

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

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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

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:

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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.

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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 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.

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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

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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 the 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 Kieran 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

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- 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.

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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

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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!'.

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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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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.

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- 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.



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



ACORN EARLY YEARS FOUNDATION
Financial statements for the year ended 31 December 2021

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		<u>8,098,626</u>	<u>67,093</u>	<u>8,165,719</u>	<u>6,975,216</u>
EXPENDITURE:					
Expenditure on charitable activities	6	7,939,723	65,980	8,005,703	6,926,838
Total Expenditure		<u>7,939,723</u>	<u>65,980</u>	<u>8,005,703</u>	<u>6,926,838</u>
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		<u>544,081</u>	<u>5,933</u>	<u>550,014</u>	<u>389,998</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 2020 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 2021

BALANCE SHEET

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

Approved by the Board of Trustees on *7th May 2022*

M. R. Stme

Trustee

Company number: 07703801

ACORN EARLY YEARS FOUNDATION
Financial statements for the year ended 31 December 2021

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)
	<u>(109,065)</u>	<u>(301,523)</u>	<u>(23,526)</u>	<u>(434,114)</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

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
	<u>5,488</u>	<u>-</u>	<u>5,488</u>	<u>7,265</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 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
	<u>8,093,134</u>	<u>67,093</u>	<u>8,160,227</u>	<u>6,967,794</u>

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
	<u>7,939,723</u>	<u>65,980</u>	<u>8,005,703</u>	<u>6,926,838</u>

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
	<u>600,466</u>	<u>528,746</u>

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
	<u>6,250</u>	<u>8,755</u>

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
	<u>5,961,879</u>	<u>5,231,675</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 (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	2020
	Number	Number
Total staff	341	308
	<u>341</u>	<u>308</u>

11. Intangible fixed assets

	Goodwill
Cost	
As at 01 January 2021	470,732
Additions	-
Disposals	-
As at 31 December 2021	<u>470,732</u>
Amortisation	
As at 01 January 2021	195,789
Charge for the year	46,905
Amortisation on disposals	-
As at 31 December 2021	<u>242,694</u>
Net book value	
As at 31 December 2021	<u>228,038</u>
As at 31 December 2020	<u>274,943</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 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
	<u>705,903</u>	<u>849,073</u>

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
	<u>188,675</u>	<u>274,226</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 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	<u>357,115</u>	<u>439,479</u>

17. Commitments under operating leases

As at 31 December 2021 the Charity had annual commitments under non-cancellable operating leases as set out below:

	Property leases £	Other operating leases £	2021 Total £	Property leases £	Other operating leases £	2020 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
	<u>1,769,278</u>	<u>58,885</u>	<u>1,828,163</u>	<u>1,729,515</u>	<u>34,076</u>	<u>1,763,591</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 (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
	<u>1,054,807</u>	<u>(504,793)</u>	<u>550,014</u>	<u>389,998</u>

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

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	These funds are derived from children's parents using a voucher company and in return the nursery get a payment from that voucher company.
Teds Kents Hill donations	
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
	<u>322,515</u>	<u>342,235</u>

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	<u>6,889,147</u>	<u>33,585</u>	<u>6,975,216</u>
EXPENDITURE:			
Expenditure on charitable activities	6,889,147	37,691	6,926,838
Total Expenditure	<u>6,889,147</u>	<u>37,691</u>	<u>6,926,838</u>
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	<u>385,178</u>	<u>4,820</u>	<u>389,998</u>