation. It also developed extensive experience of working in partnership with other organisations, and offering innovative solutions to childcare problems, including providing freshly cooked healthy meals for nurseries that have limited catering facilities, and supporting other childcare provision with consultancy services.

Mission and Objectives

Acorn's mission statement is *'to be an inspirational learning organisation which operates a model of excellence for early years care and education which is accessible to all'*.

The charity's objectives are to enhance the development and education of children primarily under the age of eleven by:

1. The provision of high quality childcare in nurseries, out-of-school clubs and forest schools;
2. Working to ensure that high quality childcare is available to children and families regardless of means, race, disability, gender, religion, belief or any other factor;
3. Identifying other social and developmental support needs of children and families and seeking to ensure these are met;
4. Encouraging, enabling and supporting the involvement of parents and carers in their children's learning and development; and
5. Contributing to the professional development of those working in childcare.

Ethos and Pedagogy

Acorn have embraced an ethic of care as a basis for its core values and a relational pedagogy. The ethic of care prioritises caring relationships and a responsive approach. It views care as a value, not just a practice, and this is applied to Acorn's dealings with everyone, including children, family members, staff members and the local community. Children need to experience and witness genuinely caring practices if they are to learn how to develop caring relations and a caring attitude themselves.

Acorn believes a relational pedagogy underpins children's learning and development, recognising the importance of personal relationships between children, parents and staff, and the role of adults in children's education. This also includes children's relationships with people in local communities, including the elderly, and with the natural world. Home visits are a key aspect of the settling-in process for children, laying the foundations of a partnership with parents. In addition intergenerational visits to care homes and retirement accommodations are a regular feature for most Acorn nurseries to fully embrace the relational pedagogy. Whilst home visits and intergenerational visits were temporarily stopped during the Covid pandemic, in 2021 these were both gradually reintroduced, and in 2022 began to return to pre-Covid levels. Acorn's approach aims to be holistic and personalised, and prioritises caring relationships to support children's social and emotional wellbeing.

TRUSTEES' REPORT

Ethos and Pedagogy (continued)

The five values that arise from this ethos are:

Personal – Personalising care and education, treating children, parents and staff as individuals, within supportive, respectful relationships.

Professional – Striving to be a learning organisation, continually reflecting and developing the knowledge, skills and qualifications of its childcare workforce.

Nurturing – Putting children's needs first through a holistic approach that encompasses nutrition and encouragement of healthy lifestyles

Outdoor – Encouraging play and learning in natural environments, through an extensive forest school provision, and every child spending time outdoors every day.

Ethical – Putting children before profit, and being inclusive and sustainable, both environmentally and financially. Seeking excellence, honesty and integrity in all aspects of Acorn's work.

Structure, Governance and Management

Acorn Early Years Foundation is incorporated as a charitable company limited by guarantee.

The board of trustees delegates the administration, including financial management, to the CEO, who works with a Senior Leadership Team (SLT) to co-ordinate support for the nurseries, out-of-school clubs, forest schools, catering department and training centre. The trustees have approved a financial delegated authority framework, and a risk management framework and register. Role descriptions for the CEO, chair and trustees set out the scope of delegation, and trustees have adopted a code of conduct.

Annual skills audits are completed and used in the recruitment of new trustees. Policy reviews are presented to the trustees, and some trustees take a particular interest in different aspects of the organisation. Eva Lloyd-Reichling and Vanessa Gwynn jointly shared the role of Safeguarding Trustee, working with the organisation's lead safeguarding officer, who is also the head of compliance, to ensure correct procedures and practices are followed at all times, and challenging policy, procedure, and practice to ensure they are compliant and remain effective at safeguarding children. The safeguarding role is now being passed on to Laura Faulkner and Hema Kotecha-Clarke, once their training is complete.

Trustees discuss and approve the pay and remuneration of the CEO each year, and maintain an overview of Senior Leadership Team's salaries and the overall pay scale and fair pay policy. There are three committees; Finance, Audit and Risk, chaired by Robert Prosser-Dryer; Governance and HR, chaired by Vanessa Gwynn; and Childcare, Learning and Development, chaired by Eva Lloyd-Reichling, as well as a Strategy and Impact working group, chaired by Narendra Laljani.

Related party transactions across the year, and balances at the year-end were payments for childcare made by trustees who are also nursery parents, and reimbursement to trustees for travel expenses. This totalled £20,061 for the year to 31 December 2022 (2021: £10,169), with a further £654 being paid in advance for 2023 childcare (2021: £nil). In addition, Acorn Nursery Properties Limited (ANP), the landlord for two of the nursery buildings, is a related party, as the CEO is the majority shareholder in ANP. ANP charged the charity rent on two properties, totalling £69,000 (2021: £69,000). Acorn further charged book-keeping of £600 (2021: £600) to ANP.

The Board of Trustees

Acorn started 2022 with eleven trustees. Throughout the year there was a new appointment in March offset by two resignations in June and August. By the end of the year there were ten trustees. Post year end (January 2023) there were two further appointments, taking the total number of trustees to twelve by the date of signing the financial statements.

TRUSTEES' REPORT

The Board of Trustees (continued)

Two out of the four scheduled quarterly board meetings were held online. The remaining two quarterly board meetings, as well as the Strategy Day held in June 2022, were attended in person. These meetings were supplemented with further conference calls as required across the year, with regular updates communicated via email.

How Acorn's activities deliver public benefit

Acorn provides accessible, high quality childcare and early education in its nurseries, out-of-school clubs, and forest schools for children from 4 months to 11 years. In safe and supportive learning environments, highly qualified and professional practitioners nurture each child's social, emotional, and physical development, building their self-confidence and love of learning, and thereby preparing them to take advantage of opportunities, responsibilities, and experiences in later life.

Acorn aims to be socially inclusive and seeks to give all children high quality childcare regardless of background. Acorn is committed to providing the government-funded entitlement to childcare and aims to ensure that children attending only the funded hours benefit from the full extent of the activities and resources provided within those sessions. Acorn's fees are set at rates which are as affordable as possible, without jeopardising quality. In February 2023 Acorn introduced a voluntary contribution towards the cost of food and activities for fully funded places only, to help bridge the gap between Acorn's costs and the funding rates. Since its introduction a number of these fully funded families have been happy to contribute. Places are also made available for the local authority and for children with additional needs. Acorn operates a cross-subsidy model which monitors and evaluates the financial viability and the social impact of each nursery to ensure a balance across the group.

Partnership working with children's centres, local authorities, schools, and external agencies is a key feature of Acorn's success in supporting parents and carers, and in promoting the early years sector as a career pathway for both young people and adults seeking a change of career. Regular visits to care homes and retirement accommodations also enrich the lives of elderly residents in local communities.

The professional development of Acorn's childcare workforce is a key part of the strategy for maintaining high quality provision within the settings. Training and support is provided for all staff, from apprentices up to those working towards higher level qualifications. The support for the professional development of early years practitioners extends beyond the Acorn workforce through the training centre. Courses covering core subjects, such as safeguarding, inclusion and first aid, are run alongside a range of wider subjects, from forest school leader training to experiential play. Pay scales are improved annually, and Acorn's action research group is developing ways to support parents, measure social impact and continually improve childcare practice.

Forest schools and outdoor play and learning are of particular importance in delivering public benefit to children who would otherwise miss out on the opportunity to engage with the natural world and benefit from the freedom, autonomy, and sensory experiences of the outdoor environment. Sessions are delivered to children attending Acorn nurseries during funded hours at no additional charge. During school holidays, forest school sessions are offered to school age children, accessed by a significant number of children with additional needs.

The trustees have had regard to the Charity Commission's guidance on public benefit.

TRUSTEES' REPORT

Achievements and performance in 2022

Social enterprises are businesses that serve a social and/or environmental purpose. Currently there are an estimated 100,000 social enterprises in the UK that are set up to tackle some of the biggest challenges. Acorn were delighted to have won the Customer Facing Social Enterprise of the Year Award at the UK Social Enterprise Awards 2022, recognising the organisation as one of the UK's most effective and leading social enterprises.

Early Years

Acorn acquired four new nurseries in 2022 as well as opening a further Holiday Club at Cranford in February 2022. With two of the nurseries (Rowans and Hedgerows) being transferred from Milton Keynes Council and one being transferred from Mulberry Bear at the Open University, it was important to retain the nursery teams at each of those nurseries in order to provide familiarity to the children and parents continuing to attend the nursery, linking to Acorn's core ethic of care, and also retaining experienced practitioners within the sector. From these transitions, Acorn retained 17 practitioners across the three nurseries. The new nursery at Emberton has been achieved out of a partnership with the Village Schools Federation, and is not only an exciting opportunity to provide a local community nursery, but also an outdoor learning centre and holiday club provision.

There were seven Ofsted inspections across the Acorn nurseries, forest schools and out-of-school clubs in 2022. Of these inspections, Acorn received the following results:

Nursery / Out-of-School club	Date	Ofsted judgement
Acorn at Cold Harbour	10 March 2022	Good
Acorn Day Nursery (Stony Stratford)	23 March 2022	Outstanding
Acorn at Stanwick	28 July 2022	Outstanding
Acorn Day Nursery YMCA, Central Milton Keynes	23 November 2022	Good
Acorn at Rowans	1 December 2022	Requires Improvement
Barton Seagrave Out of School Club	8 June 2022	Met
Acorn Forest School Holiday Club	25 July 2022	Met

Through regular communication, including monthly meetings with nursery managers, Acorn will share findings and recommendations from individual Ofsted results to apply these across all nursery, forest school and out-of-school club settings to continue to improve and provide high quality childcare and education. As part of Acorn's continual efforts to provide high quality childcare to all children regardless of means, race, disability, gender, religion, belief or any other factor, a focus in the year was to invest further into developing a SEND strategy to strengthen the provision and support for children with additional needs. One of the elements was to introduce SEND support practitioners. Following this implementation, Acorn has already received positive feedback and can already see a difference to these children's wellbeing and development.

Acorn has continued to develop its relationship with Bedford Borough Council over the year. Laura Andrews has joined the Schools Forum as well as the Advisory Board for the Children's Centres and continues to represent Acorn on the Early Years Reference Group and leads one of their Hub groups. The aim of these relationships is to bring the need for high quality childcare and additional government funding to the forefront of Council's agenda.

TRUSTEES' REPORT

Forest School

Forest School continued to see the positive effects following the Covid-19 pandemic throughout 2022. An increased number of schools began investing more time to outdoor play and acknowledging the importance of Forest School and its impact on children's emotional wellbeing. Consequently, when schools attended Acorn's Forest School sessions, they showed more eagerness to focus on wellbeing, teamwork and resilience rather than academic topics or themes. Although schools are seeing increased budget constraints, they have been able to use a range of funding to allow them to continue their forest school sessions or forest school training, these include pupil premium funding as well as using the covid catch up funding until it was withdrawn.

Ongoing investment in Acorn training for level 3 Forest School leaders continued across the year. This was evidenced by an increasing number of schools booking staff on courses to help with the wellbeing of their pupils. The impact of this has been the observation of a greater number of schools having dedicated Forest School sites in their grounds. During 2022 both Heronsgate and Kents Hill schools had Acorn deliver in-house training and sessions on their grounds.

Another highlight of 2022 was having Acorn's first Ofsted inspection at its Salcey Forest Holiday club, and receiving a 'met' outcome. In addition, Acorn's Forest Schools received fantastic feedback from the inspector stating *'This holiday club is a special place to be. When children arrive, they wave enthusiastically to their friends and greet them with open arms'*.

During the summer, Acorn began a pilot study on the impact of Forest School on children with SEND and received some great insight from the parents involved.

Training Centre

Acorn's ongoing commitment to offering apprenticeships and developing its apprenticeship scheme was recognised and rewarded in 2022, winning the Large Employer of the Year award at the Milton Keynes Apprenticeship Awards. 14 apprentices joined the organisation in 2022, a 27% year on year increase.

Demand for face-to-face courses continued to improve during 2022, representing 40% of courses offered compared to only 15% in 2021. In total 72 courses were delivered to 440 delegates during 2022 of which 29 were delivered face-to-face. Due to the impacts of Covid-19, online courses continue to be in high demand. Therefore Acorn has recognised it is important that these are still offered. A post course survey is sent to each delegate requesting feedback. From the feedback received in 2022 Acorn achieved a Net Promoter Score (NPS) of 85%. Of the courses ran in the year, two courses were dedicated to parents (Promoting Positive Behaviour and Basic First Aid) and Acorn supplemented 5 spaces on these courses free of charge for families most in need of support.

In addition, internal staff training days achieved an average NPS of 69%. Whilst this is lower than the external training score, the NPS for internal training steadily increased throughout 2022, with the highest score of 76% being achieved after the October 2022 training day. This is the highest NPS achieved at an Acorn training day to date. From the feedback following these training days:

- 96% of delegates rated the overall enjoyability of the training courses as 'very good' or 'good'
- 99% of delegates rated the trainers knowledge as 'very good' or 'good'
- 94% of delegates rated the impact of the courses for their role as 'very good' or 'good'.

Catering

The number of nurseries that engaged Acorn's external catering service decreased during the year from six to three as a result of Acorn's nursery acquisitions. During the initial start-up of Emberton, the catering service provided meals until a chef was recruited. Over the year Acorn supplied around 102,600 meals.

A holiday club contracted Acorn to supply meals for two days for up to 20 heads. The contract continues for 2023 school holidays. The holiday care club recommended Acorn to another holiday care club, which resulted in another similar contract beginning in 2023.

Both the nutritional handbook and the Acorn recipe book are under way and are due to be completed in early 2023.

TRUSTEES' REPORT

Acorn's People

By the end of 2022, Acorn had a workforce of 439, which is an increase of 15% compared to the end of 2021. This was partly due to the opening of four new nurseries during the year, as well as increased occupancy at several nurseries. At the end of 2022, 122 of staff were working less than 30 hours a week, allowing for a better work/life balance.

In April 2022, a TUPE (Transfer of Undertakings (Protection of Employment)) process was followed to transfer six staff from Rowans and Hedgerows nurseries, which were Council run nurseries. They were transferred on existing terms and conditions of employment. Following the same TUPE process a further 11 staff were transferred from the Open University's Mulberry Bear nursery in September 2022.

Recruitment and retention continued to be one of Acorn's biggest challenges. In 2022 there were 159 new starters and 103 leavers, which equates to an annual turnover rate of 27.3% (a significant reduction from 35% in 2021). This is largely due to the improvements made in the induction process and the additional progression roles that have been introduced. Of the 159 new starters, 34% were recommended by existing or former staff and 22% were through social media/online advertisements (Facebook, Indeed and Google). Of those who resigned the majority left for reasons outside of Acorn's control, for example 34% left for personal reasons and 13% for a change of career path.

Acorn are committed to improving the salaries of its staff where possible and within the financial constraints of providing affordable childcare. Being a social enterprise means Acorn are able to fully reinvest profits into its staff and therefore are committed to reviewing pay scales on a regular basis to ensure the organisation remains competitive with other local early years providers. To mitigate the cost of living crisis, the majority of staff across the nurseries had two pay increases during the year (April and September 2022). This also tied in with the increases in the National Living Wage (from £8.91 to £9.50 per hour in April 2022) and the Real Living Wage (from £9.90 to £10.90 per hour in November 2022). In April, of those who had an increase, the average increase was 5% and in September it was 4%.

Acorn's 2022 Gender Pay Gap report reflects the fact that 95% of its workforce are female. Of the 5% of male workforce, the majority are employed in roles not in the nursery settings, where salaries tend to be higher. Therefore, whilst there is a gender pay gap overall within Acorn, this has reduced from 19.8% in 2021 to 12.4% in 2022. Within the nursery settings, however, the gender pay gap is reversed due to more females employed in manager, deputy manager and admin roles.

Equality, Diversity, and Inclusion

Equality, diversity, and inclusion are at the heart of Acorn's ethos, which aims to ensure that all the nurseries and clubs are fully inclusive, meeting the needs of staff, children, and families, regardless of ethnic heritage, social and economic background, gender, ability, or disability. The organisation is committed to providing equal opportunities in employment, and diversity within staff teams is encouraged, backed up by a firm commitment to anti discriminatory practice and promoting equality of opportunity. This is implemented by:

- encouraging equality and diversity in the workplace
- striving to ensure that the work and learning environment is free of harassment and bullying and that everyone is treated with dignity and respect
- person and job specifications are limited to those requirements that are necessary for the effective performance of the job
- candidates for employment or promotion are assessed objectively against the requirements for the job, taking account of any reasonable adjustments that may be required for candidates with a disability. Disability and personal or home commitments will not form the basis of employment decisions except where necessary
- holding regular staff forum meetings to inform staff of matters concerning them as staff, as well as updating and including them in the future direction of the organisation
- opportunities for training, development, and progression are made available to all staff, to help them to develop to their full potential.

TRUSTEES' REPORT

Training and Professional Development

As recruitment of qualified practitioners remains an ongoing challenge, Acorn have continued to increase their apprenticeship offerings in 2022. The opportunity to study for a Level 2 or Level 3 qualification is offered to all apprentices and unqualified Nursery Assistants. The organisation has also introduced a Level 5 qualification for existing staff who wish to progress their career and qualifications further. This will enable Acorn to build and retain a highly skilled and qualified workforce for the future.

In 2022, 35 staff (Apprentices and Nursery Assistants) were working towards their Level 2 or Level 3 qualification. This is an increase from 29 in 2021. A further 11 staff completed their qualification during the year. Of these, two are now Senior Practitioners and three are Lead Practitioners. In addition, Acorn currently have three members of staff studying for their Level 5 Early Years qualification, one of whom is a Senior Practitioner whilst the other two are currently Deputy Managers.

Acorn launched a number of new roles in 2022 including Lead Practitioner, SENDco Support Practitioner and Acorn Mentor. These roles provide stepping stones within the career progression pathway at Acorn to practitioners aspiring to more senior roles.

Acorn ran four training days throughout 2022 for all staff, which included a summer conference when staff across all nurseries were able to come together in one venue. External speakers, including keynote speaker Tamsin Grimmer, presented invaluable sessions on topics such as 'Developing a Loving Pedagogy' as well as smaller breakout sessions covering numerous relevant topics. The NPS score for the day was 70%.

Central Support Office

Since April 2022, the Central Support Team have been relocated from their temporarily office within the Westcroft training rooms to a new office at the Lodge Farm Business Centre in Castlethorpe, on a six year lease.

Reinvestment

Despite acquiring four new nurseries in 2022 with set up costs of over £211,000, ongoing refurbishment and capital expenditure across the remaining nurseries was maintained. Over £150,000 was spent on capital expenditure excluding the start-up costs for the new sites. These included, but not limited to, electrical upgrades at Castlethorpe and Burton Latimer, replacement of the fire detection system at Stony Stratford, LED lighting throughout Westcroft, and a new security entry system at Stony Stratford.

TRUSTEES' REPORT

Social Impact

Acorn is working towards a vision of a more caring and connected society by putting children's wellbeing and development at the centre of everything, by forming strong partnerships with families, by collaborating and engaging with others in the community, and by engaging children with nature.

This is only possible because of the passion, dedication and professionalism of Acorn staff, the commitment to professional development across the workforce, and the ethic of care that underpins the Acorn ethos.



Happy, confident children

The ongoing negative effects of the covid-19 pandemic are still being observed on many children's social and emotional development. Acorn have acknowledged these impacts, which vary from child to child, being struggling with emotions to speech and language delays. There has also been particular focus on supporting children with special educational needs and disabilities, children with English as an additional language, and children on child protection plans. Acorn continued to tailor their environment to ensure children's needs are always put first. This includes, but not limited to, ensuring key persons build confidence and instil a sense of safety for their children and working closely with parents to understand the child's current interests to integrate this in their learning and development whilst at nursery.

Nursery Case Study

Context:
A child who attended one of the nurseries has a rare condition called Rett Syndrome, which is a rare genetic neurological and developmental disorder that affects the way the brain develops, causing a progressive loss of motor skills and speech.

Whilst at Acorn, the child was provided with one-to-one support to ensure that they could partake in all activities on offer – including Forest School. The other children were also aware of this child's needs and were very nurturing – they took the time to include them and continuously support them.

The family had to face a difficult fight to gain a place in an additional needs school, as sadly, the area has a significant shortage of these spaces. The child was going to stay with Acorn for an additional year if their appeal was not successful, but the nursery contacted MPs along with the local authority and fortunately, the appeal process was successful. The child has now started school and they are thriving.

TRUSTEES' REPORT

Impact:

- Helped the child feel happy, emotionally secure and able to build relationships with other children
- Maximised the benefit from a rich and accessible learning environment, including a range of sensory experiences and engagement with the natural environment
- Child provided with abundance of opportunities to be autonomous and explore
- The family was directly supported throughout their child's nursery experience, as well as through the preparation for the next steps after nursery
- Enabled trained practitioners to support the child all year round

Forest School case study

Quote from family:

"Well, what can I say, forest school with Gemma and Donna is by far the BEST holiday club. I have two boys (7 & 4), of which my eldest has been attending for the last 3 years, they absolutely love going to forest school and get excited for the holidays to start so they can go and then get sad when their time ends. They are just so happy and love everything they do there, it's amazing as they have both learnt so many skills which they put to use in every day life and quite simply love being in the outdoors rolling in mud, making dens and all sorts of inventions out of wood. My youngest's school report even said how he loves forest school and has put his skills to use, leading activities and coming up with ideas for the schools' 'welly Wednesday'. Gemma, Donna and the team are quite simply amazing, full of energy, passion, kindness and an absolute love for what they do, they really make it and my boys just adore them, they always go the extra mile and are always on hand to help with anything. There is no where our boys would rather be and as parents we always know they will have so much fun, be looked after so well and come home tired and happy, a winning combination!"

Impact:

- Children feeling happy and excited to participate in activities
- Children engaged with nature and learning skills that support the connection to the natural environment
- Children's confidence increasing and extending into other areas such as their schooling experience
- Family feeling supported at all times
- Family feeling assured that their children are safe and happy

Partnership with families

By putting the child first in everything that Acorn does, its relationships with families are fundamental. Acorn values working closely with families, prioritising effective communication and ensuring that they have all the support they may need for them and their children, including emotional support in times of need. Extending its support to families within its local communities, Acorn also continued collecting clothing donations for other families, through 'Baby Basics', which is a Milton Keynes charity that supports families in financial hardship.

Family responses from annual feedback survey:

- "The nursery creates a bond with my child and understands her needs, making her feel at home and comfortable. There is also an understanding of my personal situation at home and so they are not only supporting my child, but me also."
- "The focus on our world/environment is amazing, things such as teaching the children about where their food comes from and growing their own food is great and helps them understand the healthier choices - something we aim to do at home."
- "Practitioners always tailor their teaching and caring according to my son's progress. They are so happy to listen to parents and follow up on what we teach at home. The communication is brilliant."
- "It's a wonderful nursery. I never worry about my child when he's there as I know he's safe and will be cared for as well as I could do."
- "The nursery always responds to messages as quickly as possible and always try to be flexible with last minute childcare requests- so thank you!"
- "There is genuine care for the children and drive to give children lots of great experiences inside the nursery and outside in the community."
- "The staff are very attentive and also so friendly. My little one adores them and you can see the connection that they have formed, this is lovely to see as it makes leaving them a little easier."

TRUSTEES' REPORT

Partnership with families (continued)

- "Never have I felt my child is just another child. All of the staff seem to know her and her likes/dislikes."
- "Fantastic activities for the children, especially outdoor play and forest school. Great trips out and visitors in for the children. Our key workers have been absolutely brilliant."
- "You do everything so well, my child is very stimulated and learns a lot from being at Acorn, the care and attention staff give is second to none, we are so pleased we managed to get a place and can now see why there is a long waiting list."
- "Staff show that they really care when you drop and pick up your child. They take the time to let you know how their day was or listen to any concerns/worries you might have so that they can look after your child for the day."

Forest School holiday club parent: "Two of my children are autistic and Forest School is the one place where I've never felt judged by the staff or been worried about leaving them there. Nothing is ever too much trouble and I've often felt like Forest School has really been there for us and supported us so well. The attention to detail of the activities and food offering is second to none. My children feel safe and included in everything, to a level we've never felt at any other club. We as a family would be lost without Acorn Forest School in the holidays. They are like our extended family now. They've made so much effort to learn my children's dislikes and likes. We get lovely feedback and photos after every visit and I've recommended Forest School to so many people now. I have never ever had a bad word to say about anything over the last 5 years since we started using Forest School. I could waffle on and on about just how much we love it - it really is a great place and deserves so much recognition and respect."

Key statistics from annual family feedback survey:

- 95% of parent/carers felt that the key person's understanding of their child's needs and preferences was very or somewhat effective
- 97% of parents/carers felt satisfied with the management of the nursery
- 91% of parents/carers felt Acorn effectively or very effectively involved them in the learning and care of their child
- 92% of parents/carers were satisfied or very satisfied with the daily feedback from staff
- 93% felt the outdoor environment of our nurseries was good or excellent
- 91% felt that the security measures at our nurseries were good or excellent

Community embeddedness

As the restrictions of the pandemic eased, the nurseries were once again able to provide the children with opportunities of engagement with the local community. This included visits to the local retirement homes where the children and residents enjoyed doing arts and crafts together using natural materials the children had collected on their way, being creative with home-made playdough, as well as singing and dancing together. To mark the special occasion of the Platinum Jubilee of Queen Elizabeth II the children and the retirement home residents read stories together about Queen Elizabeth, and some children were fortunate to meet a resident who used to be a soldier for the Queen. As part of incorporating the values of 'Random Acts of Kindness Day', the children at one nursery created artwork and baked cookies, and delivered them to their local care home residents, as a surprise act of kindness. These experiences continue to have positive impacts on the wellbeing of the elderly and the children, as well as facilitating the children's development.

The children, their families and the nursery staff at some of Acorn's nurseries continued to collect and deliver food donations for the Milton Keynes Food Bank. Alongside making a real difference to people in the local community, this also helped the children to develop an ethic of care towards their community.

In addition, some nurseries took their environmental action further by connecting with environmentally passionate members of the community, such as members of the local council and the eco-representative of Morrisons and attended litter-picking walks together.

This helped to extend the children's understanding of the importance of looking after the natural environment by inspiring children to take action now. The positive impact of these regular litter-picking walks was seen with some of the older children teaching the younger children about the practice of litter-picking.

TRUSTEES' REPORT

Children engaged with nature

Ensuring all children are surrounded by nature as much as possible, and therefore experiencing its benefits, as well as working to develop children's connection towards the natural environment (which Acorn believes is the first step in developing sustainable practice), is strongly embedded within the organisation's ethos and therefore put into practice across all of its nurseries. Not only does this include regular access to forest school provision, free-flow access to garden areas within the nurseries and regular walks to parks and fields (in all types of weather), but in 2022 this also included:

Examples of connection to nature:	Helping children to:
Getting involved in the Wildlife Trusts' '30 Days Wild Challenge'	• Experience the emotional benefits of connecting to nature
Exploring the community garden, identifying different trees and smelling different herbs	• Develop knowledge of and interest in local fauna and flora
Celebrating rainfall by putting on wellies and creating rainbow puddles in the garden	• Notice the beauty in nature
Picking and cooking local blackberries during Forest School to make blackberry jam	• Develop an increased knowledge about healthy and sustainable lifestyles
Visits of small animals (such as lambs and guinea pigs) to some nurseries	• Develop knowledge of and interest in animals • Witness animals up close

As part of the forest school sessions the below are further examples of the children connecting with nature:

Examples of connection to nature:	Helping children to:
Creating Twig ID jars to watch the spring buds grow	• Develop knowledge of Fauna and flora
Planting an orchard at the Cold Harbour site with the children	• Understanding a sustainable life cycle • Understanding how trees grow
Took part in the Parks Trust acorn collection to help protect the ancient woodlands	• Understanding and identifying Fauna • Understanding the healthy lifecycle of the oak tree
Celebrated World Bee Day by making 'bee-bombs' to create wildflower areas to help the bees thrive	• Develop knowledge on how to help protect the wildlife • Understanding the importance of bees within the ecosystem

Building on the importance of children being engaged and connected to nature, the organisation's eco-committee and staff teams also focus on providing children with opportunities that help them develop an ethic of care and respect towards the environment. In 2022, this included:

Examples of care and respect towards nature:	Helping children to:
Building their own bug hotels	• Develop an understanding and appreciation of the importance of biodiversity
Planting their own vegetables, fruits and flowers	• Learn the process of taking care of plants • Develop an increased knowledge about healthy eating
Looking after worms in a wormery	• Develop an understanding of the purpose of specific living organisms within the ecosystem • Learn the importance of natural composting systems
Creating bird feeders	• Develop knowledge of how to support wildlife
Learning about frogs through a visit from a grandparent who brought in a frog to the nursery that they had found in their own garden	• Witness wildlife up close • Learn and appreciate the different characteristics of animals
Looking after chicks during spring, that were previously bought to nursery as eggs in an incubator to learn the life cycle of chicks	• Learn the process of taking care of animals • Celebrate nature's connection to seasonal occasions

TRUSTEES' REPORT

Children engaged with nature (continued)

And taking this one step further, the staff teams and the children inspire and encourage each other to take action towards sustainability. In 2022, this included:

Examples of taking action towards sustainability:	Helping children to:
Attending litter-picking walks with members of the community	• Develop an awareness of the impact of littering. • Extending learning about recycling and reducing waste. • Helping children feel empowered to take action and make a change
Visiting and purchasing from local zero-waste shop	• Feel inspired with what a sustainable lifestyle can look like
Setting up their own lending library within the local community, offering families the opportunity to borrow items	• Develop an understanding of the importance of community • Develop an understanding of sharing and borrowing with a sustainability mindset

To ensure that sustainable practices are consolidated and continuously growing and developing within Acorn's educational approach, the organisation has an eco-committee which consists of environmentally passionate early years practitioners (Acorn's eco-leads). In 2022, eco-leads across the nurseries grew in connection with each other, increasing the sharing of new sustainable activity ideas for the children, as well as the flourishment and implementation of best practice, such as making their own wet wipes and working with the company 'Nella' who resurface plastic cutting boards to reduce plastic going to landfill. The strengthened relationships between the eco-leads also meant that more of Acorn's nurseries signed up to the educational programme 'Eco-Schools'. This programme is helping to inspire practitioners to empower and engage children in important environmental issues (through topics such as biodiversity, waste and water), teach great responsibility, as well as to provide the skills and knowledge for actively protecting the natural environment now and in the future. By the end of 2022, four of Acorn's nurseries (Kents Hill, Burton Latimer, Sharnbrook and Westcroft) achieved the Eco-Schools Green Flag Award. This is an international accreditation recognising young people's environmental actions. The Sharnbrook nursery was additionally recognised in the Eco-Schools 2021/22 Impact Report as a 2022 Eco-Star within the topic of water, which is all about valuing and preserving the most important resource.

Green Flag Award feedback from Eco-Schools:

- "The children have developed their confidence and skills in leadership, active citizenship and how to work in a team! It is clear that your approach to the Eco-Committee demonstrates a proactive, inclusive and educational approach to the programme. It is impressive to see!"
- "We're really impressed with how you've linked environmental issues to so many areas of the EYFS framework."
- "The way your Eco-Schools work is guiding children along their path to becoming curious, caring and compassionate young eco-citizens must be an immense source of pride for you all at Acorn!"
- "You've clearly taken great efforts to connect your litter, biodiversity and waste projects happening across the nursery and embedding work into curriculum and everyday nursery life in a really impactful way. This is really inspiring and clever."
- "We have enjoyed hearing about how involved you have been with the RHS Campaign For School gardening, the RSPB Wild Challenge, the Great Big School Clean 2022 and litter picking - well done!"
- "It is great that you have worked alongside the local community to create a better environment and that you also have a relationship with your local government to support your local community. This kind of work is a good example of the collaborative approach we will all need to adopt to help protect and improve our environment - your application made us feel really positive for the future!"
- "It is wonderful to see that your children are keen to protect the environment, and this is in large part due to the actions and attitudes of your staff in regards to setting an example in raising the importance of taking care of our planet."

Acorn also offered its eco-leads the opportunity to complete the Level 4 Sustainability in the Early Years qualification, and two of its nurseries now have a member of staff who has strengthened knowledge of how to introduce and practice holistic principles of sustainability through pedagogy.

TRUSTEES' REPORT

The year in numbers...

- 4 new nurseries joined the Acorn portfolio (Rowans, Hedgerows, Emberton and Mulberry Bear)
- 4 awards won being; 'Customer Facing Social Enterprise of the Year' at the UK Social Enterprise Awards 2022, 'Large Employer of the Year' Award at the Milton Keynes Apprenticeship Awards, 'Top 20 Daynurseries Group Award 2022', and Acorn at Kents Hill winning the Top 20 Daynurseries Award' in South-East England.
- 4 nurseries achieved their Eco-Schools Green Flag Award including Sharnbook, Westcroft, Burton Latimer and Kents Hill
- 1 nursery (Acorn at Sharnbrook) awarded 'Water School of the Year' Award
- Acorn supported 2,743 children via its nurseries, out of school clubs and holiday clubs, plus 800 more through external forest school sessions
- Acorn reached 4% more children than in 2021
- 133 children were in receipt of 2 year funding, whilst 39 children were in receipt of SEN inclusion funding, two children were on an EHCP plan (Education Health Care Plan) and four children were in receipt of Disability Access Funding (DAF).
- Over £361,000 reinvested into Acorn settings, £211,000 of which relate to the set up of the four new nurseries acquired in the year.
- 4 parent workshops were held over the year, with over 40 parents attending in total.
- 95% of parent/carers felt that the key person's understanding of their child's needs and preferences was very or somewhat effective
- 91% of families felt actively involved in the learning and development of their children.
- Acorn received a Net Promoter Score of 66% in the 2022 Parent Questionnaire
- Delivered 114 Forest School sessions to 23 external schools and pre-schools during the year, with only 18 of those being one off sessions
- 1,433 children attended Forest School holiday club sessions, 424 children attended Forest School home educated sessions, and 254 parents and children attended the Forest School Tots Stay and Play sessions
- Delivered four Level 3 Forest School training courses, with 27 trainees qualifying by the end of 2022, including five internal staff
- First family day celebrating bees and had 11 people attend and we had 2 forest school parties take place
- Supported over 200 EAL (English as an additional language) children
- 58 different languages spoken by children and their families across all Acorn nurseries

TRUSTEES' REPORT

Financial review

2022 was a challenging year financially, as the organisation took on four new nurseries without any additional investment. Two were the result of a successful tender to take over nurseries from Milton Keynes Council, one was a new nursery that had been delayed from the previous year, and the fourth was an unexpected opportunity to take over the Mulberry Bear nursery. This nursery was previously a separate charity and had closed in March 2022. On re-opening under Acorn, the Mulberry Bear reserves of £75,485.45 were transferred to Acorn.

Acorn's turnover grew 17.3% in 2022 to £9,575,853 (2021: £8,165,719) generating a small surplus in the year of £7,168. This growth is primarily attributable to having four new nurseries join the Acorn portfolio across the year. Within these new nurseries Acorn spent £211,000 initial set up costs to ensure these nurseries had the high quality and safe environment that not only meets the requirements from a compliance perspective but that has come to be expected of an Acorn nursery by all stakeholders. Further costs are expected to be incurred going into 2023 as these nurseries become fully established in the portfolio.

Across the established nurseries, occupancy levels returned to similar levels experienced prior to the Covid-19 pandemic. Albeit with the ongoing industry-wide issue with shortages of qualified nursery practitioners this has resulted in the occupancy levels, and ultimately turnover, being lower than expected, with the impact of this expected to continue through 2023.

Cashflow was carefully managed, maintaining reserves of £75,000 as a minimum, and averaging a balance of over £400,000 across the year.

The cross-subsidy model continued to work effectively, with the majority of the established nurseries covering their own direct costs and overheads during the year. Consistent with 2021, the out-of-school clubs continued to cover their own costs and made a small profit to contribute to the central costs, whereas the Forest Schools continued to make a small loss. The intention is for Forest School to break even in future periods. In 2022 a small profit was made within the Training courses.

The challenge of inadequate government funding continued throughout 2022, heightened by the impact of the cost-of-living crisis felt across the UK economy. As staff are paramount to the survival of the organisation, Acorn implemented two pay increases during the year (April and September), with concomitant fee increases. There was a further necessary fee increase in February 2023. Fees and salaries are regularly benchmarked against other local providers to ensure that both are competitive.

Social investment & loans

Repayments for the social investment loan from CAF Venturesome continued throughout the year. The £211,000 initial set up costs for the four new nurseries that joined the Acorn portfolio during 2022 were funded through the working capital of the organisation. No further loans were taken out in 2022.

Reserves policy

On 31 December 2022 the charity had unrestricted reserves of £536,636 (2021: £544,081) and cash balances of £146,036 (2021: £232,976). The reserves policy was reviewed in November 2022 and it was agreed to continue with a £75,000 minimum of unencumbered cash reserves. The current ratio is also monitored, with an aim of achieving a ratio of 1.0 and to maintain at least 0.5 as a minimum.

TRUSTEES' REPORT

Fundraising policy

A small proportion of Acorn's income is generated from fundraising activities, and this is usually used for specific projects. In the year, £4,295 was raised through donations, of which £3,119 was raised and used at Burton Latimer specifically on improvements to the garden. Acorn has a clear written policy for any fundraising activities carried out in the organisation, and the policy also outlines the ethical considerations for such activities. Any fundraising income in 2022 is accurately documented in the accounts.

Principal risks and uncertainties

The trustees recognise the existence of risks to the Charity and its sphere of operations. They understand the severity and level of risk and their impact. They are confident that systems are in place to mitigate and monitor areas of identifiable risk in financial and operational areas and areas which could result in reputational impact.

A risk matrix has been drawn up to assist the trustees which is used in assessing risks. This is kept under regular review. A risk register has also been further developed which identifies the major risks to financial, operational, governance, environmental, external and regulation and compliance areas. This works in conjunction with the risk matrix to help the trustees to establish the severity of risk and how to mitigate them. The trustees receive reports at their meetings to monitor the financial and operational position of the Charity and identify any exposure to risk.

Alongside these two risk management tools, the Charity is further developing its business continuity plan (BCP). The BCP identifies the major incidents and issues which could have a substantial impact on the operation of the charity; these could range from a large-scale incident such as fire or flood, to reputational damage, to a child safeguarding issue. The BCP details the required actions and responses to ensure continued operations. In common with the Risk Management tools, the BCP is kept under review.

Going Concern

The trustees received regular financial reports throughout the year, and cash flow forecasts were updated and regularly reviewed by the Finance, Audit and Risk committee. The plans for the new nurseries were also scrutinised and monitored by the trustees, who remain confident in the ability of the management team to maintain the organisation's financial viability.

Accordingly, the trustees have continued to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to Auditor

The trustees who held office at the date of approval of the Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Charity's auditor is unaware; and each trustee has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Auditor

The charity's auditor, Mercer & Hole incorporated on 1 October 2022 to become Mercer & Hole LLP. The trustees have consented to treating the incorporation of Mercer & Hole as a continuation of the existing audit arrangement. The trustees who held office at the date of approval of the financial statements are yet to confirm if Mercer and Hole LLP will continue in appointment for 2023. This will be confirmed later in the year.

TRUSTEES' REPORT

Plans for future Periods

Further nurseries and developments within the existing portfolio

There are currently no formalised plans to identify or purchase further nurseries in 2023. The focus in 2023 is to provide support and investment in the four nurseries acquired in 2022 to get these established and positively contributing to the cross—subsidy model. There are also plans to open an outdoor kindergarten at both Emberton and Cold Harbour, which will be term-time only sessional provision to complement the outdoor holiday clubs at both sites. Further expansion of the forest school activities and outdoor holiday clubs is also being planned.

Further opportunities

Acorn's aim is to continue to grow at a manageable pace, in order to increase the number of childcare and early education places, and to improve financial sustainability, which is enhanced by economies of scale. There are also plans to expand and develop the training centre, forest schools, and the work of the action research group, and the measurement and evaluation of Acorn's social impact. Each opportunity will be assessed in terms of its short-term financial cost, longer term financial benefit, and social impact.

Following the 2023 budget on 15 March 2023 which announced that through gradual phases, by September 2025 the government will offer children aged nine months to three years 30 hours a week of free childcare in term time (as long as both parents are working at least 16 hours a week), this will become a focus in Acorn's future plans or possible expansion in preparation for the expected increase in demand.

TRUSTEES' REPORT

Trustees' Responsibility Statement

The trustees (who are also directors of Acorn Early Years Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK 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 will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 auditor is unaware. 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 auditor is aware of that information.

P R Lloyd

Date 29 April 2023

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Acorn Early Years Foundation for the year ended 31 December 2022, which comprise the Statement of Financial Activities (including income and expenditure account), the Balance Sheet, the Statement of Cash Flows 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 FRS 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 charitable company's affairs as at 31 December 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; 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 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 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 other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report, thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 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 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 directors' 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 prepare the financial statements in accordance with the small companies' regime and did not take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

INDEPENDENT AUDITOR'S REPORT (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the charitable company and the industry in which it operates and considered the risk of acts by the charitable company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006, Charities Act 2011, Charities SORP 2019, requirements of Ofsted inspections and tax legislation .

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non- compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities;
- identifying and testing journal entries; and
- Obtaining the latest Ofsted reports and ensuring there were no areas of concern or no measures enforced.

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.

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

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Mercer & Hole LLP

Steve Robinson FCA
Senior Statutory Auditor
For and on behalf of Mercer & Hole LLP
Chartered Accountants and Statutory Auditors
Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

4 May 2023

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
		£	£	£	£
Income and Expenditure					
INCOME:					
Donations and legacies	4	4,295	-	4,295	5,488
Income from charitable activities	5	9,401,286	170,255	9,571,541	8,160,227
Investment income	6	17	-	17	4
Total Income		9,405,598	170,255	9,575,853	8,165,719
EXPENDITURE:					
Expenditure on charitable activities	7	9,413,043	155,642	9,568,685	8,005,703
Total Expenditure		9,413,043	155,642	9,568,685	8,005,703
Net income/(expenditure) movement in funds for the year		(7,445)	14,613	7,168	160,016
Reconciliation of funds					
Total funds brought forward		544,081	5,933	550,014	389,998
Total funds carried forward		536,636	20,546	557,182	550,014

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continued activities.

The accompanying accounting policies and notes form an integral part of the financial statements.

The 2021 comparative includes both restricted and unrestricted funds, a breakdown of the comparatives can be found in note 22 to these financial statements.

BALANCE SHEET

	Note	2022		2021	
		£	£	£	£
Fixed Assets					
Intangible assets	11		181,133		228,038
Tangible assets	12		972,347		826,769
			1,153,480		1,054,807
Current Assets					
Stocks		-		10,776	
Debtors	13	183,586		146,033	
Cash at bank and in hand		146,036		232,976	
Total Current Assets		329,622		389,785	
Creditors:					
Amounts falling due within one year	14	(828,526)		(705,903)	
Net Current Liabilities			(498,904)		(316,118)
Total Assets less Current Liabilities			654,576		738,689
Creditors:					
Amounts falling due after one year	15		(97,394)		(188,675)
Net Assets			557,182		550,014
The funds of the charity					
Restricted Funds	18		20,546		5,933
General Unrestricted Funds	18		536,636		544,081
Total Charity Funds			557,182		550,014

Approved by the Board of Trustees on

29 April 2023

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Trustee

Company number: 07703801

STATEMENT OF CASH FLOWS

	Note	2022	2021
		£	£
Net cash used in operating activities	20	378,420	322,515
Cash flows from investing activities			
Purchase of tangible fixed assets		(361,670)	(240,154)
Net cash used in investing activities		(361,670)	(240,154)
Cash flows from financing activities			
Investment income		17	4
Repayment of borrowings		(85,551)	(180,181)
Interest paid		(18,156)	(23,526)
Net cash from financing activities		(103,690)	(203,703)
Decrease in cash and cash equivalents in the year		(86,940)	(121,342)
Cash and cash equivalents at the beginning of the year		232,976	354,318
Cash and cash equivalents at the end of the year		146,036	232,976

Analysis of changes in net debt	**1 January 2022**	**Cash flows**	**31 December 2022**
Cash at bank and in hand	232,976	(86,940)	146,036
Borrowings	(274,226)	85,551	(188,675)
	(41,250)	(1,389)	(42,639)

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Basis of preparation

Acorn Early Years Foundation is a charitable company limited by guarantee registered in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity. The address of the registered office is given in the Reference and Administrative Details on page 3 of these financial statements. The nature of the charity's operations and principal activity is the provision of childcare in nurseries, out of school clubs and forest schools.

The financial statements have been prepared in accordance with 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Acorn Early Years Foundation meets the definition of a public benefit entity under FRS 102. 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 prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest £.

b) Preparation of the accounts on a going concern basis

The trustees received regular financial reports throughout the year, and cash flow forecasts were updated and regularly reviewed by the Finance, Audit and Risk committee. The plans for the new nurseries were also scrutinised and monitored by the trustees, who remain confident in the ability of the management team to maintain the organisation's financial viability.

Accordingly, the trustees have continued to adopt the going concern basis of accounting in preparing the financial statements.

c) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants 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 measured reliably and is not deferred.

Fee income is allocated to the month to which it relates, and the free entitlement funding is allocated on the same basis, with policies in place to ensure entitlement is verified prior to headcount dates.

d) Investment income

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 by the Bank.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity. Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

1. Cost of raising funds comprises the costs of activities outside the regular operation of the nurseries, forest schools, catering and training department.
2. Expenditure on charitable activities comprises the costs of commercial trading including the running of the nurseries and their associated costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

g) Governance costs

Governance costs are those functions that assist the strategic work of the Charity but do not directly undertake charitable activities. These costs have been allocated to expenditure on charitable activities. Governance costs are set out in note 8.

h) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

i) Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis.

j) Finance leases

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Statement of Financial Activities on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

k) Tangible fixed assets

Individual fixed assets are capitalised at cost and are depreciated over their useful economic lives on a straight-line basis as follows:

Asset Category	Annual rate
Leasehold Improvements	Lower of 10% of cost and length of lease
Office Equipment	20% - 33.3% of cost
Fixtures and Fittings	20% - 25% of cost
Motor Vehicles	20% of cost
Play Equipment	20% of cost

l) Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably. All intangible fixed assets are amortised on a straight-line basis over the estimated economic life of 10 years.

m) Stock

Stock is included at the lower of cost or net realisable value. In the year the treatment of small sundry stock items was deemed to be a prepayment; this change in treatment has not necessitated a restatement of comparatives.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

r) Pension costs

The Charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Charity. The annual contributions payable are charged to the Statement of Financial Activities.

The Charity is also part of the Bucks CC LGPS which is a defined benefit scheme. The Charity has three employees in this scheme. Bucks CC LGPS has confirmed that when the Charity took over these nurseries, the portion of the LGPS relating to it was transferred at no deficit/no surplus. As there is no deficit, a valuation has not been obtained under FRS 102 section 28. The payments have been expensed in the same way as that of defined contribution scheme payments.

s) Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

2. Judgements and key sources of estimation uncertainty

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3. Legal status of the Charity

The charity is a Company limited by guarantee and has no share capital. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

4. Income earned from donations and legacies

	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
	£	£	£	£
Donations	4,295	-	4,295	5,488
	4,295	-	4,295	5,488

In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

NOTES TO THE FINANCIAL STATEMENTS

5. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
	£	£	£	£
Childcare income	9,192,591	170,255	9,362,846	7,708,752
Training courses	34,293	-	34,293	28,071
Forest school activities	77,187	-	77,187	59,354
Catering income	59,428	-	59,428	98,072
Consultancy income	1,974	-	1,974	1,060
JRS grant income	-	-	-	109,101
Other income	35,813	-	35,813	155,817
	9,401,286	170,255	9,571,541	8,160,227

Local authority grants totalling £2,326,514 (2021: £2,083,398) received relates to the 2 year old offer and the Early Years Funding for all 3-4 year olds.

Restricted local authority grants of £93,370 (2021: £64,893) relate to deprivation funding, inclusion and disability access funding grants. Further information on restricted funds can be found in note 18.

6. Investment Income comprises bank interest income.

NOTES TO THE FINANCIAL STATEMENTS

7. Analysis of expenditure on charitable activities

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Childcare costs	8,023,396	155,642	8,179,038	6,836,377
Training course costs	79,214	-	79,214	60,257
Catering costs	159,383	-	159,383	147,290
Forest school activities costs	92,183	-	92,183	79,461
Property and administration	984,086	-	984,086	827,177
Accountancy fees	4,440	-	4,440	2,542
Auditor's remuneration	8,160	-	8,160	6,250
Legal and professional fees	34,132	-	34,132	15,834
Other financial costs	28,049	-	28,049	30,515
	9,413,043	155,642	9,568,685	8,005,703

8. Net income / (expenditure) for the year

This is stated after charging:	2022 £	2021 £
Depreciation	216,092	167,814
Amortisation	46,905	46,905
Operating lease payments	493,756	423,955
Auditor's remuneration:		
Audit fees	8,160	6,250
Accountancy services	4,440	2,542

NOTES TO THE FINANCIAL STATEMENTS

8. Net income / (expenditure) for the year (continued)

Analysis of governance costs

	2022 £	2021 £
Audit fees	8,160	6,250
Trustees' expenses	146	-
Consultancy fees	5,924	-
	14,230	6,250

9. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2022 £	2021 £
Salaries and wages	6,418,608	5,391,810
Social security costs	433,235	343,831
Pension costs	277,772	226,238
	7,129,615	5,961,879

One employee had employee benefits in excess of £60,000, with total employee benefits excluding employer pension costs falling within the band of £100,001 to £110,000 (2021: one employee falling within the band of £90,001 to £100,000). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The Charity trustees were not paid or received any other benefits from employment with the Charity in the year (2021: £nil). Trustees were reimbursed expenses during the year totalling £146 (2021: £nil). The amount of consultancy fees paid to trustees in the year was £nil (2021: £nil).

The key management personnel of the Charity comprise the trustees, who receive no remuneration, the Chief Executive Officer, and the Senior Leadership Team (SLT). The total employee benefits of key management personnel of the Charity were £386,276 (2021: £381,609).

NOTES TO THE FINANCIAL STATEMENTS

10. Staff numbers

The average monthly number of persons (including directors) employed by the Charity during the year was as follows:

	2022 Number	2021 Number
Total staff	408	341
	408	341

11. Intangible fixed assets

	Goodwill £
Cost	
As at 1 January 2022	470,732
Additions	-
Disposals	-
As at 31 December 2022	**470,732**
Amortisation	
As at 1 January 2022	242,694
Charge for the year	46,905
Amortisation on disposals	-
As at 31 December 2022	**289,599**
Net book value	
As at 31 December 2022	**181,133**
As at 31 December 2021	228,038

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets

	Leasehold Improvements £	Office Equipment £	Fixtures & Fittings £	Motor Vehicles £	Play Equipment £	Total £
Cost						
As at 1 January 2022	976,201	71,637	280,294	30,989	77,207	**1,436,328**
Additions	210,017	33,199	68,222	11,637	38,595	**361,670**
Disposals	-	-	-	-	-	-
As at 31 December 2022	**1,186,218**	**104,836**	**348,516**	**42,626**	**115,802**	**1,797,998**
Depreciation						
As at 1 January 2022	291,877	68,665	176,932	21,502	50,583	**609,559**
Charge for the year	154,691	7,623	34,800	4,772	14,206	**216,092**
On disposals	-	-	-	-	-	-
As at 31 December 2022	**446,568**	**76,288**	**211,732**	**26,274**	**64,789**	**825,651**
Net book value						
As at 31 December 2022	**739,650**	**28,548**	**136,784**	**16,352**	**51,013**	**972,347**
As at 31 December 2021	684,324	2,972	103,362	9,487	26,624	826,769

13. Debtors

	2022 £	2021 £
Trade debtors	22,313	12,446
Other debtors	34,884	40,457
Prepayments	126,389	93,130
	183,586	146,033

NOTES TO THE FINANCIAL STATEMENTS

14. Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loan	91,281	85,551
Trade creditors	97,754	97,639
Taxation and social security	101,355	82,844
Other creditors	493,563	418,731
Accruals	44,573	21,138
	828,526	705,903

Acorn Early Years Foundation operates a defined contribution pension scheme for all eligible staff. Outstanding contributions awaiting payment at the 31 December 2022 were £48,138 (2021: £35,745).

In 2020 the charity borrowed £380,000 from The Charities Aid Foundation Bank plc. This loan is secured with a fixed and floating charge over all the Charity's assets and repayable over four years from September 2020 at an interest rate of 6.5% above the base rate, after a six month capital and repayment holiday. At 31 December 2022 the loan balance outstanding is £188,675 (2021: £274,226).

15. Creditors: amounts falling due after one year

	2022	2021
	£	£
Bank Loan	97,394	188,675
	97,394	188,675

NOTES TO THE FINANCIAL STATEMENTS

16. Deferred Income

Included within other creditors are balances relating to deferred income. Deferred income comprise fees and grant income receipts related to financial year 2023.

	2022	2021
	£	£
Balance as at 1 January	357,115	439,479
Amounts released to income earned from charitable activities	(357,115)	(439,479)
Amount deferred in year	414,709	357,115
Balance as at 31 December	414,709	357,115

17. Commitments under operating leases

As at 31 December the Charity had annual commitments under non-cancellable operating leases as set out below:

	2022			2021		
	Property leases	Other operating leases	Total	Property leases	Other operating leases	Total
	£	£	£	£	£	£
Amounts payable within 1 year	451,802	22,425	474,227	300,647	25,425	326,072
Amounts payable between 2 to 5 years	1,668,329	28,849	1,697,178	1,020,516	33,460	1,053,976
Amounts payable after 5 years	1,008,370	-	1,008,370	448,115	-	448,115
	3,128,501	51,274	3,179,775	1,769,278	58,885	1,828,163

In addition to the commitments under operating leases shown above, the Charity has in place an operating lease commitment for an amount of £13,200 per annum (2021: £13,200) with no specified end date.

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance at 1 January 2022	Income	Expenditure	Balance at 31 December 2022
	£	£	£	£
General Unrestricted Funds	544,081	9,405,598	(9,413,043)	536,636
Designated Funds	-	-	-	-
Total	544,081	9,405,598	(9,413,043)	536,636

Analysis of movements in unrestricted funds - previous year

	Balance at 1 January 2021	Income	Expenditure	Balance at 31 December 2021
	£	£	£	£
General Unrestricted Funds	385,178	8,098,626	(7,939,723)	544,081
Designated Funds	-	-	-	-
Total	385,178	8,098,626	(7,939,723)	544,081

Name of unrestricted fund	Description, nature and purposes of the fund
General Unrestricted Funds	The 'free reserves' to cover normal fluctuations of working capital.
Designated Funds	Funds set aside by the trustees for specific purposes. There are no designated funds during the year.

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds (continued)

Analysis of movements in restricted funds

	Balance at 1 January 2022	Income	Expenditure	Balance at 31 December 2022
	£	£	£	£
MKC Jubilee Wood deprivation	5,933	13,884	(16,918)	2,899
Restricted Higher Needs & DAF	-	59,382	(59,382)	-
Mulberry Bear Reserve	-	75,485	(72,717)	2,768
Enjoy Benefit donations	-	1,400	(1,200)	200
MKC Hedgerows deprivation	-	10,737	(3,425)	7,312
MKC Rowans deprivation	-	9,367	(2,000)	7,367
Total	5,933	170,255	(155,642)	20,546

Analysis of movements in restricted funds - previous year

	Balance at 1 January 2021	Income	Expenditure	Balance at 31 December 2021
	£	£	£	£
MKC Jubilee Wood deprivation funding	4,620	12,218	(10,905)	5,933
Enjoy Benefits Shenley donations	200	800	(1,000)	-
Enjoy Benefits Kents Hill donations	-	400	(400)	-
Teds Kents Hill donations	-	1,000	(1,000)	-
DAF Funding	-	52,675	(52,675)	-
Total	4,820	67,093	(65,980)	5,933

Name of restricted fund	Description, nature and purposes of the fund
Enjoy Benefits donations	Parents use the childcare voucher offer from Enjoy Benefits and in return the nursery receives payments from the company.
Restricted Higher Needs & DAF	The charity receives Disability Access Funding (DAF) and Restricted Higher Needs funding for children who meet these criterion. This type of funding varies year on year depending on the children attending the nurseries.

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds (continued)

Mulberry Bear Reserve	Mulberry Bear was an existing nursery (under a different charity - Mulberry Bear Day Nursery and Pre-School) that has now been taken over by the charity. In this process, the charity received the closing bank balance from the nursery which was subsequently restricted to expenditure on this site only.
Deprivation Funds	The purpose of the funds is to increase the learning opportunities and improve achievement of the children in areas of deprivation. This can be done via enhancing indoor and outdoor learning environments to increase wellbeing and learning opportunities.

19. Analysis of net assets between funds

Analysis of net asset movements between funds

	Fixed Assets	Net Liabilities	Total 2022	Total 2021
	£	£	£	£
Restricted Funds	-	20,546	20,546	5,933
General Unrestricted Funds	1,153,480	(616,844)	536,636	544,081
	1,153,480	(596,298)	557,182	550,014

Analysis of net asset movements between funds - previous year

	Fixed Assets	Net Liabilities	Total 2021	Total 2020
	£	£	£	£
Restricted Funds	-	5,933	5,933	4,820
General Unrestricted Funds	1,054,807	(510,726)	544,081	385,178
	1,054,807	(504,793)	550,014	389,998

NOTES TO THE FINANCIAL STATEMENTS

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2022	2021
	£	£
Net movement in funds	7,168	160,016
Add back depreciation charge	216,092	167,814
Add back amortisation charge	46,905	46,905
Deduct bank interest received	(17)	(4)
Add back loan interest paid	18,156	23,526
Decrease/(increase) in stock	10,776	(4,719)
(Increase) in debtors	(37,553)	(22,484)
Decrease / (increase) in creditors	116,893	(48,539)
	378,420	322,515

21. Related party transactions

Reimbursements to trustees for travel expenses are disclosed in note 8, and trustees with children attending Acorn settings paid full fees. This totalled £20,061 (2021: £10,169) with a further £654 being paid in advance for 2023 childcare (2021: £nil). Acorn Nursery Properties Limited (ANP), the landlord for two of the nursery buildings, is a related party as the CEO (key management personnel) is the majority shareholder in ANP. ANP charged rent to the charity of £69,000 (2021: £69,000). The charity charged ANP £600 (2021: £600) for book-keeping services.

NOTES TO THE FINANCIAL STATEMENTS

22. Comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Total 2021
	£	£	£
Income and Expenditure			
INCOME:			
Donations and legacies	5,488	-	5,488
Income from charitable activities	8,093,134	67,093	8,160,227
Investment income	4	-	4
Total Income	8,098,626	67,093	8,165,719
EXPENDITURE:			
Expenditure on charitable activities	7,939,723	65,980	8,005,703
Total Expenditure	7,939,723	65,980	8,005,703
Net income /(expenditure) movement in funds for the year	158,903	1,113	160,016
Reconciliation of funds			
Total funds brought forward	385,178	4,820	389,998
Total funds carried forward	544,081	5,933	550,014

ACORN EARLY YEARS FOUNDATION

England & Wales - Charity number 1145108

Accounts

ACORN EARLY YEARS FOUNDATION

(A Charitable Company Limited by Guarantee)

FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2021

Charity number: 1145108

Company number: 07703801

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TRUSTEES' REPORT

The trustees, who are also the directors of the Charity for the purposes of the Companies Act, submit their Annual Report together with the audited financial statements for the year ended 31st December 2021. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Reference and Administrative Details

Charity number:	1145108
Company number:	07703801

The registered address for the Charity also houses the central support team:

Unit 47, Waterside Barns
Lodge Farm Business Centre
Castlethorpe
Milton Keynes
MK19 7ES

The following trustees served during the period or were in office at the time these accounts were approved:

Ruth Stone	Appointed June 2016, Chair from June 2017
Hannah Evans	Appointed June 2017
Carolyn Norfolk	Appointed June 2017
Giles Chilton	Appointed December 2017
Eva Lloyd-Reichling	Appointed June 2018
Narendra Laljani	Appointed July 2018
Vanessa Gwynn	Appointed February 2020
Damien Beedham	Appointed February 2020
Allawee Albaghdadi	Appointed February 2020
Robert Prosser-Dryer	Appointed February 2021
Tracey Coley	Appointed July 2021
Laura Faulkner	Appointed March 2022

The trustees delegate the day-to-day management of the charity to the chief executive officer and the senior leadership team:

Zoe Raven	CEO
Teresa Gardner	Finance Manager
Alex Hunter	Operations Manager
Sue Fenton	HR Manager
Laura Andrews	Senior Early Years Manager
Gabbie Brandon	Marketing and Communications Manager
Steve Petty	Facilities and Health & Safety Manager

Bankers: Handelsbanken
Moorgate House
201 Silbury Boulevard
Milton Keynes
MK9 1LZ

TRUSTEES' REPORT

Solicitors:	Richard Willis Geoffrey Leaver 251 Upper Third Street Central Milton Keynes MK9 1DR
Auditors:	Steve Robinson Mercer and Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes MK9 2AF

TRUSTEES' REPORT

About Acorn Early Years Foundation

History

The first Acorn Day Nursery opened in 1989, in the village of Castlethorpe, in the home of founder, Zoe Raven, who then grew the organisation into a group of nurseries in Milton Keynes and Northants, and also formed a sister company, Tall Oaks, to offer training and forest schools. The latter became a charitable social enterprise in 2011, as part of a plan to transfer the original Acorn nurseries into a not-for-profit organisation, and the existing nurseries and out-of-school clubs were then transferred in stages into Acorn Childcare 2, the charitable company. When this staged transition was completed at the end of 2016, with all operations transferred to the charity, the organisation changed its name to Acorn Early Years Foundation (Acorn) to reflect the range of childcare and related services being provided, and further nurseries were added over the years.

The driver behind the move from private company to charitable social enterprise was the desire to provide high quality, affordable childcare and early years education in areas of deprivation as well as in more affluent locations, and this was made possible with a cross-subsidy model. As the organisation evolved, the emphasis on social impact became central to its policies, practice, ethos and values. Acorn developed a reputation for encouraging outdoor play and learning, for providing professional development opportunities and for an ethic of care which is embedded across the organisation. It also developed extensive experience of working in partnership with other organisations, and offering innovative solutions to childcare problems, including providing freshly cooked healthy meals for nurseries that have limited catering facilities, and supporting other childcare provision with consultancy services.

Mission and Objectives

Acorn's mission statement is *'to be an inspirational learning organisation which operates a model of excellence for early years care and education which is accessible to all'.*

The charity's objectives are to enhance the development and education of children primarily under the age of eleven by:

1. The provision of high quality childcare in nurseries, out-of-school clubs and forest schools;
2. Working to ensure that high quality childcare is available to children and families regardless of means, race, disability, gender, religion, belief or any other factor;
3. Identifying other social and developmental support needs of children and families and seeking to ensure these are met;
4. Encouraging, enabling and supporting the involvement of parents and carers in their children's learning and development; and
5. Contributing to the professional development of those working in childcare.

Ethos and Pedagogy

Acorn have embraced an ethic of care as a basis for its core values and a relational pedagogy. The ethic of care prioritises caring relationships and a responsive approach. It views care as a value, not just a practice, and this is applied to Acorn's dealings with everyone, including children, family members, staff members and the local community. Children need to experience and witness genuinely caring practices if they are to learn how to develop caring relations and a caring attitude themselves.

Acorn believes a relational pedagogy underpins children's learning and development, recognising the importance of personal relationships between children, parents and staff, and the role of adults in children's education. This also includes children's relationships with people in local communities, including the elderly, and with the natural world. Home visits are a key aspect of the settling-in process for children, laying the foundations of a partnership with parents, and intergenerational visits to care homes and retirement accommodation are a regular feature for most Acorn nurseries. Both home visits and intergenerational visits were unable to take place during the Covid pandemic, but both are now being gradually reintroduced. Acorn's approach aims to be holistic and personalised, and prioritises caring relationships to support children's social and emotional wellbeing.

The five values that arise from this ethos are:

TRUSTEES' REPORT

Personal – Personalising care and education, treating children, parents and staff as individuals, within supportive, respectful relationships.

Professional – Striving to be a learning organisation, continually reflecting and developing the knowledge, skills and qualifications of the staff teams.

Nurturing – The core of Acorn's ethic of care; professional love within a holistic approach that encompasses nutrition and encouragement of healthy lifestyles.

Outdoor – Encouraging play and learning in natural environments, through extensive forest school provision, and every child spending time outdoors every day.

Ethical – Putting children before profit, and being inclusive and sustainable, both environmentally and financially. Seeking excellence, honesty and integrity in all aspects of Acorn's work.

Structure, Governance and Management

Acorn Early Years Foundation is incorporated as a charitable company limited by guarantee.

The board of trustees delegates the administration, including financial management, to the CEO, who works with a central support team to co-ordinate support for the nurseries, out-of-school clubs, forest schools, catering department and training centre. The trustees have approved a financial delegated authority framework, and a risk management framework and register. Role descriptions for the CEO, chair and trustees set out the scope of delegation, and trustees have adopted a code of conduct.

Annual skills audits are completed and used in the recruitment of new trustees. Policy reviews are presented to the trustees, and some trustees take a particular interest in different aspects of the organisation. Eva Lloyd and Vanessa Gwynn jointly share the role of Safeguarding Trustee, working with the organisation's lead safeguarding officer to ensure correct procedures and practices are followed at all times, and challenging policy, procedure, and practice to ensure they are compliant and remain effective at safeguarding children.

Trustees discuss and approve the pay and remuneration of the CEO each year, and maintain an overview of senior leadership team salaries and the overall pay scale and fair pay policy. There are four committees; Finance, Audit and Risk, chaired by Hannah Evans; Strategy and Impact, chaired by Narendra Laljani; Governance and HR, chaired by Vanessa Gwynn; and Childcare, Learning and Development, chaired by Eva Lloyd.

Related party transactions and balances at the year-end were payments for childcare made by trustees who are also nursery parents, and reimbursement to trustees for travel expenses. Acorn Nursery Properties Limited (ANP), the landlord for two of the nursery buildings, is a related party, as the CEO is the majority shareholder in ANP. ANP charged the charity rent on two properties, totalling £69,000 (2020 £51,750, which was reduced by a three month waiver due to Covid). The charity charged book-keeping charges of £600 to ANP.

The Board of Trustees

There were nine trustees at the start of 2021, and with two new appointments in February and July, there were eleven trustees by the end of the year. The four scheduled board meetings were held online, but a strategy day in September was held in person. The meetings were supplemented with further conference calls, one for the whole board and several for the committees. Trustees also received regular updates via email, and individual trustees provided a range of support in other areas.

How Acorn's activities deliver public benefit

Acorn provides accessible, high quality childcare and early education in its nurseries, out-of-school clubs, and forest schools for children from 4 months to 11 years. In safe and supportive learning environments, highly qualified and professional practitioners nurture each child's social, emotional, and physical development, building their self-confidence and love of learning, and thereby preparing them to take advantage of opportunities, responsibilities, and experiences in later life.

TRUSTEES' REPORT

Acorn aims to be socially inclusive and seeks to give all children high quality childcare regardless of background. Acorn is committed to providing the government-funded entitlement to childcare and aims to ensure that children attending only the funded hours benefit from the full extent of the activities and resources provided within those sessions, without any additional charges. Acorn's fees are set at rates which are as affordable as possible, without jeopardising quality, and aim to be below the fee rates at comparable private providers. Places are also made available for the local authority and for children with additional needs. Acorn operates a cross-subsidy model which monitors and evaluates the financial viability and the social impact of each nursery to ensure a balance across the group.

Partnership working with children's centres, local authorities, schools, and external agencies is a key feature of Acorn's success in supporting parents and carers, and in promoting the early years sector as a career pathway for both young people and adults seeking a change of career. Regular visits to retirement and care homes also enrich the lives of elderly residents in local communities.

The professional development of Acorn's childcare workforce is a key part of the strategy for maintaining high quality provision within the settings. Training and support is provided for all practitioners, from apprentices up to those working towards higher level degrees. Pay scales are improved annually, and Acorn's action research group is developing ways to support parents, measure social impact and continually improve childcare practice.

The support for the professional development of early years practitioners extends beyond the Acorn workforce through the training centre. Courses covering core subjects, such as safeguarding, inclusion and first aid, are run alongside a range of wider subjects, from forest school leader training to experiential play.

Forest schools and outdoor play and learning are of particular importance in delivering public benefit to children who would otherwise miss out on the opportunity to engage with the natural world and benefit from the freedom, autonomy, and sensory experiences of the outdoor environment. Sessions are delivered to children attending Acorn nurseries during funded hours at no additional charge. During school holidays, forest school sessions are offered to school age children, accessed by a high number of children with additional needs.

The trustees have had regard to the Charity Commission's guidance on public benefit.

Achievements and performance in 2021

Early Years

Covid-19 continued to have a significant impact on the early years for large parts of 2021, with the continued suspension of home-visits, limits on the number of visitors and parents/carers entering settings, and a reduction in community activities. In total, there were 150 positive cases recorded across the organisation in 2021, with an even split of employees and children testing positive. This is substantially more cases than was experienced in 2020, and because parents/carers were not charged for any missed sessions due to bubble closures or mandatory isolation, parents were refunded almost £165k worth of fees over the year. Thankfully, everyone in the Acorn community recovered well, and the number of infections could have been a lot higher had it not been for the quick and thorough responses to positive cases from Acorn staff, and the honesty and support of all its families.

There were no Ofsted inspections at any Acorn nurseries in 2021, and the only inspection of an out of school club was at Burton Park holiday club, which highlighted concerns already held by Acorn about the ongoing suitability of the club's venue; these concerns were the primary reason for the relocation of the holiday club to Cranford Village Hall from the start of 2022.

The organisation was extremely sad to say goodbye to the Henry Chichele out of school club in the summer of 2021. The club had been temporarily closed since the start of the pandemic, but Henry Chichele Primary School and Acorn came to the mutual decision to transfer oversight of the club back to the school in order to ensure a successful reopening in September 2021.

The opening of Emberton Nursery and Outdoor Learning Centre, which was originally planned for the 2021 summer-term, was unfortunately postponed until 2022 due to delays with the planning process. In the meantime, the first set of tree planting took place to enhance the outdoor environment, and the team started working through a project plan, which included commissioning an ecological appraisal, to aid a smooth opening in 2022.

TRUSTEES' REPORT

Acorn was successful in its tender to take over two Milton Keynes Council nurseries, located at the Rowans and Hedgerows children centres. The transfer of these nurseries was confirmed in December 2021 and was completed in April 2022. These will be the third and fourth nurseries transferred to Acorn from MK Council, after the successful transfer of Kents Hill and Westcroft in 2012.

The new EYFS reforms were introduced in September 2021, following a revision of the Development Matters document produced by the Government, and the Birth to Five Matters document produced by the early years sector. These documents have shaped Acorn's curriculum by enhancing the focus on tailoring learning to the individual child, and ensuring a cycle of learning that includes the child's home and nursery as equal partners. Training was delivered to staff across the organisation to ensure these principles were embedded in daily practice.

Forest School

After a very slow start to the year due to the winter lockdown, 2021 brought a return to normality for Acorn's forest school team, with all session types and locations fully operating again by the summer term. A wider appreciation of the importance of children spending time outside was evident, with the number of forest school sessions delivered to external schools and preschools increasing by more than 150% compared to pre-pandemic levels. Similar increases in attendance were seen with the parent-toddler sessions and the sessions supporting home-educated children, both of which increased by more than 100% compared to pre-pandemic levels. In total, 212 forest school sessions were delivered (excluding Acorn nursery sessions) to over 4,000 attendees, reaching more than 1,000 individual children.

In addition, by the Autumn term, preschool age children in all Acorn nurseries had resumed attending regular forest school sessions, with a renewed focus on ensuring all children leaving an Acorn nursery to go to school have had regular access to forest school sessions. By the start of 2022, all Acorn nurseries had at least one forest school leader or trainee, with the number of forest school leaders/trainees across the organisation growing to 27, providing a fantastic spring board to achieve its aims from 2022 onwards.

Acorn's forest school holiday club was the only childcare provision in the organisation to not record any positive cases of covid-19 in 2021, which reflects the wider scientific evidence that the outdoor environment significantly reduces the risk of transmission. This, alongside all the other benefits of forest school, reinforces the need to keep forest school at the heart of the organisation's ethos, and focus on enhancing its nature pedagogy.

Training Centre

Demand for face-to-face courses remained low throughout 2021, and with fluctuating covid-19 rates, all courses were delivered online for large parts of the year. However, the return of some face-to-face courses, which made up around 15% of courses, was a welcome development, and the aim is to achieve an almost 50/50 split between online and face-to-face delivery in 2022.

In total, 72 courses were delivered to 638 delegates during 2021, with all courses receiving excellent feedback. A survey sent to all delegates after each course, shows a Net Promoter Score of 80, whilst 98% of delegates rated the 'overall quality of the training' as 'excellent' or 'good, and 100% of delegates rated the 'trainer's knowledge of the subject' as 'excellent' or 'good'.

Looking ahead to 2022, the priority is to extend the range of courses on offer, with a particular focus on increasing the number of SEND courses, early years courses, and forest school short courses on offer. There are also exciting plans to start delivering a programme of training opportunities for parents/carers, with the offer of some free places for those families most in need of support.

Catering

The catering service continued to operate throughout the pandemic, providing meals to 10 nurseries, including six external nurseries, all of which continued to operate during the 2021 Winter lockdown. With many settings experiencing a rise in occupancy after the lockdowns, alongside an additional nursery being added to the contract, the number of meals prepared by Acorn Catering in 2021 rose by 29% compared to 2019 figures, reaching over 95,000 meals during the year.

Across the wider organisation, Acorn invested in accredited Food & Nutrition training for all its chefs and some practitioners. Those that attended the training joined a working group of Food & Nutrition ambassadors, with the aim of driving improvements and becoming a leader in early years nutrition. In 2022, this training will be followed up with the creation of an early years nutrition

handbook, a programme of training sessions for both staff and parents/carers, and a more robust nursery menu that has been nutritionally analysed to ensure it meets all the health and nutrition needs of children.

Acorn's People

By the end of 2021, Acorn had a workforce of 383, which is an increase of 25% compared to the end of 2020. There were several reasons for this increase, including a sustained increase in occupancy across the organisation, the offer of more flexible working hours leading to an increase in part-time staff, and a move to employ cleaners at all sites in place of cleaning contractors.

During the winter 2021 lockdown, some employees remained on flexible furlough due to a decrease in the number of families accessing childcare. However, by July, all employees were fully back at work and all furlough claims ceased. There were a significant number of covid-19 cases and associated bubble closures in early 2021, and the furlough scheme helped to soften the financial impact of these cases and offset the increase in staffing costs caused by the bubble system.

Covid-19 brought significant challenges to staff, with the ongoing risk of exposure putting themselves and their families at risk; however, they have remained dedicated throughout, and have selflessly put the needs of the children first. The staff team are the cornerstone of Acorn and everything it has achieved. Acorn was therefore very proud that over 95% of employees felt supported or partially supported throughout the pandemic, which has been one of the most challenging environments in the history of the organisation.

Recruitment and retention remained one of biggest challenges in 2021. There were 119 leavers in 2021, equating to a 35% annual turnover, with a high proportion of these leaving in the first six months of employment. Despite this, employee exit surveys suggested the majority of the staff were leaving due to reasons outside of Acorn's control, such as 35% leaving for family/personal reasons, 21% leaving for a change in career path, and 7% leaving to pursue further education. This therefore reflects wider issues within the sector regarding retention and recruitment. Looking forward to 2022, these challenges remain; however, improving the staff retention rate will continue to be a key focus by making improvements to the induction process, and targeting other factors that have affected staff turnover.

Acorn remains committed to becoming a 'real living wage employer' in the medium-term. However, in November 2021, the rate was increased to £9.90 per hour, in line with the reported increase to the national living wage in April 2022. This substantial increase has meant that, as of December 2021, only 29% of employees were paid the real living wage, opposed to 60% in January 2021. Nevertheless, with significant pay increases implemented in April 2022, and a commitment to review the pay scales regularly to ensure it remains one of the most competitive employers in the local childcare market, Acorn is confident that the number of staff paid the real living wage will reach previous levels very soon. Less than 6% of respondents of the annual employee survey felt that Acorn's pay and benefits were not competitive, and less than 7% of staff leavers in 2021 quoted their 'rate of pay' or 'employee benefits' as one of their reasons for leaving in the exit survey.

2021 also brought some changes to the central support team, which increased from 12 employees in early 2021 to 16 employees in December, after bringing in additional resource in the areas of training & development, health & safety, and office administration. The team was pleased to welcome its first Charityworks placement (the UK charity sector's graduate leadership development programme) in the role of Monitoring & Evaluation Officer. Finally, at the very end of the year, there was a change in the senior leadership team, with Sue Fenton coming in to replace the departing Kleran Glackin in the role of HR Manager. The added resource to the central support team will ensure everything is in place to achieve the exciting developments planned for 2022 and beyond.

Equality, Diversity, and Inclusion

Equality, diversity, and inclusion are at the heart of Acorn's ethos, which aims to ensure that all the nurseries and clubs are fully inclusive, meeting the needs of staff, children, and families, regardless of ethnic heritage, social and economic background, gender, ability, or disability. The organisation is committed to providing equal opportunities in employment, and diversity within staff teams is encouraged, backed up by a firm commitment to anti-discriminatory practice and promoting equality of opportunity. This is implemented by:

- encouraging equality and diversity in the workplace

TRUSTEES' REPORT

- striving to ensure that the work and learning environment is free of harassment and bullying and that everyone is treated with dignity and respect
- person and job specifications are limited to those requirements that are necessary for the effective performance of the job
- candidates for employment or promotion are assessed objectively against the requirements for the job, taking account of any reasonable adjustments that may be required for candidates with a disability. Disability and personal or home commitment will not form the basis of employment decisions except where necessary
- holding regular employee forum meetings to inform employees of matters concerning them as employees, as well as updating and including them in the future direction of the organisation
- opportunities for training, development, and progression are made available to all staff, to help them to develop to their full potential.

Training and Professional Development

Given the ongoing challenges with recruiting qualified practitioners across the sector, Acorn is changing its strategy to target apprentices and those willing to study to achieve their qualification whilst employed by Acorn. As a result, the number of staff studying towards either their L2 or L3 early years qualification increased from 9 to 29 during 2021. The support provided to apprentices and other learners was also enhanced, by offering apprenticeship workshop days that facilitate networking opportunities and the sharing of ideas, whilst also offering additional training opportunities for them. Looking ahead to 2022, the aim is to continue to increase the number of trainees and improve the quality of training provided to them, in order to build a highly skilled and qualified workforce whilst also overcoming some of the ongoing recruitment challenges.

All four of Acorn's training days went ahead in 2021, which included a wide selection of inspiring trainers throughout the year. The courses on offer at the summer conference day were particularly popular, with 93% of staff rating the 'variety of courses on offer' as 'excellent' or 'good', and 97% of staff rating the quality of the course they attended as 'excellent' or 'good'. A new and improved induction process was implemented towards the end of 2021, including a more thorough and engaging induction workshop, and more targeted, role specific training opportunities for all staff during their induction period. In 2022, Acorn hopes to see an improved retention rate during the first six months of employment as a result of these changes.

In 2021, Acorn joined the Employers Domestic Abuse Covenant (EDAC) which supports women who have fled domestic violence to get back into the workplace. Six staff from central support team and the nursery management team are training to become EDAC Ambassadors, with a view to roll out a full domestic abuse support programme to all staff and parents.

Central Support Office

The central support office lease for the previous office was surrendered early in 2020, to economise during the pandemic. Most of the office personnel then worked from home, and one of the training rooms at Westcroft and the meeting room at Castlethorpe were used as temporary offices and meeting rooms when needed. Towards the end of 2021 an agreement was reached to take out a new lease at an office at Lodge Farm in Castlethorpe, and the central support team have been based there since April 2022.

Reinvestment

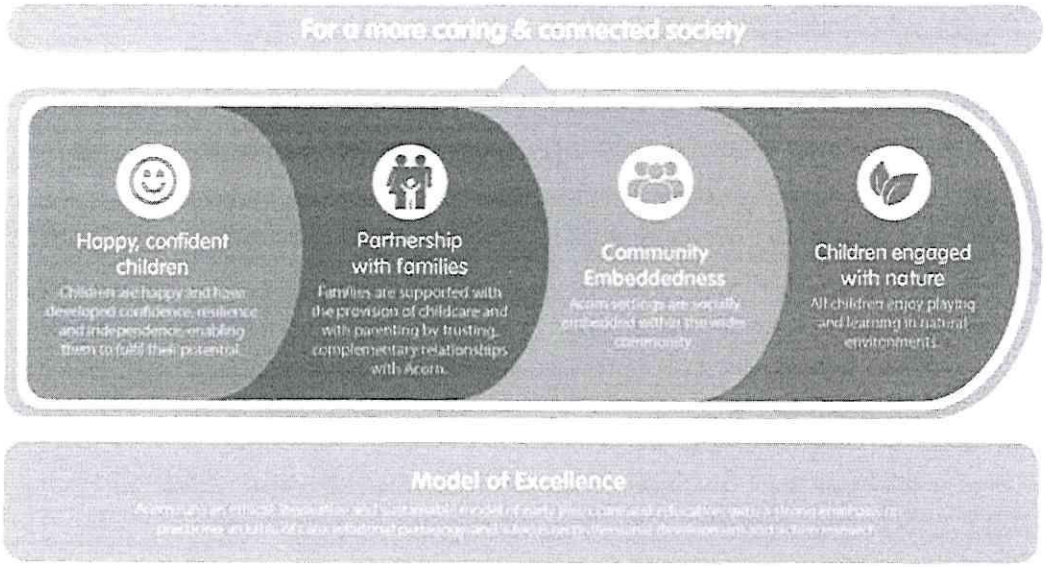
The economising that was necessary in 2020 meant that 2021 was a year for catching up on maintenance and capital expenditure projects that had been postponed during the height of the pandemic. Over £250,000 was spent on capital expenditure in 2021, with all sites having some improvements or refurbishments over the year. These included improvements to the outdoor areas at Castlethorpe, Cold Harbour, Kents Hill, Stanwick, YMCA and Burton Latimer (which was partially funded by the fundraising efforts of the parents and staff at the nursery). New flooring was installed at the Brafield-on-the-Green nursery, together with new sinks and some redecoration, and a new gate entry system. New Bradwell also had a new door and entry system installed. Redecoration also took place at Jubilee Wood, Kents Hill, Sharnbrook, Shenley, Stanwick and Stony Stratford, and the lift at Westcroft had extensive repairs and refurbishment. There were also various new appliances and kitchen improvements at several sites.

TRUSTEES' REPORT

Social Impact

Acorn is working towards a vision of a more caring and connected society by putting children's wellbeing and development at the centre of everything, by forming strong partnerships with families, by collaborating and engaging with others in the community, and by engaging children with nature.

This is only possible because of the passion, dedication and professionalism of Acorn employees, the commitment to professional development across the workforce, and the ethic of care that underpins the Acorn ethos.



Happy, confident children

The covid-19 pandemic and lockdowns had a negative impact on many children's social and emotional development. Acorn therefore aimed to support families by providing nurturing environments and a wide range of opportunities to thrive and have fun. There was a particular focus on supporting children with special educational needs and disabilities, children with English as an additional language, and children on child protection plans, and in many instances, Acorn tailored attendance patterns, daily routines, and resources to meet their individual needs.

Case Study 1
Context: A child who was on a child protection plan, attended term time only, and had no access to a garden at home, was provided the chance to attend nursery during the holidays at no additional cost **Impact:** • Increased the child's engagement with the natural world & sensory experiences • Maximised the benefit from a rich and accessible learning environment • Helped the child feel happy and emotionally secure • The family was supported with their wider childcare needs • Enabled trained practitioners to monitor and support the child all year round • Child provided with abundance of opportunities to be autonomous and explore

TRUSTEES' REPORT

Case Study 2

Context:
A child from a particularly deprived background, and who had special educational needs, was provided with home learning packs containing resources, such as small toys and books, to take home each week.

Impact:
- Families felt involved in their child's learning and development
- The family had access to resources that they would otherwise be unable to afford
- Ensured learning progress and interests experienced in the nursery could be followed up effectively at home
- Both home and childcare environments were supported to be healthy, nurturing, and rich in learning opportunities

Partnership with families

Acorn work closely with families across the organisation, and in several cases have provided support beyond the scope of early education and childcare, including the provision of food, clothing, home learning packs and emotional support. Some nurseries are attended by a large number of vulnerable families, and these settings have provided practical support in a wide variety of ways, where possible adapting the provision to meet their needs.

Some examples partnership with families across 2021 include:

- Many nurseries collated donations of warm clothing which was then distributed to other Acorn families that needed them during the colder months. Any clothing that was not given to families was donated to 'Baby Basics', a local Milton Keynes charity supporting families in financial hardship.
- The provision of childcare (e.g. hours of attendance) was adapted without any additional cost for some families in difficult personal situations. One example was where a child was booked on to short day sessions from 7:30am-3:30pm; however, one of the child's parents finished work at 3:30pm and worked across Milton Keynes. The nursery understood the family's financial situation and, rather than making the family pay for a full day, they were flexible with the hours and allowed the child to stay slightly later to support the family and make their life that little bit easier.
- Staff remained available for all families during any difficult moments, by being a listening ear, giving the time and space for a parent/carer to express their feelings, and discussing the support available to them, including external support and support we can provide directly.
- Staff supported parents overcome language barriers and complete school applications for their children
- Staff teams remained mindful of the individual circumstances of parents/carers, and when they usually get paid, before chasing fee payments.
- Some nurseries created healthy 'recipe of the week' cards and ingredient packs that were sent home to families to encourage parents/carers to get children involved with cooking at home, as well as helping more vulnerable families if they are unable to buy all the ingredients.

Community embeddedness

Although community embeddedness remained a challenge in 2021 due to the pandemic, some settings managed to adapt in order to creatively engage children in the local community.

For example, in one nursery, children visited the local retirement village every two weeks, spending time in the garden (with a safe distance apart) whilst having picnics and singing songs with the residents.

This continued throughout the year, even during periods of stricter covid-19 restrictions, where the visits were adapted to remove all contact, but maintain socially distanced communication, such as holding up signs from afar saying 'We miss you!'.

TRUSTEES' REPORT

During the Christmas period, children from another nursery visited a local care home and sang Christmas carols to the residents through the windows, spreading festive cheer and joy to the elderly residents in difficult times.

These interactions have had a substantial impact on the emotional and social wellbeing of both the children and the residents.

Throughout 2021, Acorn children were actively collecting and delivering food donations to local food bank sites, including Kettering, Kiln Farm and Springfield food banks. For some of these sites, the children were the youngest visitors that have ever arrived in their warehouses with donations! Thank you to all the families and staff who were able to make donations – they have made a real difference to people in the local community and have provided an opportunity for the children to practise a strong ethic of care towards their community.

Children engaged with nature

Acorn's goal is to ensure all children have had regular access to forest school provision before leaving nursery to go to school. Following a reduction in the number of sessions throughout 2020 and early 2021 due to covid-19, most nurseries resumed weekly sessions from the 2021 summer term onwards. By the end of 2021, over 1000 hours of forest school sessions had been delivered across Acorn nurseries, capturing several hundred children. In addition, over 900 hours of forest school sessions were delivered to more than 1200 children outside of the nurseries, through two forest school holiday clubs, sessions for local schools/nurseries, home-educated sessions, and parent-toddler sessions. Acorn's reach through the delivery of forest school in 2021 extends even further when you consider the 25 delegates that passed their L3 forest school qualifications through Acorn's training centre, and subsequently were able to offer regular forest school to groups of children in their individual settings.

In addition to the provision of regular forest school sessions and time spent playing and learning in the natural environment, Acorn practitioners helped inspire children to engage in environmental sustainability, supporting them to develop a sense of respect and care for the environment around them.

An eco-committee was set up with representatives from all areas of the organisation, and every nursery was encouraged to start an eco-committee of their own; one was successful at achieving the Eco-Schools Bronze award in their first year.

Read about some of Acorn's eco initiatives below...

Initiative:	Helping children to:
Local community litter picking walks	- Develop an awareness of and care for their local surroundings - Develop their understanding of the environmental impact of litter, including through wider discussions such as the Impact on the oceans - Develop an understanding of the importance of recycling - Empower children to make a difference
Creating bird feeders from lard and a mix of seeds	- Develop their knowledge of local native birds - Develop a love for nature - Develop an understanding of how to properly feed wild animals - Witness nature up close
Gardening during all seasons	- Learn about different species of plants and what they need to help them grow - Learn about the seasons and the effects they have on plants - Growing their own fresh food, and encouraging healthy eating in doing so - Develop a sense of responsibility towards caring for the plants

The year in numbers...

- Acorn supported **2636 children** via its nurseries, out of school clubs and holiday clubs, plus 800 more through external forest school sessions
- Acorn reached 6% more children than in 2020
- 24% of children were living in households that were more deprived than the average for their area (IDACI, 2019). All but two Acorn nurseries support children who live in households located in the 30% most deprived communities in the country.

TRUSTEES' REPORT

- 116 children were in receipt of 2-yr-funding, whilst 18 children were in receipt of SEN inclusion funding, and one child was in receipt of Disability Access Funding
- Around 2000 hours of forest school sessions were delivered
- Over 140,000 nutritious lunches cooked
- £250,000 reinvested into Acorn settings
- 95% of families felt their nursery were 'excellent' or 'good' at caring for and meeting the individual needs of their children
- 91% of families felt actively involved in the learning and development of their children.
- Acorn received a Net Promoter Score of 70 in the 2021 Parent Questionnaire
- 0.59 miles was the median average distance between children's home and their childcare setting, having decreased from 0.9 miles in 2020
- 2.8 miles was the median average distance between employee homes and their place of work, having decreased from 3 miles in 2020.

Financial review

The impact from Covid continued to be felt throughout 2021, operationally, but also financially. Almost £165,000 was refunded to families for sessions lost due to covid-related absences, and for a few sessions where individual rooms or whole nurseries had to close due to staff absences due to Covid infections or self-isolations. A much larger impact was felt by settings where families delayed, cancelled, or reduced their child's attendance due to changes in their working patterns or because they were furloughed. Occupancy levels were therefore significantly lower than usual. Out-of-School clubs, both term-time and those running in school holidays, were severely impacted by the need to work with school bubbles for much of the year. All of them had to close temporarily, and ran at a loss for the year, and one, Henry Chichele, did not re-open. Similarly, the training centre was unable to run face-to-face courses, partly due to covid-19 restrictions, but also because of the lift breakdown, which then cost over £36,000 to repair.

The furlough scheme provided essential support, but it was a difficult year, with eight out of the thirteen nurseries making a loss over the year. Savings were made in many areas, including not having any office premises for the central support team, who made use of existing meeting rooms for face to face work, but who worked from home the rest of the time. The economising in 2020 had led to a backlog of maintenance and refurbishment, and this was prioritised over the year, with capital expenditure for improvements taking place at all sites, totalling over £250,000.

Social investment & loans

Repayments for the social investment loan from CAF Venturesome continued throughout the year, and the Recovery and Resilience loan was fully repaid before any interest was due.

Reserves policy

On 31 December 2021 the charity had unrestricted reserves of £544,081 (£2020: £385,178) and cash balances of £232,976 (£2020: £354,818). The reserves policy was reviewed in February 2021 and it was agreed to continue with a £75,000 minimum of unencumbered cash reserves until after the Covid pandemic. The current ratio is also monitored, with an aim of achieving a ratio of 1.0 and to maintain at least 0.5 as a minimum.

Fundraising policy

A small proportion of Acorn's income is generated from fundraising activities, and this is usually used for specific projects. Acorn has a clear written policy for any fundraising activities carried out in the organisation, and the policy also outlines the ethical considerations for such activities. Any fundraising income in 2021 is accurately documented in the accounts.

Principal risks and uncertainties

TRUSTEES' REPORT

The trustees recognise the existence of risks to the Charity and its sphere of operations. They understand the severity and level of risk and their impact. They are confident that systems are in place to mitigate and monitor areas of identifiable risk in financial and operational areas and areas which could result in reputational impact.

A risk matrix has been drawn up to assist the trustees which is used in assessing risks. This is kept under constant review. A risk register has also been drafted which identifies the major risks to financial, operational, governance, environmental, external and regulation and compliance areas. This works in conjunction with the risk matrix to help the trustees to establish the severity of risk and how to mitigate them. The trustees receive reports at their meetings to monitor the financial and operational position of the Charity and identify any exposure to risk.

Alongside these two risk management tools, the Charity is further developing its business continuity plan (BCP). The BCP identifies the major incidents and issues which could have a substantial impact on the operation of the charity; these could range from a large-scale incident such as fire or flood, to reputational damage, to a child safeguarding issue. The BCP details the required actions and responses to ensure continued operations. In common with the Risk Management tools, the BCP is kept under review.

The risk management process was thoroughly tested throughout the pandemic and the BCP has been updated to reflect the successful experience of remote working and support for settings.

Going concern

The trustees received regular financial reports throughout the year, and cash flow forecasts were updated and regularly reviewed by the Finance, Audit and Risk committee. The plans for the new nurseries were also scrutinised and monitored by the trustees, who remain confident in the ability of the management team to maintain the organisation's financial viability.

Plans for future Periods

Further nurseries

The project to open a new nursery in the village of Emberton, near Olney, was delayed by the planning process, but is due to come to fruition in 2022. In April 2022, there was the successful transfer of two day nurseries from Milton Keynes Council, in Fullers Slade and Netherfield; both are located within family centres and will provide further opportunities to strengthen and extend Acorn's social impact.

Further opportunities

Acorn's aim is to continue to grow at a manageable pace, in order to increase the number of childcare and early education places, and to improve financial sustainability, which is enhanced by economies of scale. There are also plans to expand and develop the training centre, forest schools, and the work of the action research group, and the measurement and evaluation of Acorn's social impact. Each opportunity will be assessed in terms of its short-term financial cost, longer term financial benefit, and social impact.

Trustees responsibility statement

The trustees (who are also directors of Acorn Early Years Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently

TRUSTEES' REPORT

- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK 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 will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 auditor is unaware. 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 auditor is aware of that information.

M.R.Stone

Date 7th May 2022

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Acorn Early Years Foundation for the year ended 31 December 2021, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 FRS 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 charitable company's affairs as at 31 December 2021, 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; 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 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 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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report, thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 trustees' report (incorporating the strategic report and the directors' report) 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 strategic report and the directors' 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 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 directors' 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 prepare the financial statements in accordance with the small companies' regime and did not take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in The trustees' responsibilities statement set out on page 13, The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as The trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

INDEPENDENT AUDITOR'S REPORT (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006, Charities Act 2011, Charities SORP 2019, requirements of Ofsted inspections and tax legislation .

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non- compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.
- Obtaining the latest Ofsted reports and ensuring there were no areas of concern or no measures enforced.

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.

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

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Mercer & Hole

Steve Robinson FCA
Senior Statutory Auditor
For and on behalf of Mercer & Hole
Chartered Accountants and Statutory Auditors
Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

27-6-22

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds	Restricted Funds	Total 2021	Total 2020
		£	£	£	£
Income and Expenditure					
INCOME:					
Donations and legacies	3	5,488	-	5,488	7,265
Income from charitable activities	4	8,093,134	67,093	8,160,227	6,967,794
Investment income	5	4	-	4	157
Total Income		8,098,626	67,093	8,165,719	6,975,216
EXPENDITURE:					
Expenditure on charitable activities	6	7,939,723	65,980	8,005,703	6,926,838
Total Expenditure		7,939,723	65,980	8,005,703	6,926,838
Net income and net movement in funds for the year		158,903	1,113	160,016	48,378
Reconciliation of funds					
Total funds brought forward		385,178	4,820	389,998	341,620
Total funds carried forward		544,081	5,933	550,014	389,998

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continued activities.

The accompanying accounting policies and notes form an integral part of the financial statements.

The 2020 comparative includes both restricted and unrestricted funds, a breakdown of the comparatives can be found in note 22 to these financial statements.

BALANCE SHEET

	Note	2021		2020	
		£	£	£	£
Fixed Assets					
Intangible assets	11		228,038		274,943
Tangible assets	12		826,769		754,430
			1,054,807		1,029,373
Current Assets					
Stocks		10,776		6,057	
Debtors	13	146,033		123,549	
Cash at bank and in hand		232,976		354,318	
Total Current Assets		389,785		483,924	
Creditors:					
Amounts falling due within one year	14	(705,903)		(849,073)	
Net Current Liabilities			(316,118)		(365,149)
Total Assets less Current Liabilities			738,689		664,224
Creditors:					
Amounts falling due after one year	15		(188,675)		(274,226)
Net Assets			550,014		389,998
The funds of the charity					
Restricted Funds	18		5,933		4,820
Unrestricted Funds	18		544,081		385,178
Total Charity Funds	18		550,014		389,998

Approved by the Board of Trustees on 7th May 2022

M. R. Stone

Trustee

Company number: 07703801

STATEMENT OF CASH FLOWS

	Note	2021	2020
		£	£
Net cash used in operating activities	20	322,515	342,235
Cash flows from investing activities			
Interest income		-	-
Purchase of tangible fixed assets		(240,155)	(509,209)
Purchase of intangible fixed assets		-	-
Net cash used in investing activities		(240,155)	(509,209)
Cash flows from financing activities			
Investment income		4	157
Proceeds from borrowings		-	490,000
Repayment of borrowings		(180,181)	(25,593)
Interest paid		(23,526)	(8,976)
Net cash from financing activities		(203,703)	445,588
Increase in cash and cash equivalents in the year		(121,342)	278,614
Cash and cash equivalents at the beginning of the year		354,318	75,704
Cash and cash equivalents at the end of the year		232,976	354,318

Analysis of changes in net debt	**1 January 2021**	**Cash flows**	**Interest charges**	**31 December 2021**
Cash at bank and in hand	354,318	(121,342)	-	232,976
Borrowings excluding overdrafts	(463,383)	(180,181)	(23,526)	(667,090)
	(109,065)	(301,523)	(23,526)	(434,114)

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Basis of preparation

Acorn Early Years Foundation is a company limited by guarantee registered in England and Wales . In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activity is the provision of childcare in nurseries, out of school clubs and forest schools.

The financial statements have been prepared in accordance with 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Acorn Early Years Foundation meets the definition of a public benefit entity under FRS 102. 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 prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest £.

b) Preparation of the accounts on a going concern basis

At the time of approving the financial statements, the Trustees have a reasonable expectation, after taking into account the impact of COVID-19 on the Charity, that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

c) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants 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 measured reliably and is not deferred.

Fee income is allocated to the month to which it relates, and the free entitlement funding is allocated on the same basis, with policies in place to ensure entitlement is verified prior to headcount dates.

d) Interest receivable

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.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity. Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

1. Cost of raising funds comprises the costs of activities outside the regular operation of the nurseries, forest schools, catering and training department.
2. Expenditure on charitable activities comprises the costs of commercial trading including the running of the nurseries and their associated costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

g) Governance costs

Governance costs are those functions that assist the strategic work of the Charity but do not directly undertake charitable activities. These costs have been allocated to expenditure on charitable activities. Governance costs are set out in note 7.

h) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

i) Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis.

j) Finance leases

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the statement of financial activities on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

k) Tangible fixed assets

Individual fixed assets are capitalised at cost and are depreciated over their useful economic lives on a straight-line basis as follows:

Asset Category	Annual rate
Leasehold Improvements	Lower of 10% of cost and length of lease
Office Equipment	20% - 33.3% of cost
Fixtures and Fittings	20% - 25% of cost
Motor Vehicles	20% of cost
Play Equipment	20% of cost

l) Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably. All intangible fixed assets are amortised on a straight-line basis over the estimated economic life of 10 years.

m) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the Charity would have been willing to pay for the items on the open market.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pension costs

The Charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Charity. The annual contributions payable are charged to the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

r) Pension costs (continued)

The Charity is also part of the Bucks CC LGPS which is a defined benefit scheme. The Charity has two employees in this scheme who work at Acorn at Westcroft. Bucks CC has confirmed that when the Charity took over these nurseries, the portion of the LGPS relating to it was transferred at no deficit/no surplus. As there is no deficit, a valuation has not been obtained under FRS102 section 28. The payments have been expensed in the same way as that of defined contribution scheme payments.

s) Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

2. Legal status of the Charity

The Trust is a Company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

3. Income earned from donations and legacies

	Unrestricted Funds	Restricted Funds	Total 2021	Total 2020
	£	£	£	£
Donations	5,488	-	5,488	7,265
	5,488	-	5,488	7,265

In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

NOTES TO THE FINANCIAL STATEMENTS

4. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Total 2021	Total 2020
	£	£	£	£
Childcare income	7,641,659	67,093	7,708,752	5,946,672
Training courses	28,071	-	28,071	22,578
Forest school activities	59,354	-	59,354	24,034
Catering income	98,072	-	98,072	80,268
Consultancy income	1,060	-	1,060	2,810
JRS grant income	109,101	-	109,101	878,179
Other income	155,817	-	155,817	12,893
	8,093,134	67,093	8,160,227	6,967,794

Local authority grants totalling £2,083,398 (2020: £1,770,131) received relates to the 2 year old offer and the National Education Fund for all 3-4 year olds.

Restricted local authority grants of £67,093 (2020: £33,385) relate to deprivation funding, inclusion and disability access funding grants. Further information on restricted funds can be found in note 18.

5. Investment Income comprises bank interest income.

NOTES TO THE FINANCIAL STATEMENTS

6. Analysis of expenditure on charitable activities

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Childcare costs	6,770,397	65,980	6,836,377	5,749,430
Training course costs	60,257	-	60,257	37,236
Catering costs	147,290	-	147,290	122,137
Forest school activities costs	79,461	-	79,461	86,646
Property and administration	827,177	-	827,177	897,307
Accountancy fees	2,542	-	2,542	1,250
Auditor's remuneration	6,250	-	6,250	6,250
Legal and professional fees	15,834	-	15,834	15,014
Other financial costs	30,515	-	30,515	11,568
	7,939,723	65,980	8,005,703	6,926,838

7. Net income / (expenditure) for the year

This is stated after charging:	2021 £	2020 £
Depreciation	167,814	117,221
Amortisation	46,905	46,905
Operating lease payments	423,955	357,170
Auditor's remuneration:		
Audit fees	6,250	6,250
Accountancy services	2,542	1,250

NOTES TO THE FINANCIAL STATEMENTS

8. Net income / (expenditure) for the year (continued)

Analysis of governance costs

	2021 £	2020 £
Audit fees	6,250	6,250
Trustees expenses	-	207
Consultancy fees	-	2,298
	6,250	8,755

9. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

	2021 £	2020 £
Salaries and wages	5,391,810	4,717,734
Social security costs	343,831	303,246
Pension costs	226,238	210,695
	5,961,879	5,231,675

One employee had employee benefits in excess of £60,000, with total employee benefits excluding employer pension costs falling within the band of £90,000 to £100,000 (2020: 1 employee falling within the band of £90,000 to £100,000). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The Charity Trustees were not paid or received any other benefits from employment with the Charity in the year (2020: £nil). No trustees were reimbursed expenses during the year (2020: £207). The amount of consultancy fees paid to trustees in the year was £nil (2020: £nil).

The key management personnel of the Charity comprise the trustees, who receive no remuneration, the Chief Executive Officer, and the senior leadership team. The total employee benefits of key management personnel of the Charity were £381,609 (2020: £330,117).

NOTES TO THE FINANCIAL STATEMENTS

10. Staff numbers

The average monthly number of persons (including directors) employed by the Charity during the year was as follows:

	2021 Number	2020 Number
Total staff	341	308
	341	308

11. Intangible fixed assets

	Goodwill
Cost	
As at 01 January 2021	470,732
Additions	-
Disposals	-
As at 31 December 2021	**470,732**
Amortisation	
As at 01 January 2021	195,789
Charge for the year	46,905
Amortisation on disposals	-
As at 31 December 2021	**242,694**
Net book value	
As at 31 December 2021	**228,038**
As at 31 December 2020	274,943

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets

	Leasehold Improvements	Office Equipment	Fixtures & Fittings	Motor Vehicles	Play Equipment	Total
Cost						
As at 01 January 2021	776,256	71,637	244,514	30,989	72,779	**1,196,175**
Additions	199,945	-	35,780	-	4,428	**240,153**
Disposals	-	-	-	-	-	-
As at 31 December 2021	**976,201**	**71,637**	**280,294**	**30,989**	**77,207**	**1,436,328**
Depreciation						
As at 01 January 2021	170,244	67,116	148,083	17,508	38,794	**441,745**
Charge for the year	121,633	1,549	28,849	3,994	11,789	**167,814**
On disposals	-	-	-	-	-	-
As at 31 December 2021	**291,877**	**68,665**	**176,932**	**21,502**	**50,583**	**609,559**
Net book value						
As at 31 December 2021	**684,324**	**2,972**	**103,362**	**9,487**	**26,624**	**826,769**
As at 31 December 2020	606,012	4,521	96,431	13,481	33,985	754,430

13. Debtors

	2021	2020
	£	£
Trade debtors	12,446	19,791
Other debtors	40,457	30,738
Prepayments	93,130	73,020
	146,033	123,549

NOTES TO THE FINANCIAL STATEMENTS

14. Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loan	85,551	80,181
Other loans	-	100,000
Trade creditors	97,639	73,378
Taxation and social security	82,844	67,055
Other creditors	418,731	493,102
Accruals	21,138	35,357
	705,903	849,073

Acorn Early Years Foundation operates a defined contribution pension scheme for all eligible staff. Outstanding contributions awaiting payment at the 31 December 2021 were £35,745 (2020: £35,125).

In 2020 the charity borrowed £380,000 from The Charities Aid Foundation Bank plc. This loan is secured with a fixed and floating charge over all the Charity's assets and repayable over four years from September 2020 at an interest rate of 6.5% above the base rate, after a six month capital and repayment holiday. At 31 December 2021 the loan balance outstanding is £274,226 (2020: £354,407).

In 2020 the charity borrowed £100,000 through the Government's Resilience and Recovery Loan Fund, part of the Coronavirus Business Interruption Scheme. The loan was repaid in full during the year.

15. Creditors: amounts falling due after one year

	2021	2020
	£	£
Bank Loan	188,675	274,226
	188,675	274,226

NOTES TO THE FINANCIAL STATEMENTS

16. Deferred Income

Included within other creditors are balances relating to deferred income. Deferred income comprise fees and grant income receipts related to financial year 2021.

	2021	2020
	£	£
Balance as at 1 January 2021	439,479	277,702
Amounts released to income earned from charitable activities	(439,479)	(277,702)
Amount deferred in year	357,115	439,479
Balance as at 31 December 2021	357,115	439,479

17. Commitments under operating leases

As at 31 December 2021 the Charity had annual commitments under non-cancellable operating leases as set out below:

	2021			2020		
	Property leases	Other operating leases	Total	Property leases	Other operating leases	Total
	£	£	£	£	£	£
Amounts payable within 1 year	300,647	25,425	326,072	291,351	22,245	313,596
Amounts payable between 2 to 5 years	1,020,516	33,460	1,053,976	844,581	11,831	856,412
Amounts payable after 5 years	448,115	-	448,115	593,583	-	593,583
	1,769,278	58,885	1,828,163	1,729,515	34,076	1,763,591

In addition to the commitments under operating leases shown above, the Charity has in place an operating lease commitment for an amount of £13,200 per annum (2020: £13,200) per annum with no specified end date.

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance at 1 January 2021	Income	Expenditure	Balance at 31 December 2021
	£	£	£	£
General funds	385,178	8,098,626	(7,939,723)	544,081
Designated funds	-	-	-	-
Total	385,178	8,098,626	(7,939,723)	544,081

Analysis of movements in unrestricted funds - previous year

	Balance at 1 January 2020	Income	Expenditure	Balance at 31 December 2020
	£	£	£	£
General funds	322,694	6,941,631	(6,889,147)	385,178
Designated funds	-	-	-	-
Total	322,694	6,941,631	(6,889,147)	385,178

Name of unrestricted fund	Description, nature and purposes of the fund
General fund	The 'free reserves' to cover normal fluctuations of working capital.
Designated fund	Funds set aside by the Trustees for a specific purpose. There are no designated funds during the year.

NOTES TO THE FINANCIAL STATEMENTS

Inclusion Grants	Funding provided by local Government in order to fund 1:1 staffing for children with additional needs. During the year such funding was received to provide additional staffing for eighteen children.

19. Analysis of net assets between funds

Analysis of net asset movements between funds

	Fixed Assets	Net Current Liabilities	Total 2021	Total 2020
	£	£	£	£
Restricted funds	-	5,933	5,933	4,820
General unrestricted funds	1,054,807	(510,726)	544,081	385,178
	1,054,807	(504,793)	550,014	389,998

Analysis of net asset movements between funds - previous year

	Fixed Assets	Net Current Liabilities	Total 2020	Total 2019
	£	£	£	£
Restricted funds	-	4,820	4,820	8,926
General unrestricted funds	1,029,373	(644,195)	385,178	332,694
	1,029,373	(639,375)	389,998	341,620

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds (continued)

Analysis of movements in restricted funds

	Balance at 1 January 2021	Income	Expenditure	Balance at 31 December 2021
	£	£	£	£
MKC Jubilee Wood deprivation funding	4,620	12,218	(10,905)	5,933
Enjoy Benefits Shenley donations	200	800	(1,000)	-
Enjoy Benefits Kents Hill donations	-	400	(400)	-
Teds Kents Hill donations	-	1,000	(1,000)	-
DAF Funding	-	52,675	(52,675)	-
Total	4,820	67,093	(65,980)	5,933

Analysis of movements in restricted funds - previous year

	Balance at 1 January 2020	Income	Expenditure	Balance at 31 December 2020
	£	£	£	£
MKC Jubilee Wood deprivation funding	7,797	11,123	(14,300)	4,620
Enjoy Benefits Shenley donations	-	200		200
DAF funding	1,129	1,230	(2,359)	-
Inclusion grants	-	21,032	(21,032)	-
Total	8,926	33,585	(37,691)	4,820

Name of restricted fund	Description, nature and purposes of the fund
MKC Jubilee Wood deprivation funding	Deprivation funding is based on the postcodes of children contained within headcount data for Nursery Education Funding. Funding has been used to provide increased learning opportunities and to encourage achievement - enhancing indoor and outdoor learning.
Enjoy Benefits Shenley donations	The purpose of the fund was to help develop the outdoor and sensory areas of Shenley Nursery.
Enjoy Benefits Kents Hill donations Teds Kents Hill donations	These funds are derived from children's parents using a voucher company and in return the nursery get a payment from that voucher company.
DAF Funding	The charity received Disability Access Funding in the year for three children.

NOTES TO THE FINANCIAL STATEMENTS

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2021	2020
	£	£
Net movement in funds	160,016	48,378
Add back depreciation charge	167,814	117,221
Add back amortisation charge	46,905	46,905
Deduct bank interest received	(4)	(157)
Add back loan interest paid	23,526	8,976
Decrease / (increase) in stock	(4,719)	5,847
Decrease / (increase) in debtors	(22,484)	8,160
Decrease in creditors	(48,539)	106,905
	322,515	342,235

21. Related party transactions

Reimbursements to trustees for travel expenses are disclosed in note 9, and trustees with children attending Acorn settings paid full fees. Acorn Nursery Properties Limited (ANP), the landlord for two of the nursery buildings, is a related party as the CEO (key management personnel) is the majority shareholder in ANP. ANP charged rent to the charity of £69,000 (2020 £51,750 – ANP gave a rent free period of three months during the Covid-19 pandemic). The charity charged ANP £600 (2020 £600) for book-keeping services.

NOTES TO THE FINANCIAL STATEMENTS

22. Comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Total 2020
	£	£	£
Income and Expenditure			
INCOME:			
Donations and legacies	7,065	200	7,265
Income from charitable activities	6,934,409	33,385	6,967,794
Investment income	157	-	157
Total Income	6,889,147	33,585	6,975,216
EXPENDITURE:			
Expenditure on charitable activities	6,889,147	37,691	6,926,838
Total Expenditure	6,889,147	37,691	6,926,838
Net income/(expenditure) and net movement in funds for the year	52,484	(4,106)	48,378
Reconciliation of funds			
Total funds brought forward	322,694	8,926	341,620
Total funds carried forward	385,178	4,820	389,998

ACORN EARLY YEARS FOUNDATION

England & Wales - Charity number 1145108

Accounts

ACORN EARLY YEARS FOUNDATION

(A Charitable Company Limited by Guarantee)

FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2020

Charity number: 1145108

Company number: 07703801

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TRUSTEES' REPORT

The trustees, who are also the directors of the Charity for the purposes of the Companies Act, submit their Annual Report together with the audited financial statements for the year ended 31 December 2020. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Reference and Administrative Details

Charity name:	Acorn Early Years Foundation
Also known as:	Acorn Early Years; Acorn Childcare; Acorn Forest Schools, Acorn Training, Acorn Catering
Charity number:	1145108
Company number:	07703801

The registered address for the Charity is also the temporary office address for the Central Support team:

Wesley House
17 South Street
Castlethorpe
Milton Keynes
MK19 7EL

The trustees who served during the period were as follows:

Ruth Stone	Appointed June 2016, Chair from June 2017
Hannah Evans	Appointed June 2017
Carolyn Norfolk	Appointed June 2017
Katy Boyd	Appointed June 2017, resigned May 2020
Giles Chilton	Appointed December 2017
Eva Lloyd-Reichling	Appointed June 2018
Narendra Laljani	Appointed July 2018
Vanessa Gwynn	Appointed February 2020
Damien Beedham	Appointed February 2020
Allawee Albaghdadi	Appointed February 2020
Rebecca Charles	Appointed February 2020, resigned September 2020
Robert Prosser-Dryer	Appointed February 2021

The trustees delegate the day-to-day management of the charity to the chief executive officer and the senior leadership team:

Zoe Raven	CEO & Company Secretary
Teresa Gardner	Finance Manager
Alex Hunter	Operations Manager
Kieran Glackin	HR Manager
Laura Andrews	Senior Early Years Manager
Gabbie Brandon	Marketing and Communications Manager
Steve Petty	Facilities and Health & Safety Manager

Bankers: Handelsbanken
Moorgate House
201 Silbury Boulevard
Milton Keynes
MK9 1LZ

TRUSTEES' REPORT

Solicitors:	Richard Willis Geoffrey Leaver 251 Upper Third Street Central Milton Keynes MK9 1DR
Auditors:	Steve Robinson Mercer and Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes MK9 2AF

TRUSTEES' REPORT

About Acorn Early Years Foundation

History of Acorn

The first Acorn Day Nursery opened in 1989, in the village of Castlethorpe, in the home of founder, Zoe Raven, who then grew the organisation into Acorn Childcare, a group of seven nurseries in Milton Keynes and Northants. In 2009, a not-for-profit sister company, Tall Oaks, was formed to offer training and forest schools, and this then became a charitable social enterprise in 2011, as part of a plan to transfer the original Acorn nurseries into a not-for-profit organisation. New nurseries and the existing nurseries and out-of-school clubs were then transferred in stages into Acorn Childcare 2, the charitable company, and when this staged transition was completed at the end of 2016, with all operations transferred to the charity, the organisation changed its name to Acorn Early Years Foundation (Acorn) to reflect the range of childcare and related services being provided.

The driver behind the move from private company to charitable social enterprise was the desire to provide high quality, affordable childcare and early years education in areas of deprivation as well as in more affluent locations, and this was made possible with a cross-subsidy model. As the organisation has evolved, the emphasis on social impact has become central to its policies, practice, ethos and values. Acorn has a reputation for encouraging outdoor play and learning, for providing professional development opportunities and for an ethic of care which is embedded across the organisation. It has also developed extensive experience of working in partnership with other organisations, and offering innovative solutions to childcare problems, including occasional crèches for charity conferences, and providing freshly cooked healthy meals for nurseries that have limited catering facilities.

Mission and Objectives

Acorn's mission statement is *'to be an inspirational learning organisation which operates a model of excellence for early years care and education which is accessible to all'.*

The charity's objectives are to enhance the development and education of children primarily under the age of eleven by:

1. The provision of high quality childcare in nurseries, out-of-school clubs and forest schools;
2. Working to ensure that high quality childcare is available to children and families regardless of means, race, disability, gender, religion, belief or any other factor;
3. Identifying other social and developmental support needs of children and families and seeking to ensure these are met;
4. Encouraging, enabling and supporting the involvement of parents and carers in their children's learning and development; and
5. Contributing to the professional development of those working in childcare.

Ethos and Pedagogy

Acorn have embraced an ethic of care as a basis for its core values, and a relational pedagogy. The ethic of care prioritises caring relationships and a responsive approach. It views care as a value, not just a practice, and is applied to Acorn's dealings with everyone; children, family members, staff members and the local community. Children need to experience and to see genuinely caring practices if they are to learn how to develop caring relations and a caring attitude themselves. A relational pedagogy underpins children's learning and development, recognising the importance of personal relationships between children, parents and staff and the role of adults in children's education. This also includes children's relationships with people in local communities, including the elderly, and with the natural world. Home visits are normally a key aspect of the settling-in process for children, laying the foundations of a partnership with parents, and intergenerational visits to care homes and retirement accommodation are a regular feature for most of the nurseries. Both home visits and the intergenerational visits were unable to take place during the Covid pandemic, but we hope to reintroduce both of these in the near future. Acorn's approach aims to be holistic and personalised, and prioritising caring relationships, which are critical to a child's social and emotional wellbeing.

TRUSTEES' REPORT

The five values that arise from this ethos are:

Personal – personalising care and education, treating children, parents and staff as individuals, within supportive, respectful relationships

Professional – striving to be a learning organisation, continually reflecting and developing the knowledge, skills and qualifications of the staff teams

Nurturing – the core of Acorn's ethic of care; professional love within a holistic approach that encompasses nutrition and encouragement of healthy lifestyles

Outdoor – encouraging play and learning in natural environments, through extensive forest school provision, and every child spending time outdoors every day

Ethical – putting children before profit, and being inclusive and sustainable, both environmentally and financially. Seeking excellence, honesty and integrity in all aspects of Acorn's work

Structure, Governance and Management

Acorn Early Years Foundation is incorporated as a Charitable Company limited by guarantee, and has a governing document of Articles of Association.

The board of trustees delegates the administration, including financial management, to the CEO, who works with a central support office team to co-ordinate support for the nurseries, out-of-school clubs, forest schools, catering department and training centre. The trustees have approved a financial delegated authority framework, and a risk management framework and register. Role descriptions for the CEO, chair and trustees set out the scope of delegation, and trustees have adopted a code of conduct.

Acorn has a robust procedure for recruiting and onboarding potential trustees. Based on a skills matrix, gaps within the skill set of the current board are identified and potential board members are sought, measuring their capabilities to fill the gap. The initial shortlisting and interview process is delegated to the Governance & HR Committee, who then recommend individuals to attend a board meeting as non-voting members, before a unanimous agreement by all present board members is required prior to the appointment. Policy reviews are presented to the trustees, and trustees are encouraged to focus on at least one key area of the organisation. Eva Lloyd and Vanessa Gwynn jointly share the role of Safeguarding Trustee. Trustees discuss and approve the pay and remuneration of the CEO each year and have an overview of senior management salaries and the overall pay scale and fair pay policy. There are four committees; Finance, Audit and Risk, chaired by Hannah Evans; Strategy and Impact, chaired by Narendra Laljani; Governance and HR, chaired by Vanessa Gwynn, and Childcare, Learning and Development, chaired by Eva Lloyd.

The Board of Trustees

There were seven trustees at the start of 2020, and then four new appointments in February, following a recruitment drive at the end of 2019. During the year there were also two resignations, resulting in nine trustees by the end of the year. There was only one face to face full board meeting in 2020, but from March onwards there were regular conference calls. In addition to the scheduled four further full board meetings, there were seven additional conference calls with the full board, all with a Covid-specific agenda, with ten committee meetings, including five by the Finance, Audit and Risk committee. Site visits were not possible from March onwards, but trustees received regular updates from the CEO, either weekly or monthly, to ensure that they were fully informed and involved in all aspects of the response to the pandemic.

How Acorn's Activities Deliver Public Benefit

Acorn provides accessible, high quality childcare and early education in its nurseries, out-of-school clubs and forest schools for children from 4 months to 11 years. In safe and supportive learning environments, highly qualified and professional practitioners nurture each child's social, emotional, and physical development, building their self-confidence and love of learning and thereby preparing them to take advantage of opportunities, responsibilities and experiences in later life.

TRUSTEES' REPORT

Acorn aims to be socially inclusive and seeks to give all children high quality childcare regardless of background. Acorn is committed to providing the government-funded entitlement to childcare and aims to ensure that children attending only the funded hours benefit from the full extent of the activities and resources provided within those sessions, without any additional charges. Acorn's fees are set at rates which are as affordable as possible without jeopardising quality and aim to be below the fee rates at comparable private providers. Places are also made available for the local authority and for children with additional needs. Acorn operates a cross-subsidy model, which monitors and evaluates the financial viability and the social impact of each nursery to ensure a balance across the group.

Partnership working with children's centres, local authorities, schools and external agencies is a key feature of Acorn's success in supporting parents and carers, and in promoting the early years sector as a career pathway for both young people and adults seeking a change of career. Regular visits to retirement and care homes also enrich the lives of elderly residents in local communities.

The professional development of Acorn's childcare workforce is a key part of the strategy for maintaining high quality within the settings. Training provision and support are provided for all practitioners, from apprentices up to those working towards higher level degrees, as a major focus in the strategy to continually improve quality. Pay scales are improved annually, and Acorn's Action Research Group is developing ways to support parents, measure social impact and continually improve childcare practice.

The support for the professional development of early years practitioners extends beyond the Acorn workforce through the Acorn training division. Courses covering core subjects such as safeguarding, inclusion and first aid are run alongside a range of wider subjects, from forest school leader training to experiential play.

Forest schools and outdoor play and learning are of particular importance in delivering public benefit to children who would otherwise miss out on the opportunity to engage with the natural world and benefit from the freedom, autonomy and sensory experiences of the outdoor environment. Sessions are delivered to children attending Acorn nurseries during funded hours at no additional charge, and during school holidays forest school sessions are offered to school age children, including many with additional needs.

The trustees have had regard to the Charity Commission's guidance on public benefit.

Achievements and Performance in 2020

Early Years

The impact of the Covid-19 pandemic dominated the year, drastically affecting occupancy levels, our ability to offer out-of-school care and holiday playschemes, and affecting practices in significant ways. Key worker families and those with children deemed vulnerable continued to access early years provision throughout the year, and although six nurseries temporarily closed, some staff and children from those nurseries were able to continue to access Acorn provision at other sites. Home visits were suspended, as were the visits to care homes and other community activities, and for much of the year, forest school trips were also suspended. Parents and carers were no longer encouraged to come into the nursery, with handovers taking place at the door. There were enormously creative and imaginative efforts on the part of practitioners to maintain contact with children who were unable to continue to attend nurseries, including messages, videos and zoom calls. Some of these were shared widely, including globally. Some nurseries also lent out resources to families and to the local community. Parents were very supportive of all the additional hygiene measures in place, and also financially supportive, during periods when fees were charged on a voluntary basis. Some of the nurseries that remained open also accepted additional children from families whose usual nurseries had closed.

There was only one Ofsted inspection, at the end of February, in which our Sharnbrook nursery was judged Good throughout. The biggest event was that our long-planned nursery at the YMCA in Central Milton Keynes finally opened in July 2020, bringing the number of places offered across the nurseries to 719. A socially distanced opening took place, attended by the Mayor of Milton Keynes, accompanied by his daughter, who had attended the first Acorn nursery several years earlier.

A research paper on the benefits of home visits was presented at the British Early Childhood Education Research Association conference in February, just a few weeks before home visits had to be temporarily suspended.

TRUSTEES' REPORT

One of Acorn's practitioners at the Burton Latimer nursery won the Nursery Management Today's Rising Star award, and the Kents Hill nursery was shortlisted for Nursery World's Nursery Team of the Year as well as the Manager being shortlisted for the Nursery Manager of the Year.

Forest School

2020 was a challenging year for Acorn's forest school provision as, despite the outdoor environment being the safest place for children to be, the Covid-19 pandemic and associated lockdowns restricted nursery/school trips in the local community, face-to-face training sessions, and any family sessions. This resulted in external forest school sessions and training courses for large parts of the year being cancelled. Despite these challenges, the team adapted and made the most of some of the opportunities that the year brought, such as significantly increasing the uptake in sessions for home-educated children, adapting the Level 3 training courses so that they incorporated some online learning elements, and opening a new holiday club at the Cold Harbour Outdoor Learning Centre. The Cold Harbour holiday club proved to be a covid-safe and very popular location for the outdoor holiday club, and one that will continue to remain open on a permanent basis, running alongside the usual forest school holiday club.

The Covid-19 pandemic also highlighted the importance of each nursery having their own qualified forest school leaders permanently based in the setting. Those nurseries with their own forest school leaders were able to continue offering forest school provisions on site throughout the year, even at the height of the pandemic. On the other hand, the restrictions meant that the few nurseries that did not have their own forest school leaders, or that have more limited access to good outdoor spaces, struggled to offer regular forest school provisions for their children. Looking ahead to 2021, the priority is therefore to focus forest school training opportunities on those settings without their own forest school leaders and ensuring that all Acorn nursery children get regular access to forest school sessions before they leave to go to school.

Training Centre and Consultancy

Like many training providers, the pandemic meant that Acorn had to adapt and make better use of technology to deliver external training and consultancy services. In partnership with an external trainer, Acorn adapted the range of safeguarding courses so that they could be delivered online using Microsoft Teams. The L3 Forest School qualification was also adapted so that it could be delivered partially online. Unfortunately, some of the more practical and creative early years courses were not able to take place in 2020, but these will be picked up again in 2021 as restrictions are lifted.

Understanding the challenges facing the sector due to Covid-19, Acorn offered a special rate on remote consultancy services for early years providers and childminders, supporting settings to re-open and operate during the Covid-19 pandemic, in line with government guidelines. The normal offering was expanded to include other business areas such as health & safety and understanding the furlough scheme, and the support for other settings was very much appreciated, as this feedback shows:

> *"This has been a difficult time for us all and nobody has ever experienced anything like it... [Becky] has helped us to keep the nursery open for all our key workers and vulnerable children whilst also making sure we keep the staff in the setting safe. Becky has provided guidance on how many children we can accept in a bubble, what to do if we had a suspected case of Covid, whilst also supporting us with the toys we can currently use and the sharing of new guidelines as they have been released".*

Catering

With many early years settings staying open for children of key workers and vulnerable children throughout the year, it was imperative that Acorn's catering service also continued to operate, providing children with a healthy and balanced diet, and a sense of normality at a time when so much was changing for them. Of the eight nurseries the service supplied meals to prior to Covid-19, four nurseries stayed open throughout the year. The catering team also adapted the normal delivery process in order to accommodate a ninth nursery at short notice, after they lost their previous supplier.

Acorn Catering also supported Milton Keynes Council to deliver their holiday hunger project in the 2020 summer holidays, preparing 640 sandwiches per week (3,840 total) which were distributed to deprived families as part of a cold lunch bag from four family centres across Milton Keynes. This project helped ensure that children usually in receipt of free school meals were able to access a healthy and filling lunch throughout the school summer holidays.

TRUSTEES' REPORT

Acorn's People

Acorn had a workforce of 306 at the end of 2020, an increase of 14 from the previous year, due mainly to the increased occupancy at several of the nurseries and the opening of the new nursery at the YMCA. At the peak of the nursery closures, 83% of the workforce were furloughed, and there were some redundancies, due partly to the cost-cutting measures in the central office, but also due to a dramatic decrease in occupancy at one nursery and to the permanent closure of the out-of-school clubs at Oakley Vale. For much of the year, however, most employees who wished to continue working were able to do so, at least part-time, and critically vulnerable employees were able to remain on furlough. The flexi-furlough scheme in particular helped to offset the increased cost of staffing during the pandemic, when the bubble system reduced the ability to move staff within and between settings.

The central support team worked hard to support both working staff and those who had been furloughed, to ensure that employee wellbeing remained a focus point during lockdowns, with regular remote contact and weekly email updates to all employees. Several surveys were sent out to staff, to gauge the success of these, and to monitor employee wellbeing, and the results were very encouraging, including comments like "The weekly updates from Kieran and Zoe are excellent, informative and amusing"; "I've really found comfort in the weekly updates, it's cheered me up no end some weeks" and "The 'feel' of the emails are very friendly and I feel like I can get in contact if I have any worries about anything." Nurseries also organised their own quizzes and online social events, using Zoom and WhatsApp. 84% of employees who continued working through lockdown felt that their health and wellbeing remained high, and 87% of those on furlough felt that Acorn had supported them well both through lockdown and their phased return to work. Particular efforts were made to work closely with employees with disabilities or health conditions, including adapting shifts where this enabled commuting journeys to be made safer.

In addition to weekly virtual meetings with nursery managers, the employee forum and several committees met during the year, using Zoom or Teams. These included the Eco-committee, the Action Research group, and those for Health and Safety representatives, SEND co-ordinators and Designated Safeguarding Leads. The success of these, and of the communications between the Central Support Office team led to a realisation that virtual meetings will play a continuing role within the organisation after the Covid-19 pandemic, as it often proved easier to free employees up for an hour or two, instead of having to factor in travel time for face-to-face meetings. The social events of the year, and the annual staff conference, had to be cancelled, which was disappointing, as these provide valuable opportunities for practitioners from different settings to network with each other.

Recruitment continued to be challenging, particularly in attracting qualified practitioners, and the Covid-19 financial pressures limited the progress towards Acorn becoming a Living Wage employer. The annually revised pay scale continued to ensure that qualified, experienced practitioners are paid at least the equivalent of the UK Living Wage. Acorn's commitment to environmental improvements also includes an emphasis on facilitating local employment where possible, including allowing employees to transfer to other Acorn nurseries when practicable. Reporting on Acorn's progress in improving the gender balance of the workforce was paused in 2020, but although gender pay gap reporting was suspended for the year, the work continues, and Acorn continue to ensure that fair and equal pay is implemented across the Acorn workforce. The trustees continue with the published aim that Acorn will deliver the UK Living Wage to at least 5% more employees each year, with 100% achieved by 2028. At 31 December 2020 61% of employees were paid at least the UK Living Wage.

Training and Professional Development

Acorn continued to support apprentices and other learners throughout 2020, and of 22 apprentices in the year, 13 achieved their qualification. 11 new learners began their journey, and, whilst maximising the use of the apprenticeship levy, Acorn contributed an additional 48% of the levy contributions in employer top-up to make the shortfall. 2020 also saw five of Acorn's employees work towards higher level qualifications within Early Years. A skills matrix was introduced for Acorn practitioners, to supplement personalised professional development plans, and this also proved useful as a tool to be used within supervisions. 19 Acorn practitioners achieved an internal promotion during the year. Three of the four planned training days went ahead, but these were largely online. A wide range of online training courses were made available to the workforce, and many furloughed employees chose to continue their professional development by making use of those resources from home.

Reinvestment

The Covid-19 pandemic cost-cutting resulted in a reduction in the plans for capital expenditure on leasehold improvements, but essential repairs, ongoing redecoration and garden improvement projects were continued, and because of the increased reliance on IT, there was some investment in upgrading infrastructure, both in terms of broadband connections and in computer hardware. Some

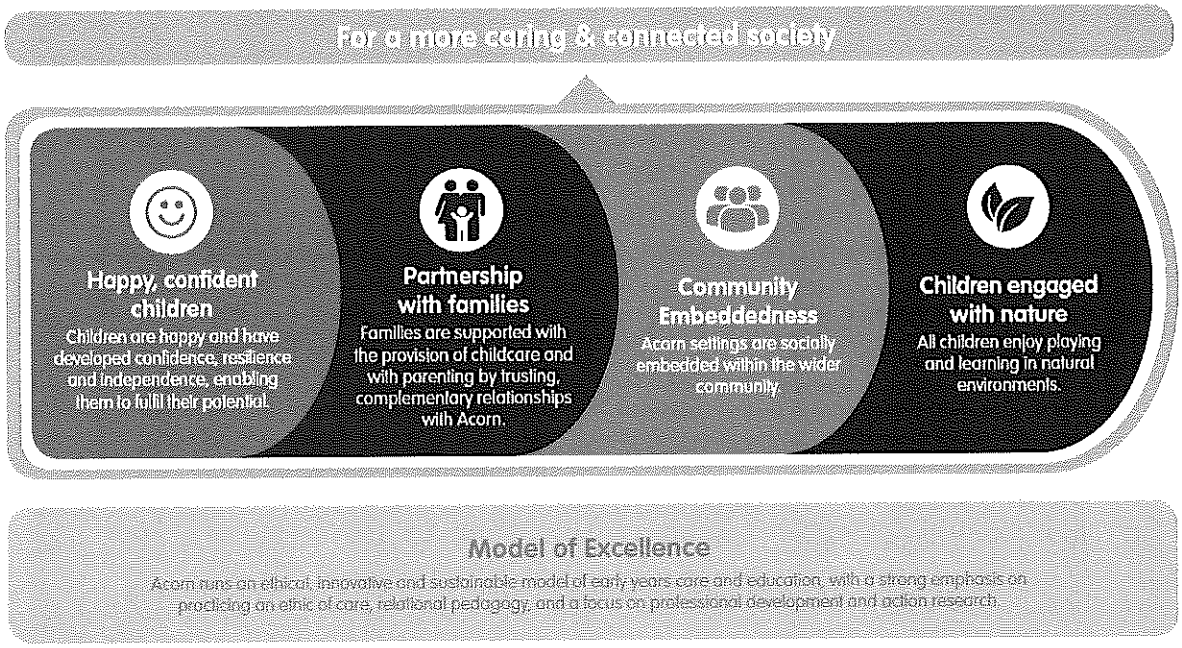
TRUSTEES' REPORT

environmental measures were implemented, including upgrading domestic appliances, and the internal appointment of a part-time health and safety assistant has resulted in improvements to internal auditing and the support for health and safety compliance across the organisation.

There was a major financial investment in the new YMCA nursery, of over £440,000, and a new shelter was installed at Cold Harbour, to improve the provision for the outdoor playscheme. The nursery at Burton Latimer also had a new shelter and improvements to their outdoor area, partially funded by fundraising activities.

Social Impact

Acorn is working towards a vision of a more caring and connected society by putting children's wellbeing and development at the centre of everything, by forming strong partnerships with families, by collaborating and engaging with others in the community, and by engaging children with nature. This is only possible because of the passion, dedication and professionalism of Acorn employees, the commitment to professional development across the workforce, and the ethic of care that underpins the Acorn ethos.



Acorn's impact model and ethic of care was never more important than in 2020 when our communities were struck by the covid-19 pandemic. With the national lockdown changing the lives of children and families overnight and forcing many parents/carers out of work or having to balance work with childcare, Acorn's priority turned towards supporting the children of key workers and vulnerable children, whilst also providing remote support with home-learning to all our other families.

During the first national lockdown when many nurseries were unable to remain open, 11 out of 12 Acorn nurseries opened to children of key workers or vulnerable children for at least some of the lockdown, whilst half of the nurseries remained open throughout, despite the financial challenges this caused. Where nurseries closed, children of key workers or vulnerable children were always offered a place at an alternative local setting, and employees were redeployed so that there was a familiar face for any children that moved to a different setting. In total, Acorn cared for 175 children of key workers or vulnerable children during the first national lockdown, which was roughly 14% of the pre-pandemic occupancy.

> *"Without the nursery staying open neither me nor my wife (both key workers) would have gone to work. You are a credit to the country. So many times the childcare sector is looked over whether it be pay, benefits, appreciation or skills training. This has to be catalyst to change this. COVID has made it clear that without this key sector, and the important people that work within it, we as a country are very stuck! We will forever be indebted to you for staying open over lockdown. The sacrifices*

TRUSTEES' REPORT

that each of your staff made for children they look after shows the caring attitude they have. We cannot express our thanks enough for all you have done."

In addition to staying open for children of key workers and vulnerable children, Acorn's staff teams came together both individually in their settings and as a wider group to provide ongoing support for those children and families locked down at home. Home-learning resource packs (such as handmade story sacks) were delivered to many disadvantaged children, videos of staff telling stories and singing songs were recorded, and activity ideas were posted via an app to Acorn families directly and to the wider public via social media. The aim of this was to maintain good levels of communication and to support parents with engaging children at home, and thus supporting their wellbeing and development. It was therefore reassuring to find out that 93% of parents/carers agreed that Acorn had supported the individual needs of their family well during lockdown (just 1% disagreed), and 94% of parents/carers were happy with the quality of communication.

"We really loved that the nursery and the practitioners and even the chef have all stayed in touch via videos and pictures while making wonderful resources for our children to engage with. We read and re-read them regularly and engaged with many of them even if we didn't manage to post back. We loved the idea of zoom yoga, reading sessions, and the idea of talking to the residents at the care home. You have developed a very rich creative practice in the time of pandemic!!"

Upon opening to all nursery children in June, setting managers spent time liaising with each family to understand their individual circumstances and explaining the measures in place at the setting so they could make an informed decision before returning. A survey following this demonstrated that over 98% of parents felt Acorn had sufficient measures in place to protect children, families and staff in the pandemic.

"We've been impressed with the amount of information we've been provided as the situation has progressed. I think you've got the right balance of measures. We have friends whose nurseries didn't go to the same level and I don't think we would have been going to nursery if Acorn hadn't taken the steps that it has."

Community embeddedness was more of a challenge in 2020 due to covid-19 restrictions; however, where possible, Acorn settings strived to support other people and organisations in the community. The out-of-school club at New Bradwell supported the school to provide care for key worker children during the school holidays in the first national lockdown when this additional responsibility had been put on the school by the government. Several Acorn nurseries also carried out window visits at local care homes to provide a valuable opportunity for local residents and the nursery children to engage with one another, at a time when opportunities for engagement were lower than ever.

In a year dominated by the pandemic, Acorn strived to provide consistency of individualised care and support to all our children and families, regardless of their circumstances or other challenges facing the organisation. This included one nursery team making up a bag of tinned and other appropriate food to help a family which was unable to buy food themselves, due to a delay with their benefit payment. At another nursery, additional staff resource was made available for a child with a high level of additional needs, who was due to start at a specialist school. A wide range of strategies was implemented during lockdown, eventually resulting in the child thriving and transitioning to a mainstream school with the rest of his peer group.

Looking ahead to 2021, Acorn's ethos and impact model will continue to underpin the organisation's activities, and the key objectives outlined behind the model, some of which were hindered throughout 2020, will once again be brought to the forefront of operating in the 'new normal'.

Financial Review

The original pre-pandemic projections for 2020, taking into account the recently opened nursery at Cold Harbour, and the new nursery at the YMCA, were for a turnover of £8.1 million, with a surplus of £188,000. In the circumstances, and despite the impact of Covid-19, the trustees are very pleased with the financial results for the year, with a turnover of £6.9 million and a surplus of £48,000. The trustees recognise that this performance reflects the swift action of the CEO and management team, the cost-cutting measures undertaken, and the financial support measures that alleviated some of the impact of lockdown.

TRUSTEES' REPORT

The trustees would expressly like to thank the families using Acorn's services, for the depth of their support and loyalty. The cross-subsidy model continued to work effectively throughout the year, and the established nurseries recovered quickly from the lockdown periods. The new nurseries, at Cold Harbour and the YMCA in Central Milton Keynes, were affected more severely, although these are now performing well. The year to December 2020 also saw a significant drop in income from the out-of-school clubs and the training centre, as these were severely affected by the lockdown periods.

Principle funding sources continued to be fees paid by families, including funded nursery education places, with significant variation in the proportion of funded places at each nursery.

Social Investment

The new nursery at the YMCA in Central Milton Keynes was financed with a loan of £380,000 from Charities Aid Foundation, from their CAF Venturesome development fund, which was drawn down in March 2020 and is now being repaid, over a period of five years.

Reserves Policy

At 31 December 2020 the charity had unrestricted reserves of £385,178 (2019: £332,694) and cash balances of £354,318 (2019: £75,704). The reserves policy was reviewed in 2020, and again in February 2021, and although the intention was originally to increase the amount of minimum unencumbered cash reserves from £75,000 to £100,000 it was agreed that the £75,000 should be continued until after the Covid pandemic. The current ratio is also monitored, with an aim of achieving a ratio of 1.0 and to maintain at least 0.5 as a minimum.

Fundraising Policy

Only a very small proportion of Acorn's income is generated from fundraising activities. Acorn has a clear written policy for any fundraising activities carried out in the organisation, and the policy also outlines the ethical considerations for such activities. Any fundraising income in 2020 is accurately documented in the accounts.

Management of Risks and Uncertainties

The trustees recognise the existence of risks to Acorn's sphere of operations, particularly after the experience of the Covid-19 pandemic in 2020. They understand the severity and level of risks and their impact, and confident that systems are in place to mitigate and monitor areas of identifiable risk in financial and operational areas and areas which could result in reputational impact.

A risk matrix is kept under constant review by the senior leadership team and is regularly reviewed by the trustees. A risk register identifies the major risks to financial, operational, governance, environmental, external and regulation and compliance areas. This works in conjunction with the risk matrix to help the trustees establish the severity of risk and how to mitigate them. The trustees receive reports at their meetings to monitor the financial and operational position of the charity and identify any exposure to risk.

Alongside these two risk management tools, Acorn has a business continuity plan in place, which identifies the major incidents and issues which could have a substantial impact on the operation of the charity; these could range from a large-scale incident such as fire or flood, to reputational damage, to a child safeguarding issue. In common with the risk management tools, this is kept under review.

The risk management process was thoroughly tested throughout the pandemic and the business continuity plan has been updated to reflect the successful experience of remote working and support for settings.

Going Concern

Throughout 2020 the trustees have received monthly reporting on the impact of Covid-19 on the finances of Acorn, and the actions management have taken to ensure it remains a going concern. Cash flow forecasts were updated and regularly reviewed by the Finance, Audit and Risk committee, and particularly in terms of the requirement for further borrowing to ensure financial sustainability.

Significant work has been undertaken to evaluate the financial and business risk for 2021 and onwards, the focus on cost management in 2020 has continued and business development plans have been amended to anticipate and reflect instability in the recovery of occupancy levels. The trustees have reviewed these plans and are comfortable about the ongoing financial viability of the organisation.

TRUSTEES' REPORT

Plans for Future Periods

An exciting opportunity to open a nursery and outdoor learning centre in the village of Emberton, near Olney, was being explored during 2020 and it is hoped that this will open in the summer of 2021. There are no current plans for further expansion after this project, as the priority will be to consolidate the financial position of the organisation. Where opportunities arise, these will continue to be evaluated.

Trustees Responsibility Statement

The trustees (who are also directors of Acorn Early Years Foundation for the purposes of company law) are responsible for preparing the trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 auditor is 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 auditor is aware of that information.

Date 16th July 2021

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Acorn Early Years Foundation for the year ended 31 December 2020, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 FRS 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 charitable company's affairs as at 31 December 2020, 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; 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 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 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 other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report, thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 trustees' report (incorporating the strategic report and the directors' report) 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 strategic report and the directors' 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 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 directors' 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 prepare the financial statements in accordance with the small companies' regime and did not take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in The trustees' responsibilities statement set out on page 13, The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as The trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT (continued)

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Reviewing manual journals for material or unusual transactions
- Reviewing charity policies for authorisation of payroll and bank payment processes
- Reviewing bank statements for material or unusual transactions
- Reviewing accounting records for related party transactions outside the course of business
- Considering if the charitable company has complied with all applicable laws and regulations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by The trustees.

- Conclude on the appropriateness of The trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



26 July 2021

Steve Robinson FCA
Senior Statutory Auditor
For and on behalf of Mercer & Hole
Chartered Accountants and Statutory Auditors
Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019
		£	£	£	£
Income and Expenditure					
INCOME:					
Donations and legacies	3	7,065	200	7,265	7,097
Income from charitable activities	4	6,934,409	33,385	6,967,794	6,895,998
Investment income	5	157	-	157	154
Total Income		6,941,631	33,585	6,975,216	6,903,249
EXPENDITURE:					
Expenditure on charitable activities	6	6,889,147	37,691	6,926,838	6,817,552
Total Expenditure		6,889,147	37,691	6,926,838	6,817,552
Net income and net movement in funds for the year		52,484	(4,106)	48,378	85,697
Reconciliation of funds					
Total funds brought forward		332,694	8,926	341,620	255,923
Total funds carried forward		385,178	4,820	389,998	341,620

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continued activities.

The accompanying accounting policies and notes form an integral part of the financial statements.

The 2019 comparative includes both restricted and unrestricted funds, a breakdown of the comparatives can be found in note 22 to these financial statements.

BALANCE SHEET

	Note	2020		2019	
		£	£	£	£
Fixed Assets					
Intangible assets	11		274,943		321,848
Tangible assets	12		754,430		362,442
			1,029,373		684,290
Current Assets					
Stocks		6,057		11,904	
Debtors	13	123,549		131,708	
Cash at bank and in hand		354,318		75,704	
Total Current Assets		483,924		219,316	
Creditors:					
Amounts falling due within one year	14	(849,073)		(561,986)	
Net Current Liabilities			(365,149)		(342,670)
Total Assets less Current Liabilities			664,224		341,620
Creditors:					
Amounts falling due after one year	15		(274,226)		-
Net Assets			389,998		341,620
The funds of the charity					
Restricted Funds	18		4,820		8,926
Unrestricted Funds	18		385,178		332,694
Total Charity Funds	18		389,998		341,620

Approved by the Board of Trustees on

.....

Trustee

Company number: 07703801

STATEMENT OF CASH FLOWS

	Note	2020	2019
		£	£
Net cash used in operating activities	20	342,235	259,210
Cash flows from investing activities			
Interest income		-	-
Purchase of tangible fixed assets		(509,209)	(228,792)
Purchase of intangible fixed assets		-	-
Net cash used in investing activities		(509,209)	(228,792)
Cash flows from financing activities			
Investment income		157	154
Proceeds from borrowings		480,000	-
Repayment of borrowings		(25,593)	-
Interest paid		(8,976)	-
Net cash from financing activities		445,588	154
Increase in cash and cash equivalents in the year		278,614	30,572
Cash and cash equivalents at the beginning of the year		75,704	45,132
Cash and cash equivalents at the end of the year		354,318	75,704

Analysis of changes in net debt	**1 January 2020**	**Cash flows**	**Interest charges**	**31 December 2020**
Cash at bank and in hand	75,704	278,614	-	354,318
	75,704	278,614		354,318
Borrowings excluding overdrafts	-	(454,407)	(8,976)	(463,383)
	75,704	(175,793)	(8,976)	(109,065)

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Basis of preparation

Acorn Early Years Foundation is a company limited by guarantee registered in England and Wales . In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activity is the provision of childcare in nurseries, out of school clubs and forest schools.

The financial statements have been prepared in accordance with 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Acorn Early Years Foundation meets the definition of a public benefit entity under FRS 102. 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 prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest £.

b) Preparation of the accounts on a going concern basis

At the time of approving the financial statements, the Trustees have a reasonable expectation, after taking into account the impact of COVID-19 on the Charity, that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

c) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants 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 measured reliably and is not deferred.

Fee income is allocated to the month to which it relates, and the free entitlement funding is allocated on the same basis, with policies in place to ensure entitlement is verified prior to headcount dates.

d) Interest receivable

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.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

e) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity. Designated funds are unrestricted funds of the Charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

1. Cost of raising funds comprises the costs of activities outside the regular operation of the nurseries, forest schools, catering and training department.
2. Expenditure on charitable activities comprises the costs of commercial trading including the running of the nurseries and their associated costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

g) Governance costs

Governance costs are those functions that assist the strategic work of the Charity but do not directly undertake charitable activities. These costs have been allocated to expenditure on charitable activities. Governance costs are set out in note 7.

h) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

i) Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis.

j) Finance leases

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the statement of financial activities on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

k) Tangible fixed assets

Individual fixed assets are capitalised at cost and are depreciated over their useful economic lives on a straight-line basis as follows:

Asset Category	Annual rate
Leasehold Improvements	Lower of 10% of cost and length of lease
Office Equipment	20% - 33.3% of cost
Fixtures and Fittings	20% - 25% of cost
Motor Vehicles	20% of cost
Play Equipment	20% of cost

l) Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably. All intangible fixed assets are amortised on a straight-line basis over the estimated economic life of 10 years.

m) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the Charity would have been willing to pay for the items on the open market.

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

q) Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

r) Pension costs

The Charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Charity. The annual contributions payable are charged to the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS

r) Pension costs (continued)

The Charity is also part of the Bucks CC LGPS which is a defined benefit scheme. The Charity has two employees in this scheme who work at Acorn at Westcroft. Bucks CC has confirmed that when the Charity took over these nurseries, the portion of the LGPS relating to it was transferred at no deficit/no surplus. As there is no deficit, a valuation has not been obtained under FRS102 section 28. The payments have been expensed in the same way as that of defined contribution scheme payments.

s) Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

2. Legal status of the Charity

The Trust is a Company limited by guarantee and has no share capital. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

3. Income earned from donations and legacies

	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019
	£	£	£	£
Donations	7,065	200	7,265	7,097
	7,065	200	7,265	7,097

In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

NOTES TO THE FINANCIAL STATEMENTS

4. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019
	£	£	£	£
Childcare income	5,913,287	33,385	5,946,672	6,691,096
Training courses	22,578	-	22,578	29,808
Forest school activities	24,034	-	24,034	53,907
Catering income	80,628	-	80,268	98,815
Consultancy income	2,810	-	2,810	10,307
JRS grant income	878,179	-	878,179	-
Other income	12,893	-	12,893	12,065
	6,934,409	33,385	6,967,794	6,895,998

Local authority grants totalling £1,770,131 (2019: £1,656,625) received relates to the 2 year old offer and the National Education Fund for all 3-4 year olds.

Restricted local authority grants of £33,385 (2019: £43,683) relate to deprivation funding, inclusion and disability access funding grants. Further information on restricted funds can be found in note 18.

5. Investment Income comprises bank interest income.

NOTES TO THE FINANCIAL STATEMENTS

6. Analysis of expenditure on charitable activities

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Childcare costs	5,711,739	37,691	5,749,430	5,622,585
Training course costs	37,236	-	37,236	92,530
Catering costs	122,137	-	122,137	139,465
Forest school activities costs	86,646	-	86,646	79,355
Property and administration	897,307	-	897,307	843,919
Accountancy fees	1,250	-	1,250	2,090
Auditor's remuneration	6,250	-	6,250	6,250
Legal and professional fees	15,014	-	15,014	21,462
Other financial costs	11,568	-	11,568	9,896
	6,889,147	37,691	6,926,838	6,817,552

7. Net income / (expenditure) for the year

This is stated after charging:	2020 £	2019 £
Depreciation	117,221	93,622
Amortisation	46,905	48,082
Operating lease payments	357,170	379,773
Auditor's remuneration:		
Audit fees	6,250	6,250
Accountancy services	1,250	2,090

NOTES TO THE FINANCIAL STATEMENTS

7. Net income / (expenditure) for the year (continued)

Analysis of governance costs

	2020 £	2019 £
Audit fees	6,250	6,250
Trustees expenses	207	27
Consultancy fees	2,298	11,695
	8,755	17,972

8. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

	2020 £	2019 £
Salaries and wages	4,717,734	4,498,134
Social security costs	303,246	287,443
Pension costs	210,695	181,199
	5,231,675	4,966,776

One employee had employee benefits in excess of £60,000, with total employee benefits excluding employer pension costs falling within the band of £90,000 to £100,000 (2019: 1 employee falling within the band of £90,000 to £100,000). Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds.

The Charity Trustees were not paid or received any other benefits from employment with the Charity in the year (2019: £nil). One trustee was reimbursed expenses for travel to trustee meetings during the year of £207 (2019: £27). The amount of consultancy fees paid to trustees in the year was £nil (2019: £729).

The key management personnel of the Charity comprise the trustees, who receive no remuneration, the Chief Executive Officer, and the senior leadership team. The total employee benefits of key management personnel of the Charity were £330,117 (2019: £309,938).

NOTES TO THE FINANCIAL STATEMENTS

9. Staff numbers

The average monthly number of persons (including directors) employed by the Charity during the year was as follows:

	2020 Number	2019 Number
Total staff	308	285
	308	285

10. Intangible fixed assets

	Goodwill
Cost	
As at 01 January 2020	470,732
Additions	-
Disposals	-
As at 31 December 2020	**470,732**
Amortisation	
As at 01 January 2020	148,884
Charge for the year	46,905
Amortisation on disposals	-
As at 31 December 2020	**195,789**
Net book value	
As at 31 December 2020	**274,943**
As at 31 December 2019	321,848

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets

	Leasehold Improvements	Office Equipment	Fixtures & Fittings	Motor Vehicles	Play Equipment	Total
Cost						
As at 01 January 2020	353,971	68,501	168,797	30,989	64,708	**686,966**
Additions	422,285	3,136	75,717	-	8,071	**509,209**
Disposals	-	-	-	-	-	-
As at 31 December 2020	**776,256**	**71,637**	**244,514**	**30,989**	**72,779**	**1,196,175**
Depreciation						
As at 01 January 2020	91,301	66,044	125,855	13,512	27,812	**324,524**
Charge for the year	78,943	1,072	22,228	3,996	10,982	**117,221**
On disposals	-	-	-	-	-	-
As at 31 December 2020	**170,244**	**67,116**	**148,083**	**17,508**	**38,794**	**441,745**
Net book value						
As at 31 December 2020	**606,012**	**4,521**	**96,431**	**13,481**	**33,985**	**754,430**
As at 31 December 2019	262,670	2,457	42,942	17,477	36,896	362,442

13. Debtors

	2020 £	2019 £
Trade debtors	19,791	21,912
Other debtors	30,738	22,638
Prepayments	73,020	87,158
	123,549	131,708

NOTES TO THE FINANCIAL STATEMENTS

14. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loan	80,181	-
Other loans	100,000	-
Trade creditors	73,378	134,805
Taxation and social security	67,055	67,111
Other creditors	493,102	329,004
Accruals	35,357	31,066
	849,073	561,986

Acorn Early Years Foundation operates a defined contribution pension scheme for all eligible staff. Outstanding contributions awaiting payment at the 31 December 2020 were £35,125 (2019: £30,505).

In 2020 the charity borrowed £380,000 from The Charities Aid Foundation Bank plc. This loan is secured with a fixed and floating charge over all the Charity's assets and repayable over four years from September 2020 at an interest rate of 6.5% above the base rate, after a six month capital and repayment holiday. At 31 December 2020 the loan balance outstanding is £354,407 (2019: nil).

In 2020 the charity borrowed £100,000 through the Government's Resilience and Recovery Loan Fund, part of the Coronavirus Business Interruption Scheme. This loan carries a 0% interest if repaid prior to June 2021 after which the interest rate is 6.5%. The loan is not secured.

15. Creditors: amounts falling due after one year

	2020	2019
	£	£
Bank Loan	274,226	-
	274,226	-

NOTES TO THE FINANCIAL STATEMENTS

16. Deferred Income

Included within other creditors are balances relating to deferred income. Deferred income comprise fees and grant income receipts related to financial year 2020.

	2020	2019
	£	£
Balance as at 1 January 2020	277,702	210,688
Amounts released to income earned from charitable activities	(277,702)	(210,688)
Amount deferred in year	439,479	277,702
Balance as at 31 December 2020	439,479	277,702

17. Commitments under operating leases

As at 31 December 2020 the Charity had annual commitments under non-cancellable operating leases as set out below:

	2020			2019		
	Property leases	Other operating leases	Total	Property leases	Other operating leases	Total
	£	£	£	£	£	£
Amounts payable within 1 year	315,126	29,150	344,276	323,754	25,487	349,241
Amounts payable between 2 to 5 years	876,002	31,051	907,053	928,763	34,079	962,842
Amounts payable after 5 years	546,417	-	546,617	773,710	-	773,710
	1,737,545	60,201	1,797,946	2,026,227	59,566	2,085,793

In addition to the commitments under operating leases shown above, the Charity has in place an operating lease commitment for an amount of £13,200 per annum (2019: £13,200) per annum with no specified end date.

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance at 1 January 2020	Income	Expenditure	Balance at 31 December 2020
	£	£	£	£
General funds	332,694	6,941,631	(6,889,147)	385,178
Designated funds	-	-	-	-
Total	332,694	6,941,631	(6,889,147)	385,178

Analysis of movements in unrestricted funds - previous year

	Balance at 1 January 2019	Income	Expenditure	Balance at 31 December 2019
	£	£	£	£
General funds	255,308	6,858,616	(6,781,230)	332,694
Designated funds	-	-	-	-
Total	255,308	6,858,616	(6,781,230)	332,694

Name of unrestricted fund	Description, nature and purposes of the fund
General fund	The 'free reserves' to cover normal fluctuations of working capital.
Designated fund	Funds set aside by the Trustees for a specific purpose. There are no designated funds during the year. After the year end the Trustees agreed to designate £100,000 of the unrestricted funds to fit out the new nursery in Emberton.

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds (continued)

Analysis of movements in restricted funds

	Balance at 1 January 2020	Income	Expenditure	Balance at 31 December 2020
	£	£	£	£
MKC Jubilee Wood deprivation funding	7,797	11,123	(14,300)	4,620
Enjoy Benefits Shenley donations	-	200	-	200
DAF funding	1,129	1,230	(2,359)	-
Inclusion grants	-	21,032	(21,032)	-
Total	8,926	33,585	(37,691)	4,820

Analysis of movements in restricted funds - previous year

	Balance at 1 January 2019	Income	Expenditure	Balance at 31 December 2019
	£	£	£	£
MKC Jubilee Wood deprivation funding	-	11,549	(3,752)	7,797
Enjoy Benefits Shenley donations	-	700	(700)	-
Santander Discovery Day	-	250	(250)	-
DAF funding	615	3,690	(3,178)	1,129
Inclusion grants	-	28,444	(28,444)	-
Total	615	44,633	(36,322)	8,926

Name of restricted fund	Description, nature and purposes of the fund
MKC Jubilee Wood Deprivation Funding	Deprivation funding is based on the postcodes of children contained within headcount data for Nursery Education Funding. Funding has been used to provide increased learning opportunities and to encourage achievement - enhancing indoor and outdoor learning.
Enjoy Benefits Shenley Donations	The purpose of the fund was to help develop the outdoor and sensory areas of Shenley Nursery.
Santander Discovery Day	Santander provided funds and volunteers to develop the outdoor and sensory areas of the Shenley Nursery.
DAF Funding	The charity received Disability Access Funding in the year for 6 children.

NOTES TO THE FINANCIAL STATEMENTS

Inclusion Grants	Funding provided by local Government in order to fund 1:1 staffing for children with additional needs. During the year such funding was received to provide additional staffing for nine children.

19. Analysis of net assets between funds

Analysis of net asset movements between funds

	Fixed Assets	Net Current Liabilities	Total 2020	Total 2019
	£	£	£	£
Restricted funds	-	4,820	4,820	8,926
General unrestricted funds	1,029,373	(644,195)	385,178	332,694
	1,029,373	(639,375)	389,998	341,620

Analysis of net asset movements between funds - previous year

	Fixed Assets	Net Current Liabilities	Total 2019	Total 2018
	£	£	£	£
Restricted funds	-	8,926	8,926	615
General unrestricted funds	684,290	(351,596)	332,694	255,308
	684,290	(342,670)	341,620	255,923

NOTES TO THE FINANCIAL STATEMENTS

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2020	2019
	£	£
Net movement in funds	48,378	85,697
Add back depreciation charge	117,221	93,622
Add back amortisation charge	46,905	48,082
Deduct bank interest received	(157)	(154)
Add back loan interest paid	8,976	-
Profit on disposal of fixed assets	-	2,295
Decrease / (increase) in stock	5,847	(2,574)
Decrease / (increase) in debtors	8,160	(22,209)
Increase in creditors	106,905	54,451
	342,235	259,210

21. Related party transactions

Reimbursements to trustees for travel expenses are disclosed in note 8, and trustees with children attending Acorn settings paid full fees. Acorn Nursery Properties Limited (ANP), the landlord for two of the nursery buildings, is a related party as the CEO (key management personnel) is the majority shareholder in ANP. ANP charged rent to the charity of £51,750 (2019 £69,000) and waived the rent for both buildings for three months during the Covid pandemic. The charity charged ANP £600 for book-keeping

NOTES TO THE FINANCIAL STATEMENTS

22. Comparative Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Total 2019
	£	£	£
Income and Expenditure			
INCOME:			
Donations and legacies	6,147	950	7,097
Income from charitable activities	6,854,315	43,583	6,895,998
Investment income	154	-	154
Total Income	6,858,616	44,633	6,903,249
EXPENDITURE:			
Expenditure on charitable activities	6,781,230	36,322	6,817,552
Total Expenditure	6,781,230	36,322	6,817,552
Net income/(expenditure) and net movement in funds for the year	77,386	8,311	85,697
Reconciliation of funds			
Total funds brought forward	255,308	615	255,923
Total funds carried forward	332,694	8,926	341,620