

ACORN EARLY YEARS FOUNDATION

(A Charitable Company Limited by Guarantee)

FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2022

Charity number: 1145108

Company number: 07703801

CONTENTS

Trustees' Report	Page 3
Independent Auditor's Report	Page 22
Statement of Financial Activities (including income and expenditure account)	Page 25
Balance Sheet	Page 26
Statement of Cash Flows	Page 27
Notes to the Financial Statements	Page 28

TRUSTEES' REPORT

The trustees, who are also the directors of the Charity for the purposes of the Companies Act, submit their Annual Report together with the audited financial statements for the year ended 31 December 2022. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Reference and Administrative Details

Charity number:	1145108
Company number:	07703801

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

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

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

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

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

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

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

TRUSTEES' REPORT

Reference and Administrative Details (continued)**Solicitors:**

Richard Willis
Geoffrey Leaver
251 Upper Third Street
Central Milton Keynes
MK9 1DR

Auditors:

Steve Robinson
Mercer and Hole LLP
Silbury Court
420 Silbury Boulevard
Central Milton Keynes
MK9 2AF

TRUSTEES' REPORT

About Acorn Early Years Foundation

History

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

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

Mission and Objectives

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

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

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

Ethos and Pedagogy

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

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

TRUSTEES' REPORT

Ethos and Pedagogy (continued)

The five values that arise from this ethos are:

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

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

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

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

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

Structure, Governance and Management

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

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

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

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

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

The Board of Trustees

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

TRUSTEES' REPORT

The Board of Trustees (continued)

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

How Acorn's activities deliver public benefit

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

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

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

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

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

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

TRUSTEES' REPORT

Achievements and performance in 2022

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

Early Years

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

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

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

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

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

TRUSTEES' REPORT

Forest School

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

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

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

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

Training Centre

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

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

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

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

Catering

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

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

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

TRUSTEES' REPORT

Acorn's People

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

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

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

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

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

Equality, Diversity, and Inclusion

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

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

TRUSTEES' REPORT

Training and Professional Development

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

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

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

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

Central Support Office

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

Reinvestment

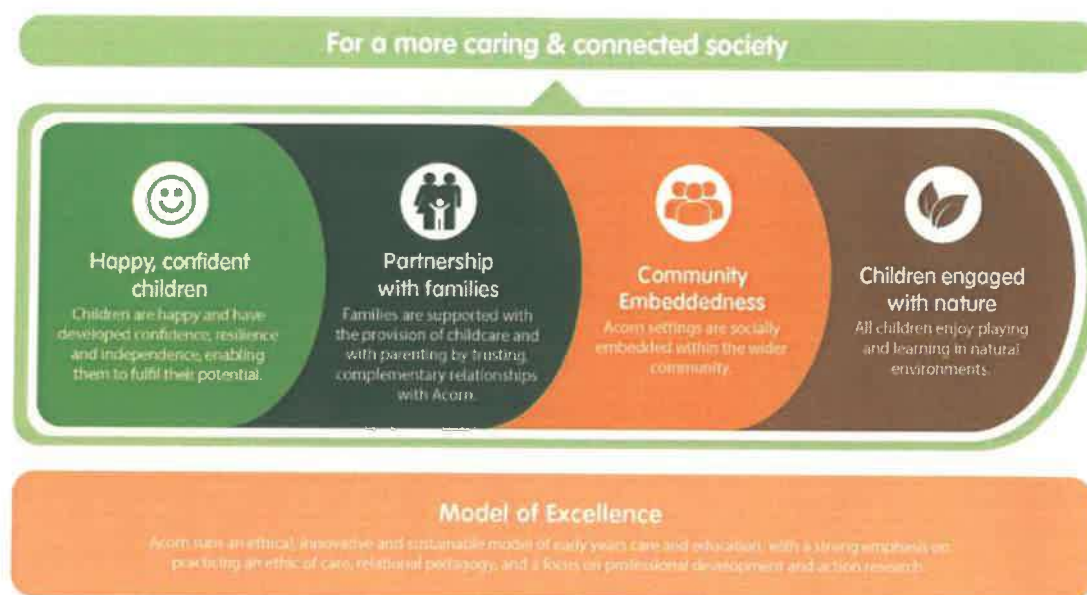
Despite acquiring four new nurseries in 2022 with set up costs of over £211,000, ongoing refurbishment and capital expenditure across the remaining nurseries was maintained. Over £150,000 was spent on capital expenditure excluding the start-up costs for the new sites. These included, but not limited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

TRUSTEES' REPORT

Social Impact

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

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



Happy, confident children

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

Nursery Case Study

Context:

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

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

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

TRUSTEES' REPORT

Impact:

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

Forest School case study

Quote from family:

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

Impact:

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

Partnership with families

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

Family responses from annual feedback survey:

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

TRUSTEES' REPORT

Partnership with families (continued)

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

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

Key statistics from annual family feedback survey:

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

Community embeddedness

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

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

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

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

TRUSTEES' REPORT

Children engaged with nature

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

Examples of connection to nature:	Helping children to:
Getting involved in the Wildlife Trusts' '30 Days Wild Challenge'	<ul style="list-style-type: none"> Experience the emotional benefits of connecting to nature
Exploring the community garden, identifying different trees and smelling different herbs	<ul style="list-style-type: none"> Develop knowledge of and interest in local fauna and flora
Celebrating rainfall by putting on wellies and creating rainbow puddles in the garden	<ul style="list-style-type: none"> Notice the beauty in nature
Picking and cooking local blackberries during Forest School to make blackberry jam	<ul style="list-style-type: none"> Develop an increased knowledge about healthy and sustainable lifestyles
Visits of small animals (such as lambs and guinea pigs) to some nurseries	<ul style="list-style-type: none"> Develop knowledge of and interest in animals Witness animals up close

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

Examples of connection to nature:	Helping children to:
Creating Twig ID jars to watch the spring buds grow	<ul style="list-style-type: none"> Develop knowledge of Fauna and flora
Planting an orchard at the Cold Harbour site with the children	<ul style="list-style-type: none"> Understanding a sustainable life cycle Understanding how trees grow
Took part in the Parks Trust acorn collection to help protect the ancient woodlands	<ul style="list-style-type: none"> Understanding and identifying Fauna Understanding the healthy lifecycle of the oak tree
Celebrated World Bee Day by making 'bee-bombs' to create wildflower areas to help the bees thrive	<ul style="list-style-type: none"> Develop knowledge on how to help protect the wildlife Understanding the importance of bees within the ecosystem

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

Examples of care and respect towards nature:	Helping children to:
Building their own bug hotels	<ul style="list-style-type: none"> Develop an understanding and appreciation of the importance of biodiversity
Planting their own vegetables, fruits and flowers	<ul style="list-style-type: none"> Learn the process of taking care of plants Develop an increased knowledge about healthy eating
Looking after worms in a wormery	<ul style="list-style-type: none"> Develop an understanding of the purpose of specific living organisms within the ecosystem Learn the importance of natural composting systems
Creating bird feeders	<ul style="list-style-type: none"> Develop knowledge of how to support wildlife
Learning about frogs through a visit from a grandparent who brought in a frog to the nursery that they had found in their own garden	<ul style="list-style-type: none"> Witness wildlife up close Learn and appreciate the different characteristics of animals
Looking after chicks during spring, that were previously bought to nursery as eggs in an incubator to learn the life cycle of chicks	<ul style="list-style-type: none"> Learn the process of taking care of animals Celebrate nature's connection to seasonal occasions

TRUSTEES' REPORT

Children engaged with nature (continued)

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

Examples of taking action towards sustainability:	Helping children to:
Attending litter-picking walks with members of the community	<ul style="list-style-type: none"> • Develop an awareness of the impact of littering. • Extending learning about recycling and reducing waste. • Helping children feel empowered to take action and make a change
Visiting and purchasing from local zero-waste shop	<ul style="list-style-type: none"> • Feel inspired with what a sustainable lifestyle can look like
Setting up their own lending library within the local community, offering families the opportunity to borrow items	<ul style="list-style-type: none"> • Develop an understanding of the importance of community • Develop an understanding of sharing and borrowing with a sustainability mindset

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

Green Flag Award feedback from Eco-Schools:

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

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

TRUSTEES' REPORT

The year in numbers...

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

TRUSTEES' REPORT

Financial review

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

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

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

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

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

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

Social investment & loans

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

Reserves policy

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

TRUSTEES' REPORT

Fundraising policy

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

Principal risks and uncertainties

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

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

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

Going Concern

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

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

Disclosure of information to Auditor

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

Auditor

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

TRUSTEES' REPORT

Plans for future Periods

Further nurseries and developments within the existing portfolio

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

Further opportunities

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

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

TRUSTEES' REPORT

Trustees' Responsibility Statement

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

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

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

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

In so far as the trustees are aware there is no relevant audit information of which the charitable company's auditor is unaware. The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



Date

29 April 2023

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Acorn Early Years Foundation for the year ended 31 December 2022, which comprise the Statement of Financial Activities (including income and expenditure account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report, thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and did not take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

Audit procedures performed by the engagement team included:

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

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

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

Use of our report

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



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

4 May 2023

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

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

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

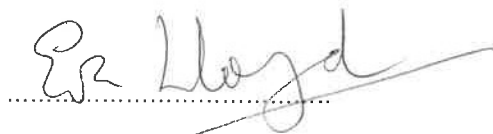
The accompanying accounting policies and notes form an integral part of the financial statements.

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

BALANCE SHEET

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

Approved by the Board of Trustees on



29 April 2023

Trustee

Company number: 07703801

STATEMENT OF CASH FLOWS

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

Analysis of changes in net debt	1 January 2022	Cash flows	31 December 2022
Cash at bank and in hand	232,976	(86,940)	146,036
Borrowings	(274,226)	85,551	(188,675)
	<u>(41,250)</u>	<u>(1,389)</u>	<u>(42,639)</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 charitable company limited by guarantee registered in England and Wales. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity. The address of the registered office is given in the Reference and Administrative Details on page 3 of these financial statements. The nature of the charity's operations and principal activity is the provision of childcare in nurseries, out of school clubs and forest schools.

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

Acorn Early Years Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest £.

b) Preparation of the accounts on a going concern basis

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

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

c) Income

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

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

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

d) Investment income

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

e) Fund accounting

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

f) Expenditure

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

Expenditure is classified under the following activity headings:

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

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

g) Governance costs

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

h) Employee benefits

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

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

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

i) Operating leases

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

j) Finance leases

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

k) Tangible fixed assets

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

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

l) Intangible fixed assets

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

m) Stock

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

n) Debtors

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

o) Cash at bank and in hand

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

p) Creditors and provisions

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

q) Financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies (continued)

r) Pension costs

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

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

s) Taxation

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

2. Judgements and key sources of estimation uncertainty

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

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

3. Legal status of the Charity

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

4. Income earned from donations and legacies

	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
	£	£	£	£
Donations	4,295	-	4,295	5,488
	<u>4,295</u>	<u>-</u>	<u>4,295</u>	<u>5,488</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

5. Income from charitable activities

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

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

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

6. Investment Income comprises bank interest income.

NOTES TO THE FINANCIAL STATEMENTS

7. Analysis of expenditure on charitable activities

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

8. Net income / (expenditure) for the year

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

NOTES TO THE FINANCIAL STATEMENTS

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

Analysis of governance costs

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

10. Staff numbers

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

	2022	2021
	Number	Number
Total staff	408	341
	<u>408</u>	<u>341</u>

11. Intangible fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets

	Leasehold Improvements £	Office Equipment £	Fixtures & Fittings £	Motor Vehicles £	Play Equipment £	Total £
Cost						
As at 1 January 2022	976,201	71,637	280,294	30,989	77,207	1,436,328
Additions	210,017	33,199	68,222	11,637	38,595	361,670
Disposals	-	-	-	-	-	-
As at 31 December 2022	1,186,218	104,836	348,516	42,626	115,802	1,797,998

Depreciation

As at 1 January 2022	291,877	68,665	176,932	21,502	50,583	609,559
Charge for the year	154,691	7,623	34,800	4,772	14,206	216,092
On disposals	-	-	-	-	-	-
As at 31 December 2022	446,568	76,288	211,732	26,274	64,789	825,651

Net book value

As at 31 December 2022	739,650	28,548	136,784	16,352	51,013	972,347
As at 31 December 2021	684,324	2,972	103,362	9,487	26,624	826,769

13. Debtors

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

NOTES TO THE FINANCIAL STATEMENTS

14. Creditors: amounts falling due within one year

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

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

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

15. Creditors: amounts falling due after one year

	2022	2021
	£	£
Bank Loan	97,394	188,675
	<u>97,394</u>	<u>188,675</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 2023.

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

17. Commitments under operating leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds

Analysis of movements in unrestricted funds

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

Analysis of movements in unrestricted funds - previous year

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

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

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds (continued)

Analysis of movements in restricted funds

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

Analysis of movements in restricted funds - previous year

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

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

NOTES TO THE FINANCIAL STATEMENTS

18. Analysis of charitable funds (continued)

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

19. Analysis of net assets between funds

Analysis of net asset movements between funds

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

Analysis of net asset movements between funds - previous year

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

NOTES TO THE FINANCIAL STATEMENTS

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

	2022	2021
	£	£
Net movement in funds	7,168	160,016
Add back depreciation charge	216,092	167,814
Add back amortisation charge	46,905	46,905
Deduct bank interest received	(17)	(4)
Add back loan interest paid	18,156	23,526
Decrease/(increase) in stock	10,776	(4,719)
(Increase) in debtors	(37,553)	(22,484)
Decrease / (increase) in creditors	116,893	(48,539)
	<u>378,420</u>	<u>322,515</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. This totalled £20,061 (2021: £10,169) with a further £654 being paid in advance for 2023 childcare (2021: £nil). Acorn Nursery Properties Limited (ANP), the landlord for two of the nursery buildings, is a related party as the CEO (key management personnel) is the majority shareholder in ANP. ANP charged rent to the charity of £69,000 (2021: £69,000). The charity charged ANP £600 (2021: £600) for book-keeping services.

NOTES TO THE FINANCIAL STATEMENTS

22. Comparative Statement of Financial Activities

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