

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

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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

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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.

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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.

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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.

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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.

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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

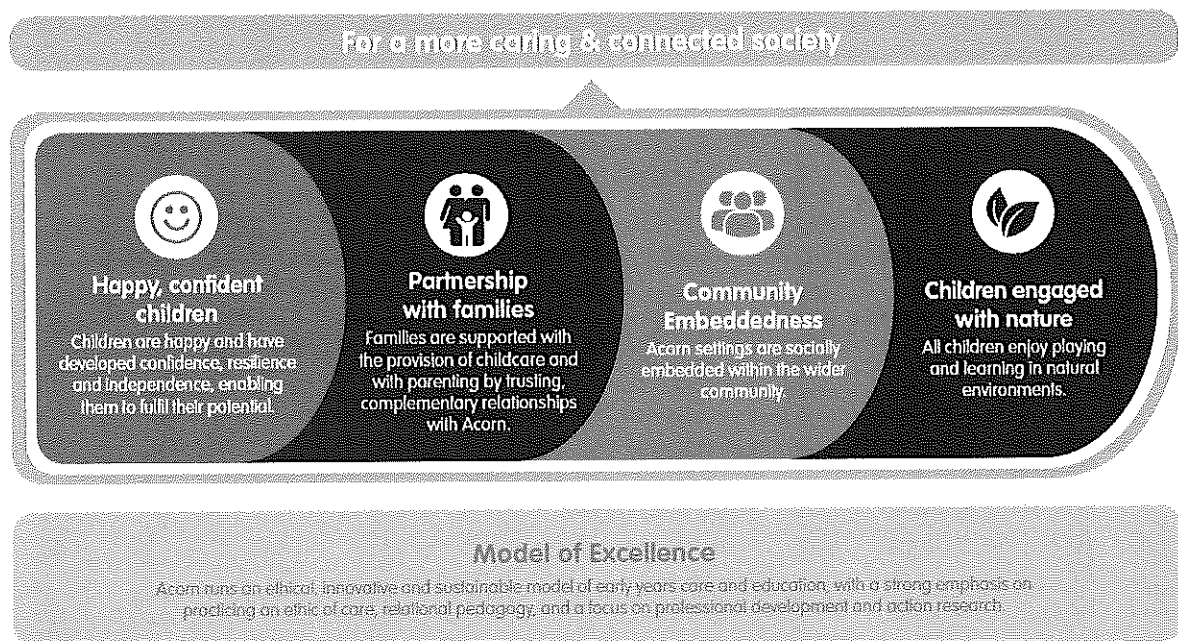
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environmental measures were implemented, including upgrading domestic appliances, and the internal appointment of a part-time health and safety assistant has resulted in improvements to internal auditing and the support for health and safety compliance 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

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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.

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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.

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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.



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

26 July 2021

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		<u>6,941,631</u>	<u>33,585</u>	<u>6,975,216</u>	<u>6,903,249</u>
EXPENDITURE:					
Expenditure on charitable activities	6	6,889,147	37,691	6,926,838	6,817,552
Total Expenditure		<u>6,889,147</u>	<u>37,691</u>	<u>6,926,838</u>	<u>6,817,552</u>
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		<u>385,178</u>	<u>4,820</u>	<u>389,998</u>	<u>341,620</u>

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.

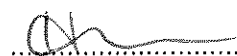
The 2019 comparative includes both restricted and unrestricted funds, a breakdown of the comparatives can be found in note 22 to these financial statements.

ACORN EARLY YEARS FOUNDATION
Financial statements for the year ended 31 December 2020

BALANCE SHEET

	Note	2020		2019	
		£	£	£	£
Fixed Assets					
Intangible assets	11		274,943		321,848
Tangible assets	12		754,430		362,442
			<u>1,029,373</u>		<u>684,290</u>
Current Assets					
Stocks		6,057		11,904	
Debtors	13	123,549		131,708	
Cash at bank and in hand		<u>354,318</u>		<u>75,704</u>	
Total Current Assets		<u>483,924</u>		<u>219,316</u>	
Creditors:					
Amounts falling due within one year	14	<u>(849,073)</u>		<u>(561,986)</u>	
Net Current Liabilities			<u>(365,149)</u>		<u>(342,670)</u>
Total Assets less Current Liabilities			664,224		341,620
Creditors:					
Amounts falling due after one year	15	<u>(274,226)</u>		<u>-</u>	
Net Assets			<u>389,998</u>		<u>341,620</u>
The funds of the charity					
Restricted Funds	18		4,820		8,926
Unrestricted Funds	18		<u>385,178</u>		<u>332,694</u>
Total Charity Funds	18		<u>389,998</u>		<u>341,620</u>

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	<u>342,235</u>	<u>259,210</u>
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		<u>(509,209)</u>	<u>(228,792)</u>
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		<u>445,588</u>	<u>154</u>
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		<u><u>354,318</u></u>	<u><u>75,704</u></u>

Analysis of changes in net debt	1 January 2020	Cash flows	Interest charges	31 December 2020
Cash at bank and in hand	<u>75,704</u>	<u>278,614</u>	<u>-</u>	<u>354,318</u>
	75,704	278,614		354,318
Borrowings excluding overdrafts	-	(454,407)	(8,976)	(463,383)
	<u>75,704</u>	<u>(175,793)</u>	<u>(8,976)</u>	<u>(109,065)</u>

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
	<u>7,065</u>	<u>200</u>	<u>7,265</u>	<u>7,097</u>

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
	<u>6,934,409</u>	<u>33,385</u>	<u>6,967,794</u>	<u>6,895,998</u>

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
	<u>6,889,147</u>	<u>37,691</u>	<u>6,926,838</u>	<u>6,817,552</u>

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
	<u> </u>	<u> </u>

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
	<u>8,755</u>	<u>17,972</u>

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
	<u>5,231,675</u>	<u>4,966,776</u>

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	2019
	Number	Number
Total staff	308	285
	<u>308</u>	<u>285</u>

10. Intangible fixed assets

	Goodwill
Cost	
As at 01 January 2020	470,732
Additions	-
Disposals	-
As at 31 December 2020	<u>470,732</u>
 Amortisation	
As at 01 January 2020	148,884
Charge for the year	46,905
Amortisation on disposals	-
As at 31 December 2020	<u>195,789</u>
 Net book value	
As at 31 December 2020	<u>274,943</u>
As at 31 December 2019	<u>321,848</u>

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
	<u>849,073</u>	<u>561,986</u>

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	-
	<u>274,226</u>	<u>-</u>

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	<u>439,479</u>	<u>277,702</u>

17. Commitments under operating leases

As at 31 December 2020 the Charity had annual commitments under non-cancellable operating leases as set out below:

	Property leases £	Other operating leases £	2020 Total £	Property leases £	Other operating leases £	2019 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
	<u>1,737,545</u>	<u>60,201</u>	<u>1,797,946</u>	<u>2,026,227</u>	<u>59,566</u>	<u>2,085,793</u>

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

MKC Jubilee Wood Deprivation Funding

Description, nature and purposes of the fund

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
	<u>1,029,373</u>	<u>(639,375)</u>	<u>389,998</u>	<u>341,620</u>

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
	<u>684,290</u>	<u>(342,670)</u>	<u>341,620</u>	<u>255,923</u>

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
	<u>342,235</u>	<u>259,210</u>

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	<u>6,858,616</u>	<u>44,633</u>	<u>6,903,249</u>
EXPENDITURE:			
Expenditure on charitable activities	6,781,230	36,322	6,817,552
Total Expenditure	<u>6,781,230</u>	<u>36,322</u>	<u>6,817,552</u>
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	<u><u>332,694</u></u>	<u><u>8,926</u></u>	<u><u>341,620</u></u>