



**acorns**

*Your local children's hospice*

## **Report and Financial Statements**

**For the financial period 29 March 2020 to 3 April 2021**

**Acorns Children's Hospice Trust**

**(A company limited by guarantee)**



*Your local children's hospice*

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(a company limited by guarantee)

Report and Financial Statements

For the financial period

29 March 2020 to 3 April 2021

Charity number 700859

Company number 2036103

Prepared in accordance with the requirements of:

- > the Charities Act 2011;
- > the Companies Act 2006;
- > Acorns Articles of Association;
- > the relevant Financial Reporting Standard (FRS 102); and,
- > Charity Commission guidance on public benefit statements.

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## Overview

### A message from our Chairman

Welcome to this year's Annual Report and Financial Statements. On behalf of our Board of Trustees, I would like to begin by sharing the best wishes of everyone at Acorns Children's Hospice with all those reading this report. The period covered by this Annual Report has been a uniquely painful and challenging time for so many of us as individuals, and for the West Midlands as a whole. We know that even as we move forward, we must continue to live with the memories and the impact of the past year, whilst facing considerable uncertainty for the foreseeable future. When this report is published, the Coronavirus crisis will have been with us for a year and a half, with our region recording at least 15,000 deaths from Covid-19. I again offer our heartfelt sympathies to everyone who has lost loved ones, or suffered in other ways from the pandemic.

At Acorns, we feel genuinely privileged that, since the onset of the crisis, we have been in a position to support some of the most vulnerable members of our community, and their families. At the start of this reporting period in April 2020, we were finalising arrangements to offer stays at our hospices to some children who would otherwise have been in intensive care beds in hospital, and others who could not be cared for at home, or had no home to go to. Many of these children were with us for the entire reporting period. By doing this, Acorns has been able not only to offer a safe and joyful environment for the children, but also to support the wider response of the NHS and social care providers.

The nature of the pandemic obviously forced us to adapt our service in other ways, in the face of changing demand but also the risks posed by the virus. Our family team workers have kept in regular and close contact via video call and telephone with the parents of children we support, many of whom have been strictly shielding at home for the whole period covered by this report. What they told us guided how we re-shaped our service over the year. Parents have told us how very difficult the past year has been. Almost all have strictly shielded their child at home, but without the usual network of family, friends, and carers to support them. In addition to psychosocial support and practical advice, we have been able to deliver to their doorstep supplies donated by our compassionate and generous supporters - food and other household essentials in April and May, and Christmas presents in December. We will not forget the smiles we saw and the messages we received from families. What mattered most was knowing they and their children had not been forgotten, and that so many of you were thinking about them despite all you were living through yourselves.

From June, we felt able to offer short breaks again. Because of the constant contact with the family team, we were able to offer these first to families who were experiencing the greatest stress and difficulties from lockdown. We know these stays had a huge impact. The relatively positive situation last summer saw demand for planned short breaks rise steadily, but then fall again in the autumn when the virus took further hold in the region. The winter lockdown at the start of 2021 was especially hard for families but with one important difference – by the end of January, most of our staff and volunteers at our hospices had received their first vaccines, and we could also use the security that provided along with much better availability of testing to continue to offer stays during this second long national lockdown period. For the same reason, over the last quarter of

the reporting period, when virus levels were at their worst, we were actually able to resume our programme of “outreach” home visits by our nurses and healthcare assistants, a very positive milestone for us as we know how important this service is to the families that receive it.

Overall, we are very satisfied and even proud of both the quality and the volume of the children's hospice service we have been able to deliver at Acorns. Our wonderful team have found solutions to many challenges we could never have imagined just over a year ago. We see demand increasing significantly over the next few months, and our dearest hope is that some of the families who have not booked a short break for more than a year now will shortly have the confidence to do so.

As I said last year, Acorns is privileged to be a trusted channel between your compassion and generosity, and the children and families in your community who need children's hospice care. I want to use my Chairman's introduction to our Annual Report to pay special thanks to four groups of people.

Firstly, a huge thank you to our incredible team of staff and volunteers at Acorns. Your bravery, creativity and resilience have been remarkable. The year in review has been the hardest any of us have experienced. You have been simply inspirational, continuing to directly or indirectly provide care and support for children and families in the midst of a highly contagious and dangerous virus. Our hospices have been open throughout the crisis, with our nurses and other front-line care staff showing not just their usual skill and empathy, but incredible courage, commitment, and willingness to learn and to implement stringent new infection-control protocols. Our shop staff have accepted long periods of store closures without complaint, and re-opened on each occasion with an energy and sales figures that have truly inspired us. Our central team adapted quickly to remote working, and have shown great stamina and resilience in doing so all year, responding to supporters, and making sure that the charity has continued to communicate effectively, as well as meet all its financial and reporting commitments. On behalf of the whole Board of Trustees, thank you.

Secondly, thank you to everyone who has supported Acorns over the past year. When this pandemic started, we were desperately worried about the impact it would have on our income from voluntary fundraising. While we have obviously lost significant income from events and activities that could not take place, most of our remarkable donors have continued to support us. This generosity is all the more remarkable in the face of the economic and financial challenges we know so many of you have faced yourselves. We could not have got through this past year without you. Heartfelt thanks.


Thirdly, we would like to acknowledge the critical importance of the additional financial support that we received from NHS England over the past year. This was part of a very substantial package of support to all the country's children and adult hospices announced in April 2020. Thanks to them, Acorns could continue to provide our service at a time when our shops were closed and many of our fundraising activities curtailed. Access to the Government's furlough scheme and shop grants scheme have also been of huge importance to Acorns, shielding the charity from what would otherwise have been the devastating financial impact of all our shops being closed for over half the year.

Finally, and most importantly, thank you to the children and families who use Acorns. You are and remain our *raison d'être* and a constant source of inspiration to the Board

of Trustees and to our staff team. We know how hard this past year has been for you, and we will work harder than ever to make sure that you can access all our usual services at our three hospices in Birmingham, Walsall or Worcester when you are ready to do so. We will continue to offer support to you at home for as long as you need us to. We are truly in awe of the resilience and optimism you have shown during this protracted and most challenging of crises.

One thing we have all learned over the past year is not to make too many predictions about the future course of the pandemic. We obviously hope that the incredible impact of the vaccines will continue to extend, giving families more confidence, and allowing Acorns to resume many of the fundraising events and activities that have been put on hold since March 2020. But even as we move forward, we will retain contingency plans for all eventualities. We are also using this period to look at how we can reach more children and families with our care service in the future.

We will never forget how you have supported Acorns during this crisis, allowing us to focus on adapting and delivering our children's hospice service. For that, we shall be forever grateful.



**Mark Hopton**

**Chairman of Acorns Board of Trustees**

**4 August 2021**

## About Acorns Children's Hospice

### *Our charitable purpose*

Acorns provides care for babies, children and young people, who are life limited or life threatened up to the age of 18. We offer a network of specialist palliative nursing care and support for local families. Most of the children and young people that we help require specialist care 24 hours a day, 7 days a week.

We aim to meet the medical, emotional, cultural, religious and spiritual needs of each child and their family. Care is provided in our hospices and in the wider community, including the family home. Our three hospices are:

- > Acorns in Birmingham, based in Selly Oak, supports families from Birmingham, North Warwickshire and Coventry.
- > Acorns in the Black Country, based in Walsall, supports families from Walsall, Sandwell, Dudley, Wolverhampton, Staffordshire and Shropshire.
- > Acorns for the Three Counties, based in Worcester, supports families from Worcestershire, Herefordshire, Gloucestershire and South Warwickshire.

### *Our vision*

Every baby, child and young person living in our region who is life limited or life threatened and their families will receive the specialist care and support they need.

### *Our mission*

- > To provide essential specialist palliative care services to babies, children, young people and their families across our region.
- > To deliver these services in partnership with others.
- > To champion the cause of children's palliative care.

### *Our values*

At Acorns we are:

- > Caring - We are passionate about getting it right, actively responding to individual needs to deliver the highest quality of care and service.
- > Committed - We are determined to achieve our goals and take accountability for our results.
- > Trusted - We build effective relationships based upon trust by consistently being open, honest and transparent, delivering what we commit to.
- > Collaborative - We actively work together with colleagues and build external partnerships that help us deliver our mission.
- > Courageous - We are brave in challenging the status quo, embracing difference and change.
- > Curious – We are inquisitive and empathetic, putting ourselves in the position of others. We seek to understand the why, exploring different ways to succeed.

### *What we do*

Caring for a child with complex medical needs can place unimaginable demands on a family, both physically and emotionally. When time is short every moment is precious which is why, as well as providing specialist care, we help families to make lasting memories.

Babies, children and young people are eligible for our care if they are life limited or life threatened as a result of an illness in one of the four categories defined by Together for Short Lives (a national UK charity for children's palliative care), as follows:

- > Conditions where curative treatment may fail
- > Conditions that mean premature death is inevitable
- > Progressive conditions without curative options
- > Irreversible conditions causing severe disability

We do everything we can to support families and help them to cope at every stage of their child's life, and beyond. We do this by tailoring a package of services based on the needs of the family and their child.

Our care and support package can include:

- > Emergency and end of life care
- > Short breaks in one of our three hospices
- > Pre- and post-bereavement care
- > Children, young people and sibling services
- > Outreach services (care and support provided in people's homes)

Each of our hospices are purpose built with 10 specially decorated bedrooms catering for children and young people from birth to 18 years of age. They are designed to be a home from home environment to help children enjoy their stay and make the most of every day.

Areas of the hospices include complementary therapy rooms and hydrotherapy pools and spas as well as the bedrooms and dining facilities. In addition there are activity areas with up to date IT equipment and multisensory rooms for relaxation as well as enabling the children to experience noises, lights and touch.

Each hospice has a temperature controlled special bedroom where a child or young person can stay after their death so they can be cared for and visited by their family before their funeral.

### *Where we work*

Since we opened in 1988, we have grown to become the UK's largest children's hospice charity. We provide vital care for children and families, including those who are bereaved, across Birmingham, Gloucestershire, Herefordshire, Shropshire, Staffordshire, Warwickshire and Worcestershire.

## Strategic Report

### Public benefit

We refer to the Charity Commission's general guidance on public benefit to ensure our activities are consistent with our aims and objectives.

We are here to provide care to life-limited and life-threatened children living in the communities we work in. Our hospice care is free at the point of delivery but is paid for by public money, donations including legacies, and retail profit. The following sections of this report aim to give you a snapshot of the key activities we have undertaken this year to meet our charitable objectives.

#### *Outline of the year*

Acorns provided high quality care services to 702 life-limited and life-threatened babies, children, young people and 749 families across the West Midlands region and the Three Counties during a year of exceptional challenge for those we serve and for the services we deliver.

On the 23rd of March 2020 the government announced a first national lockdown as a response to the Covid-19 pandemic. On the 26<sup>th</sup> of March 2020 Acorns published an Emergency Response Plan, one of the first children's hospices to issue a response, which included how we would prioritise critical hospice care for the most vulnerable children and families, and indirectly supporting the wider NHS emergency response. This was an early initiative to consolidate our residential care offering to two of our three hospices, with Worcester and Walsall hospices operating residential stays. We announced the temporary closure of the Birmingham hospice, offering the facility to the wider NHS response if needed, and assigned our colleagues normally based there to either Worcester or Walsall. Birmingham families were offered continuity of service and invited to use Worcester or Walsall for residential stays, if needed.

Our Care colleagues rose to the challenge remarkably successfully with the deployment of our Birmingham team. Demand for residential short breaks at our hospices was greatly reduced as families elected to keep already vulnerable children at home whilst the pandemic unfolded. Our end of life care was available throughout at our two operating hospices.

The Family Team Service made full use of online communication to support children and families from day 1 of the lockdown. The elevated levels of anxiety and isolation for many families made the services of our Family Team more vital than ever. Feedback from families confirmed what a lifeline a friendly and familiar Acorns voice proved to be. Through our Volunteer Managers we were able to mobilise bags of emergency provisions in May and June to those families who were unable to leave the house, or who could not access online shopping delivery slots. The nature of our support for families was very practical and immediate, as was the heightened need for wellbeing and emotional support.

The closure of all non-essential retail operations including charity shops required a rapid shutdown across our 55 shops and the furloughing of all shop-based colleagues, with many of our prized and dedicated volunteers self-isolating. Some fundraising colleagues were also furloughed, where traditional activity like events was no longer possible.

In support functions the charity adopted in March 2020 a new online meeting capability. Our excellent IT team had established the Microsoft Teams functionality which allowed meetings to take place virtually and which became a vital resource for all meetings including scheduled governance and operational meetings, allowing us to operate differently but with similar efficacy, and following our existing Governance calendar.

And in this first period the public rallied to support charities as events, shops, and community and business activity essentially came to a full stop. It says a great deal about our communities and their affection for Acorns that we received significant volumes of spontaneous gifts as well as higher than expected response levels to Appeals that were launched during lockdown. We will never forget and always be grateful for the loyalty and generosity of our supporters

Acorns worked closely with national bodies including Hospice UK and Together for Short Lives throughout the pandemic. Hospice UK acted diligently with the Department of Health and NHS England to establish a major national support programme for hospices to ensure the continuity of hospice provision across England and on the 9<sup>th</sup> of April 2020 a nationwide support package for children's and adult hospices was announced. This package was designed to allow continuity of vital hospice care for anyone who needed it, by mitigating losses for hospices from their fundraising and retail operations. This support from NHS England via Hospice UK could not have been more important to Acorns.

After the first lockdown, we were able to start to reopen our charity shops on June 16th 2020. The resilience and creativity of our fundraisers reached new levels, with many novel and online initiatives raising much-needed funds. Gifts in kind from businesses included gifts of personal protective equipment, hand gels, scrubs, gowns, and face masks.

On the 11<sup>th</sup> of September 2020, Phase 2 of the Acorns Emergency Response Plan was published. Protocols were implemented that enabled us to extend some short respite stays for families who had been isolating for lengthy periods. Whilst the Birmingham hospice remained closed to residential stays, the reintroduction of some of the therapies including the hydrotherapy pool and musical therapies was very welcome. We continued to operate with two hospices offering end of life, along with emergency care as well as planned respite breaks for families who had endured many months of caring for their children and who by now were willing to bring their child to Acorns with the Covid-19 protocols providing confidence. The most outstanding care was made available by our Care teams and ongoing levels of flexibility and dedication by our Care colleagues earned admiration from colleagues elsewhere in the charity, families and supporters.

Acorns published a Phase 3 Emergency Plan in October 2020, once again taking account of the trajectory of the pandemic. While anticipating a winter wave, the plan confirmed we would continue to offer pre-booked emergency respite stays through the winter as our Care teams continued to adapt to the virus constraints.

Our shops closed again in early November and opened again for a month in December before then closing from early January 2021 until April 2021. In total the shops were closed for 28 weeks in the year. The Retail team and volunteers had worked really hard to keep in touch and support one another through the months of closure. Some shops have not re-opened since lockdown, as expiring leases gave us opportunities to exit from some lower-profit shops, and reduce the risks associated with a retail operation in a pandemic. By April 2021, Acorns had 45 shops actively trading.

Our fundraising teams spent a year largely working remotely with limited opportunities to meet the supporters that we value and treasure so highly. Yet the relationships we maintained with a smaller remote team remained strong. Our fundraising income was affected but through careful cost management, the final outcome, remarkably, was to achieve a level of financial contribution to our Care services very close to the pre-pandemic plan. We thank our supporters most profoundly for their continuing encouragement, creativity, and generosity.

Throughout the pandemic our colleagues, trustees, volunteers and families had direct personal experience of the virus and often with painful results. We are deeply saddened by the effects of Covid-19 on the Acorns family and wish to recognise that the virus had significant

consequences for our people who, despite the personal and private impacts, continued to professionally deliver the Acorns mission with stoicism and dignity.

As an organisation we can look back at this pandemic year having delivered vital and widely valued services to our clients and their families. We also took the opportunity to plan for the long-term, commissioning an independent review of our Care services by the National Children's Bureau. The goal of the review is to ensure that Acorns will continue to be responsive and suited to the needs of our clients and stakeholders in the future. Significant pieces of organisational development were also delivered, and together with the dedication of our colleagues and supporters, have delivered a very sound financial position and the confidence to operate a three hospice model in to the future.

### *Financial review*

The result for 2020-21 was a net surplus of £2.335 million (2019-20: £2.016 million). We achieved an operating cash surplus for the financial period of £3.961 million (2019-20: £1.837 million). Available reserves at the end of the reporting period increased to £8.343 million (2019-20: £5.656 million). We expect the recovery in voluntary fundraising events and activities to be gradual, and we have set a sizeable deficit budget for 2021-22 as a result. Our higher than usual reserves level is allowing us to plan and deliver our children's hospice care with confidence and continuity during this period of exceptional income uncertainty and volatility.

### *Income*

The 2020-21 financial year was a quite unprecedented year for income. Traditional voluntary income lines were highly volatile as a result of the pandemic, and total annual income from our shops fell by a level we could never have imagined, let alone planned for. However, Acorns was able to withstand this volatility by taking full advantage of all the Government support schemes open to us, such as the Retail Support Grants, the Job Retention Scheme, and a special package of financial support from the NHS to the country's children and adult hospices.

Total income for the year was £17.683 million (2019-20: £17.699 million), a decrease of only £0.016 million, but a total that masks huge reductions in retail income and increases to a broadly similar value of income received from one-off Government support schemes. Retail income fell by £4.074 million, whereas we received £1.062 million from the Job Retention Scheme, £0.746 million in Retail Support Grants, and £2.679 million from NHSE as part of their national hospice support programme. We would like to record our sincere appreciation for this exceptional support, without which the pandemic would have had a quite devastating impact on our care service.

Our incredible and loyal supporters continued to support the charity, despite the pandemic, with net donation income amounting to £4.062 million (2019-20 £4.072 million) just short of the prior year achievement.

Legacy income for the year was £1.514 million (2019-20 £2.093 million) a decline of £0.579 million on the previous year. This was because of the impact of the pandemic on the probate process, reducing the speed with which individual solicitors as well as the Probate Office could progress and finalise estates. We do expect legacy income to recover in the following financial years as the backlog of estates is resolved.

Statutory contract income produced £3.666 million (2019-20 £3.438 million) an increase of £0.228 million from the previous year. We are very appreciative of the on-going financial support

we receive from our statutory partners which include NHS England and over 20 NHS Clinical Commissioning Groups,

Our shops produced income of £2.109 million (2019-20 £6.183 million) a decrease of £4.074 million. This was obviously due to the amount of time they were closed during the three lockdowns, amounting to over half the year in total. Whilst the shops were open, they traded strongly.

We are extremely grateful to all those who supported our work by donating cash, donating goods or spending in our shops, leaving a bequest to the charity during the year or volunteering.

#### *Expenditure*

Expenditure for the year totalled £15.503 million (2019-20: £15.609 million) a reduction of £0.106m.

We maintained our spend on our fundraising activities to deliver income and care to provide services to our children and families. Setting shop running costs to one side, we spent 85 pence in every £1 on care services (2019-20: 86 pence).

Whilst our shops were closed, we took the opportunity to make some essential upgrades and investments. We upgraded all our tills, as well as our internet and WiFi infrastructure in our shops. We have also reviewed and changed the way we make provisions for dilapidations in our shop estate. We also decided not to re-open some of our poorer performing shops after the lockdowns, incurring some modest exit costs, while significantly raising the average profit of our remaining 45 shops.

#### *Cashflows From Operating Activities*

Net surplus for the year was £2.335 million (2019-20: net surplus £2.016m). Total cash provided by operations amounted to £3.961 million (2019-20: £1.837 million). This is higher than the reported surplus as a result of better debtor management leading to a reduction in debtors and dilapidations provisions for our shops, being charged to the surplus but the cash expense not being incurred.

#### *Going Concern*

The charity's financial position and performance has been outlined in the financial review above. The Trustees have assessed projected future income, expenditure and cashflows over the period to August 2022 and considered the charity's available reserves and liquid assets as well as its ability to withstand a material decline in income. Consideration has been given to the stability, predictability and diversity of various income streams in making this assessment.

As we emerge from the Covid-19 pandemic, the Trustees believe the Charity's financial resources and contingency planning is sufficient to ensure the continuation of the Charity as a going concern for the foreseeable future. Consequently, the financial statements have been prepared on this basis.

#### *Available reserves policy and financial risks*

Acorns available reserves policy aims to ensure the charity has the financial capacity needed to safeguard the provision of vital services to beneficiaries from the adverse financial effects of significant unforeseeable changes in income and expenditure taking one year with another.

Acorns available reserves policy also provides financial capacity in the event unforeseen external factors lead to unavoidable and significant reductions in service levels. The Charity is a going concern and the Board of Trustees fully intends to see this continue long into the future. Should this not be possible, available reserves would assist the Charity in honouring its commitments to beneficiaries, employees, supporters and creditors as it scales back its operations.

Prior to the pandemic, the Board's policy target for available reserves had been set at £5.6 million  $\pm$  15 per cent. The target was calculated following an assessment of the potential risks to income, expenditure and investment values. Available reserves at year end were £8.343 million (2019-20: £5.818 million), but are expected to fall quickly back over the next few years to target range, as we incur at least one annual deficit by resuming a full care service before traditional fundraising activity has fully recovered.

Available reserves are calculated in accordance Charity Commission guidance as follows:

	£'000
Total Reserves	17,767
Less	
Restricted Reserves	(268)
Designated – Intangible Fixed Assets	(142)
Designated – Tangible Fixed Assets	(8,829)
Designated – Investments in Associates	(185)
Available Reserves	8,343

We manage financial risks by regularly reviewing our financial plans and income pipelines, through strong financial management, by monitoring performance rigorously and by seeking specialist advice as necessary.

#### *Investment policy and performance*

We review our investment policy annually to ensure we make effective use of cash resources that are surplus to our operational needs. Our investment policy incorporates our ethical investment statement. The Board seeks to provide income and capital growth over the long term (a period of at least 10 years) and invests in the following asset classes: equity securities, fixed income securities, money-market instruments, cash deposits, and other funds managed by the appointed investment manager.

Acorns investment manager for 2020-21 was Barclays Wealth Management. We used the Barclays Charity Fund for our longer-term investment as it complies with our investment policy. We granted our investment manager the power to invest our funds at their discretion within the parameters agreed with them regarding asset allocation in pursuit of agreed targets. Our ethical

investment statement excludes investment in tobacco manufacturing companies or any company whose objectives may directly conflict with ours. The investment manager uses services provided by Ethical Investment Research and Information Services (EIRIS) to produce ethical investment screening reports.

The investment manager provides written reports on fund performance and compliance with the ethical investment statement quarterly. The investment manager attends the Resources Assurance Committee twice a year to discuss performance and compliance with Trustees. The following table summarises the investment fund performance for the financial period and from the inception of the fund.

## Performance Overview

### PORTFOLIO PERFORMANCE (%)

<sup>6</sup> Daily True Time Weighted	Period (29-Mar-20 to 3-Apr-21)	MTD	QTD	YTD	Since <sup>41</sup> Inception Annualised
Investment Portfolio Return	25.34	0.25	0.25	2.27	2.22
<sup>32</sup> Blended Benchmark Return	26.78	0.66	0.66	4.55	(0.14)
<sup>12</sup> Excess Return	(1.44)	(0.42)	(0.42)	(2.28)	2.36
<sup>13</sup> Reference Market Indices Returns					
Barclays Capital Global Aggregate (GBPH)	1.35	0.10	0.10	(2.41)	0.69
MSCI AC WORLD - NET RETURN (£)	41.78	0.98	0.98	4.62	10.99
FTSE 100 - TOT RETURN IND (£)	25.96	0.38	0.38	5.37	(5.56)
Bank of England Base Rate	0.10			0.03	0.15

At the end of the last financial year we held significant cash balances to limit investment risk. As explained above our cash balances increased during the year and as a result we were able to invest further in the investment fund. At the financial period end we held £2.564 million in the fund (2019-20: £0.409 million). Due to the uncertainty created by the Covid-19 pandemic further investment in the fund was rejected on the basis the investment time period is a minimum of ten years. Consequently Trustees protected the Charity against counterparty risk by placing funds with Blackrock Money Market Fund £0.750 million (2019-20: £Nil) and Royal London Money Market Fund £4.011 million (2019-20: £Nil).

### Performance Monitoring

In normal years, the Board of Trustees at Acorns holds the Chief Executive to account using a set of key performance indicators (KPIs) which are agreed in advance of each year. Due to the nature of the Covid-19 pandemic, Acorns introduced in April 2020 a special set of KPIs specifically for our emergency response. This allowed Trustees to monitor data and insights as to how the crisis was impacting on each of our service and business areas, and on our people.

Due to both an unprecedented and constantly changing situation, there were neither fixed targets set in advance, nor comparisons with previous years. The main "Covid-19 response KPIs" were as follows:

"Covid-19 response KPIs"
Total number of children and young people registered with Acorns
Total number of current and bereaved families supported by Acorns
Bed Occupancy at the two hospices offering a residential children's hospice service
Bed Occupancy broken down by type of stay (paid-for and step down beds, emergency short break, planned short break, end of life stay)
Number and type of day therapies offered at our three hospices (such as physiotherapy, hydro pool and spa sessions, private use of gardens etc)
Number of phone / video contacts between children, families and their Acorns family team or sibling worker
Number of people employed by or volunteering with Acorns (total & FTE)
% of staff absent due to Covid-19 or other sickness
% of staff on furlough
Statutory income levels (long-term as well as from special Covid-19 support schemes)
Increase/ (decrease) in donations on previous year (£000)
Increase/ (decrease) retail income on previous year (£000)
Projected end year financial result

### Our plans

When the Covid-19 crisis developed in March 2020, Acorns had one year left on our Making Every Day Count strategy, a three year plan that had been adopted by our Trustees and published in April 2018. Recognising how Covid-19 had changed almost everything, we had no choice but to immediately abandon the remaining year of our strategy.

In its place, we published our Acorns Children's Hospice Covid-19 Emergency Plan at the end of March. Shared with families, staff, volunteers as well as our external partners and stakeholders, we set out how the charity would try and deliver two overarching goals for the crisis –

- > Continuing to deliver our children's hospice care service to the best of our ability, given the huge challenges created by the pandemic

- > Safeguarding our long-term ability to provide care to children and families by steering Acorns the charity through the shock of the pandemic, given massive disruptions to our traditional ways of raising funds from our supporters, events and charity shops.

We twice updated our Covid-19 Emergency Plan as the pandemic evolved, publishing a Phase 2 in June 2020 and then a Phase 3 in September 2020.

Despite the winter crisis and third lockdown, the roll-out of vaccines in early 2021 still feels like the genuine turning point in this pandemic. Important progress has been made, but uncertainty does remain and a return to normal for the children and families we support will be a gradual process. A full economic recovery may take years.

Trustees therefore agreed that April 2021 was not the right time for Acorns to be setting a new long-term strategy. Instead, we introduced a one year "Bridge Strategy" focussed on how our service and our charity will start to emerge from the Covid-19 crisis from April 2021 onwards.

Our overarching approach at Acorns during this next year of re-emerging from the pandemic recovery will therefore continue to be one of flexibility and responsiveness. Our fantastic team has demonstrated these qualities throughout the pandemic, and will continue to do so during the recovery phase.

In our Bridge Strategy, we made these promises about our children's hospice service:

- > We will deliver the most ambitious, impactful and caring children's hospice service that we can over the next year, based on circumstances that we know will change;
- > We will continue to provide end-of-life care to any child or young person who needs it, as we have done throughout the pandemic;
- > We will gradually re-introduce the face-to-face services that are so important to families, but which we had to restrict, adapt or suspend during this crisis. This includes once again offering residential services from our Birmingham hospice from September 2021;
- > We will best support children and families by operating ever more closely with the NHS, other health and social care providers, as well as with other children's hospices nationally, who face the same challenges and opportunities that we do;
- > We will use what we have learned during this protracted crisis and from our Care Review to try and do things even better in the future; and,
- > We will still use technology and digital platforms to bring more families closer to our care and support, even after our face-to-face services fully resume.

And we make these promises about what our people, our partners, our supporters and the customers in our shops can expect from Acorns, and its leadership team:

- > We will continue to care and do all we can to keep you safe;
- > We will communicate clearly and transparently;
- > We will respect everyone's circumstances and value everyone's contribution;
- > We will respond quickly and flexibly when called upon to do so; and,
- > We will ensure careful stewardship of Acorns finances.

We will also use the year ahead to build the future foundations of the Acorns children's hospice service. As the charity behind one of the country's first and largest children's hospice services, Acorns has always tried to be a pioneer in terms of both the care we offer, and how we can best deliver it.

During the pandemic, we have conducted a major external review of our care service, very much family-led in terms of the views, feedback and data we have collected from actual and potential users of Acorns in the West Midlands. The review team have situated what they heard from families in the wider context of what they heard about future trends and possibilities from our health and social care partners, and what we know about the UK's wider children's hospice sector. The review team have also sought the views of families who could be accessing Acorns services, but currently are not doing so, to try and understand what we can do to improve access to our children's hospice care.

This review should give us a fantastic opportunity to set our longer-term course. Over the course of the year covered by this plan, we will therefore use the findings and recommendations of our Care Review to develop and position our care service for the future.

We continue to hold the Chief Executive and Directors to account through Board and Board Committee meetings, tracking performance against business as usual and specially developed Covid-19 key performance indicators.

#### *Our administrative details*

**Charity number:** 700859.  
**Company number:** 2036103.  
**Registered Office:** Drakes Court, 302 Alcester Road, Wythall, Birmingham, B47 6JR.

#### *Our Advisors*

**Auditors:** RSM UK Audit LLP, St Philips Point, Temple Row, Birmingham, B2 5AF.  
**Bankers:** Barclays Bank PLC; One Snowhill, Snow Hill Queensway, Birmingham, B4 6GN.  
**Solicitors:** Gateley PLC, One Eleven, Edmund Street, Birmingham, B3 2HJ.  
**Investment Managers:** Barclays Wealth Management, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GN.

## Our Key People

### Board of Trustees

The charity is governed by the Board of Trustees. Trustee biographies are available on our website. The following Trustees served during all or part of the year:

Name	Role(s)	Changes
M T Hopton	Chairman, Board of Trustees Chairman, Chairs Committee	-
J McCarthy	Vice Chairman, Board of Trustees Chairman, Board Development Committee	-
G Ahmad I S Araf	Trustee Trustee	Retired 4 November 2020
Prof T Barrett L Bull	Chairman, Care Assurance Committee Trustee	- Appointed 11 May 2021
A David	Chairman, Resources Assurance Committee	-
P Dison	Chairman, Retail Assurance Committee Chairman, Acorns Children's Hospice Trading Ltd	-
J Eminson	Trustee	Retired 1 May 2021
B M Jones	Trustee	-
J Ladbrooke	Trustee	Appointed 20 May 2020
R Leonhardt	Trustee	-
K McNamara- Goodger	Trustee	-
G Muth	Trustee	-
P Riley	Chairman, Fundraising, Marketing & Comms Assurance Committee	-
C Sallnow	Trustee	-
C Turner-Collis	Trustee	Retired 13 July 2021
A S Ubhi	Trustee	-
B Waris	Trustee	Appointed 24 March 2021

## Key Managers

Membership of the Directors' Team during the year was as follows:

Name	Role	Changes
T Porter	Chief Executive	
E Aspinall	Director of Care	
M Bullock	Director of People & Culture	Appointed 24 August 2020
N Cramer	Director of Supporter Engagement	
C Hopkins	Director of Statutory Partnerships & Performance	Retired 12 February 2021
S Rees	Finance Director & Company Secretary	Retired 31 January 2021
J Thomas	Director of Human Resources	Retired 4 September 2020
S Westcott	Acting Director of Finance & Company Secretary	Appointed 1 February 2021

## Structure, Governance and Management

Acorns was incorporated on 10 July 1986 as a company limited by guarantee. It is a registered charity. The appointed directors of the company (our Trustees) also fulfil the role of company owners (our Members) during their tenure as a Trustee. Our Members are not shareholders because the Trust is a company limited by guarantee with the liability of Members limited to £1.

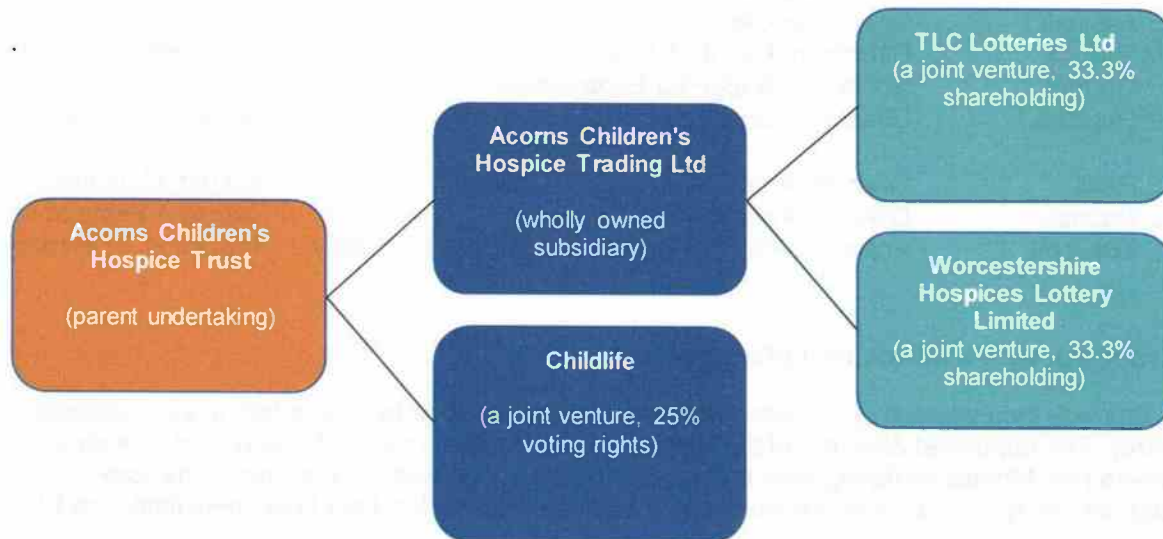
An individual Member cannot acquire a controlling interest (more than 25 per cent of voting rights) as an owner of the Trust because the Trust's Articles of Association (dated 13 February 2020) provide for a minimum of 12 Members and give each Member an equal voting right. Matters that must be referred by the Trustees (directors) to the Members (owners) for decision are limited, the main ones being changes to the Articles of Association and the appointment of a new auditor.

The Board of Trustees is accountable for governance, strategic direction and financial reporting. The Chief Executive together with his Directors' Team supports the Board of Trustees with these tasks. The Board has established a comprehensive governance framework through which Trustees discharge their collective and personal responsibilities for controlling and managing the organisation. The Board continually reviews Acorns governance framework over a three-year cycle.

### *Our Group Structure*

The Acorns group comprises the Trust, its wholly owned trading subsidiary and three joint ventures (JVs). The Trust produces consolidated or group accounts that include the results of all five entities. The following structure chart shows the relationships between the entities within the group:

### Acorns Group Structure



#### Acorns Children's Hospice Trading Limited

The trading company is the charity's wholly owned trading subsidiary. Its purpose is to generate income to support the Charity's objectives by selling bought-in new goods at a profit in the Trust's network of shops, which are located across the heart of England. The trading company acts as the Trust's agent for an HMRC approved Gift Aid scheme for donated goods. It transfers its profits to the charity using the HMRC Gift Aid scheme for corporate donations. Its financial statements are consolidated into those of the Charity. Its results are set out in note 3 to the financial statements (page 51). In addition to these activities, the Board of the Trading Company also reviews the activities of the two joint venture lotteries.

#### Joint Ventures

Acorns is equal part-owner with other charities of three joint ventures whose purpose is to generate income. The details are as follows:

- > **TLC Lotteries Limited** is a joint venture with Focus Birmingham and Birmingham St Mary's Hospice.
- > **Worcester Hospices Lottery Limited** is a joint venture with St Richard's Hospice and Primrose Hospice.
- > **Childlife** is a joint venture with the National Deaf Children's Society, the National Children's Bureau and Ataxia UK. It is a company limited by guarantee and its principal activities are payroll giving and face to face fundraising.

#### The Board of Trustees

The Board of Trustees has established a robust governance framework and keeps it under continuous review. Acorns governance framework complies with the Code for the Voluntary and Community Sector which is endorsed by the Charity Commission and with other best practice guidelines.

The Board has agreed a schedule of matters reserved for its decision which includes approval of strategy, vision, mission, goals and the annual plans and budgets for achieving its objectives.

The Board formally assigns responsibility for the overall management of the charity's day-to-day activities and resources to the Chief Executive through a scheme of delegation. The Chief Executive is assisted by Directors, other staff and volunteers. The Board also supports the Chief Executive with advice and guidance on an on-going basis.

The Board has a Trustee Recruitment & Retention Policy to ensure it has the diverse range of skills, experience and knowledge needed to run the charity effectively and that Trustees receive the induction and training they need to discharge their duties. The Chairman oversees the Trustee recruitment process in consultation with the Board Development Committee. Each recruitment campaign is designed with the charity's needs and the pool of potential candidates in mind. New Trustees complete a structured induction programme including one-to-one meetings with the Chief Executive and Directors and visits to Acorns hospices and shops. Every Board meeting includes an element of training for Trustees. Trustees also attend conferences and seminars relevant to their responsibilities.

Trustees are appointed for an initial three-year term of office that can be extended in the best interests of the charity subject to Board approval. The Chairman's period of office is limited to six consecutive years. The Board of Trustees conducts regular skills audits and manages succession plans closely to ensure the continuity and effectiveness of the charity's governance arrangements.

Trustees who served during the financial period are shown on page 17, as well as appointments and retirements during the financial and post balance sheet periods.

Our Trustees together have the broad range of skills and expertise needed to govern the charity effectively. Some of our Trustees have personal experience of the impact of having a child with palliative care needs. A biography of each of our Trustees is available on our website.

Acorns Board of Trustees met six times during the financial period. None of the Trustees are remunerated.

### Assurance Committees

All Trustees serve on one or more of the Board's Assurance Committees. Any Trustee may attend any Assurance Committee meeting. There were exceptionally high levels of attendance at all Assurance Committees over the financial period, with Trustees all joining remotely.

The specific responsibilities delegated by the Board of Trustees to the Committees were formally unchanged by the pandemic, but the situation led to closer than usual Trustee oversight and contact with the Executive Team. Throughout the year, Assurance Committee members provided close advice, support, expertise and challenge to the Chief Executive and Directors' Team. A summary of each Assurance Committee's terms of reference is set out below:

Assurance Committee	Key Accountabilities
Board Development	<ul style="list-style-type: none"> <li>&gt; Maintaining Acorns Governance Framework.</li> <li>&gt; Advising on the appointment of new Trustees.</li> <li>&gt; Advising on Board Committee membership.</li> <li>&gt; Advising on Trustee induction and training.</li> </ul>

Assurance Committee	Key Accountabilities
Care	<ul style="list-style-type: none"> <li>&gt; Overseeing and scrutinising care activities and staffing.</li> <li>&gt; Reviewing any clinical incidents or complaints.</li> <li>&gt; Overseeing the Care Review project</li> </ul>
Fundraising, Marketing & Communications	<ul style="list-style-type: none"> <li>&gt; Monitoring fundraising, marketing and communications strategy, outputs and performance.</li> <li>&gt; Scrutinising and where necessary challenging future income assumptions and forecasts</li> </ul>
Chairs	<ul style="list-style-type: none"> <li>&gt; Overseeing strategic risk management.</li> <li>&gt; Advising on remuneration issues.</li> <li>&gt; Co-ordinating development and review of strategy.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>&gt; Reviewing all aspects of financial management.</li> <li>&gt; Overseeing investment fund performance.</li> <li>&gt; Reviewing the draft annual report and accounts.</li> <li>&gt; Scrutinising human resource (staff &amp; volunteers) activities.</li> <li>&gt; Scrutinising learning &amp; development activities.</li> <li>&gt; Overseeing the implementation of Acorns digital strategy.</li> <li>&gt; Monitoring GDPR compliance.</li> <li>&gt; Overseeing the development of asset management plans.</li> </ul>
Retail	<ul style="list-style-type: none"> <li>&gt; Scrutinising all retail activities relating to the sale of donated goods.</li> <li>&gt; Monitoring Acorns Children's Hospice Trading Limited.</li> </ul>

### Employment policies

We need to attract and retain a diverse, skilled and experienced staff across a range of functions and at all levels in the organisation to achieve our ambitions for children and their families.

Acorns recognises the value of having a diverse workforce and provides equal opportunities to job applicants and employees of any race, nationality, ethnic origin, marital status, religion or belief, gender, disability, sexual orientation, age or employment status.

We do not tolerate any form of discrimination in our recruitment or employment practices. All employees and applicants are treated fairly, with respect, are treated as individuals and valued for the contribution they make. Employees have fair access to training, development, reward and progression opportunities and are accountable for the impact of their own actions. All the charity's policies follow these principles.

Our staff and volunteers received regular communication throughout the year from the Chairman and Chief Executive about the charity's progress. They were also consulted on decisions affecting them. We survey staff and volunteers regularly, monitoring trends and responding proactively to the feedback received.

### *Equality & Inclusion*

Acorns has won national awards for promoting diversity by ensuring its services are sensitive to various cultural and religious needs of its children and their families.

We have established a positive working environment for all our staff and volunteers. We comply with the relevant legislation on equality and inclusion, such as the Human Rights Act 1988 and the Equality Act 2010 and the Public Sector Equality Duty 2011 it gave rise to. Our equality objectives are to:

- > promote a positive attitude towards equality and inclusion in the workplace;
- > provide education, training and professional development for Acorns workforce;
- > monitor the impact of diversity and equality policies and practices; and,
- > providing advice and guidance across Acorns.

In terms of employment, Acorns gives full and fair consideration to applications for employment from disabled persons. We support the ongoing training and development of persons disabled prior to appointment or who become disabled following appointment. We also ensure disabled employees have fair access to support with career progression and promotion.

### *Pay policies*

Acorns is committed to paying our staff a fair salary that is:

- > competitive within the charity sector yet affordable;
- > proportionate to the complexity of each role; and,
- > consistent with the need to make best use of supporters' donations and public money.

We ensure that every member of paid staff receives a salary that is at least equivalent to the National Minimum Wage applicable to them. We do not operate a bonus scheme for any of our paid staff or volunteers. Details of our salary and pension costs can be found in note 7 to the financial statements (page 55 refers). Information regarding the number of employees with salaries over £60,000 is available in note 8 to the financial statements (page 57 refers). We are an equal pay employer. Please see our website for details of our gender pay ratios.

The Board of Trustees is responsible for defining Acorns pay policy for its key managers (the Chief Executive and the Directors) and agreeing the annual cost of living award. The Board delegates this responsibility to the Chairs Committee which comprises the Chairman of the Board of Trustees and the Chairman of each Assurance Committee. The Chairs Committee meets with the Chief Executive to review and recommend changes to other key managers' pay. The CEO is not present at the meeting when his own pay and performance is discussed.

### *Our Volunteers*

Acorns relies on almost 1,000 dedicated and skilled volunteers who regularly give their time and talents and do so much to help look after an increasing number of children and families.

Most charities rely on volunteers, but few can say, as we can, that every one of our activities - from running care services to supporting families, from fundraising to shops – has the help of volunteers. Depending on their role, volunteers are recruited subject to a satisfactory enhanced disclosure from the Disclosure and Barring Service. However, we do not require a DBS disclosure for our shop volunteers.

### *Our Supporters*

At Acorns, we understood from Day 1 of the pandemic how important it would be to our supporters to know that we were still able to reach the children and families who need our service with our care and support. Our communications reflected how we were able to reach some of the most vulnerable young members of the community, along with their families. As always at Acorns, we offered a platform for parents and young people to talk first-hand about the challenges they were experiencing during the pandemic, and what the support from Acorns meant to them. This resulted in significant engagement from supporters and a heartening response to our fundraising appeals.

The great majority of fundraising events and workplace, school, and local club fundraising activities have not happened at all during the pandemic. The effects on fundraising were serious and many planned activities could not take place under government restrictions. As a consequence, the way that so many of our existing donors gave additional gifts in response to the emergency was remarkable. We appreciated every extra gift and the commitment of those who continued to give which allowed Acorns to maintain our vital services throughout the pandemic.

Acorns worked closely with those trusts and foundations that are often 'first responders' in an emergency situation and who offered flexibility and generosity with their grant awards. We have built positive and open relationships with trusts and foundations and we are appreciative of the difference that we could make as a result.

As the return to workplaces picked up, we found that many of our existing corporate supporters extended their support to cover the 'lost' six months of the year. Other companies made discretionary donations to mitigate the loss of staff fundraising, or offered gifts in kind including PPE equipment and other items to keep our Care colleagues and children protected.

Our responsibility at Acorns to operate within regulatory and legal frameworks was unaffected by the pandemic, and the way we operated maintained the fundraising and data protection standards we had set in the 2019-20 report.

A total of 8 complaints were received during the year (2019-20: 9 complaints), all of which were resolved without escalation. Three were requests to be removed from the mailing list of marketing materials, one related to a previous year's raffle prize, one with a technical difficulty in joining an online event, one relating to a request to call a donor which was not made, and two relating to accuracy of a supporter's information. Acorns recorded these as complaints though in some cases no formal complaint was made, and we do this to ensure our processes can improve and for transparency.

### *Risk Assessment*

The Acorns Board of Trustees is responsible for ensuring Acorns risk management framework is comprehensive, and that that emerging, new and changing risks or opportunities are identified and responded to promptly.

The Board of Trustees reviews and updates Acorns risk management framework annually. The Board has for the past three years used a Risk Register structured around eight strategic risk families. Our eight strategic risk families are as follows:

- > Care services delivery;
- > Clinical incident;
- > Safeguarding;
- > Governance & compliance;
- > Workforce;
- > Income & reputation;
- > Financial loss; and,
- > Major incident.

Risks are identified within directorates and included on the risk register by the Directors within the appropriate strategic risk family. Acorns prioritises its risks according to their impact and likelihood and then designs and delivers appropriate controls and mitigating actions.

Obviously, the 2020-21 year was highly unusual from a Risk Management perspective. What effectively happened was that a global pandemic, one of many possible but hitherto highly unlikely scenarios from what has traditionally been the last of our 8 Risk Families (Major Incident) came not only to materialise but to completely dominate all aspects of the charity's service, income generation, management and Governance. We continued to monitor all of the other risks throughout the year, with the full Risk Register being reviewed at two Trustee Meetings, and the Risk Appetite and any changes within the Risk Families being regularly reviewed by the relevant Assurance Committees.

The Board is satisfied that the Charity's risk management framework continues to be both comprehensive and appropriate and that the Chief Executive has put effective systems in place to control risk. The Directors' team reviews the risk register twice a year and updates the Board of Trustees using a dashboard report. The Board's assurance committees will continue to conduct a 'deep dive' review of the strategic risk register annually. The Chairs Committee will consider the results of that review making its recommendations to the full Board.

Our major risks, those where post-mitigation risk score exceeds the Board's stated risk tolerance level at the end of the year being reported, are summarised in the following table:

Risk Family	Risk Appetite	Risk Assessment	Risk Trajectory	Explanation
Care services delivery – maintaining our reputation for outstanding quality care services.	Low	Medium	Improving	It will only be September 2021 when we hope to have reintroduced the full range of our care service, including the phased re-opening of our Birmingham hospice for residential stays. We are optimistic but realistic that the pandemic continues to have a major impact on the scale and some of the scope of the care service.
Major incident – including the Covid-19 emergency	Medium	High	Improving	Still a crisis that elevates risk, dominates our thinking and shapes our actions across most care activities and business areas.

### Working with our stakeholders: s172 statement

Companies are required to include a statement in their strategic report on how directors have complied with their duty to have regard to matters in section 172 (1) (a)-(f) of the Companies Act 2006 ('the Act'). As per the Charities SORP Information Sheet 3: The Companies (Miscellaneous Reporting) Regulations 2018 and UK Company Charities, the duty of the Trustee of a charitable company under this subsection of the Act is to act in the way they consider would be most likely to achieve its charitable purpose and in doing so have regard (among other matters) to the:

- likely consequences of any decision in the long term;
- interests of the employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and,
- the need to act fairly as between members of the company.

We listen to and engage effectively with our wide variety of stakeholders on whom the future success of Acorns depends, including service users, supporters, employees, volunteers and suppliers, to ensure responsible decisions are made. This helps us ensure that any decisions are sustainable in the long term and do not disproportionately affect any single stakeholder group.

The Board regards the following to be the two key decisions and considerations it has made during the year.

Significant event/ decision	S172 matter affected	Action and impact
<p>The Board carefully monitored the impact of Covid-19 on Acorns services and on its financial standing as a charity.</p>	<p>Possible consequence of the pandemic on the charity's financial standing, and therefore on long-term ability to provide children's hospice care in the West Midlands.</p>	<p>The Board collectively, and senior Trustees individually, have been kept regularly updated on the many key decisions and developments impacting on the charity throughout the financial period. The judgements we have made about income and expenditure levels have been judicious ones, and consistently taken in the long-term interest of the Trust. Consequently the outlook for the trust feels secure despite the pandemic.</p>
<p>The Board commissioned a Strategic Review of our care services, as part of our commitment to continuous improvement in how we plan and deliver our service to children and families.</p>	<p>Children and their families, staff, volunteers, supporters and Commissioners.</p>	<p>During the review, a programme of engagement with staff, volunteers, those that use our services and their families, as well as NHSE Commissioners was undertaken. Trustees engaged in workshops to support the development of proposals by the Executive Leadership Team. When considering the recommendations made, the Board considered the long-term impact on those who use our services, and on our workforce.</p>

In the table below, we set out in more detail how we have engaged with our key stakeholders and the impact of the engagement.

Stakeholder group and why they are important to our success	Their requirements	How we engage	Key highlights of 2020-21 showing impact of the engagement
<p><b>Children that use our services and their families</b></p>	<p>A specialised children's hospice service that reflects what is important to them.</p> <p>High-quality and safe services.</p>	<p>We regularly carry out formal and informal consultation with families. There were two major surveys in 2020-21, the first to understand the impact of the pandemic, and the second part of our Strategic Care Review. We additionally maintain an active group of Young Ambassadors and Parent Carer Champions and have ongoing opportunities to engage families through the one to one work and groups we provide.</p>	<p>A family survey on the impact of the lockdown was completed in 2020. This involved 300 families sharing their experiences which helped us plan our services through the continued pandemic.</p> <p>Focus groups involving families and young people who access our services were interviewed for the Strategic Care Review.</p> <p>Young Ambassadors and Parent Carer Champions met on 5 occasions and were very active on the charity's media and social media channels.</p> <p>We sought direct feedback from families with family team workers making routine "wellbeing calls" through the year.</p>

Stakeholder group and why they are important to our success	Their requirements	How we engage	Key highlights of 2020-21 showing impact of the engagement
<p><b>Children that use our services and their families (continued)</b></p>			<p>We responded to direct feedback from families via Acorns social media channels.</p> <p>We undertook a separate survey with Birmingham families on the re-opening of the Birmingham hospice following the temporary closure due to the pandemic.</p> <p>Realtime feedback via iPads from families attending the therapy sessions at the Birmingham hospice provided helpful information on how we structure this service.</p> <p>We received positive feedback to our sibling teams via virtual groups and on receipt of activity packs.</p>
<p><b>Our employees</b></p> <p>Our services are delivered through our experienced and dedicated workforce.</p>	<p>Opportunities for development and progression.</p> <p>Fair and transparent pay and reward structures.</p> <p>Opportunities to share ideas and make a difference.</p> <p>Respect for their diversity and an inclusive workplace where all are treated fairly.</p>	<p>We engage regularly, virtually, by email, our intranet and live and recorded video updates from senior management.</p> <p>People engagement is measured through regular staff surveys. In 2020, we moved from previous practice of a major staff survey once every 2 years, to an online real time engagement tool (Winningtemp) through which we measure how employees are feeling every 2 weeks. This has transformed the data and insights we hold on employee wellbeing and feelings about their work.</p>	<p>The workforce have engaged with the new approach to regular temperature checks and the responses from this have shaped how our people strategy has been developed, driving a greater focus on the development of wellbeing, a cohesive leadership culture and on opportunities to grow and progress.</p> <p>The engagement tool allows the organisation to measure Employee Net Promoter Score (ENPS) which is a universally accepted measure of employee satisfaction and currently Acorns is rated in line with similar organisations.</p>

Stakeholder group and why they are important to our success	Their requirements	How we engage	Key highlights of 2020-21 showing impact of the engagement
<p><b>Our employees (continued)</b></p>			<p>Acorns last gender pay gap report was submitted in 2019 and has shown a year on year reduction in the pay gap, resulting in a lower than average UK gender pay gap. The gender pay gap percentage is broadly aligned to similar organisations.</p>
<p><b>Our Supporters and Volunteers</b></p> <p>We can only achieve our strategic vision with the generous contributions of our supporters and volunteers.</p>	<p>We have a strong sense of duty to deliver the most impact we can from the time and money they so generously give.</p>	<p>We have communicated regularly through the pandemic with our supporters according to their preferences, email, phone, website and through media and social media activity.</p> <p>We have 45 shops where we engage with supporters who donate and buy goods.</p>	<p>The charity's Covid-19 response has been regularly profiled in the local and regional media.</p> <p>Supporters have remained highly engaged, with income from individual giving actually rising by c 20% from the previous year.</p> <p>We raised £5.576 million of income in donations and legacies.</p> <p>Our shops were closed for more than half the year, but we have traded well since re-opening.</p> <p>Most volunteers were unable to do their normal duties for most of the year, due to public health advice and instruction. We have kept in close contact with them, many have now returned.</p>

Stakeholder group and why they are important to our success	Their requirements	How we engage	Key highlights of 2020-21 showing impact of the engagement
<p><b>NHS</b></p> <p>We could not do what we do without our partnership with the NHS, nationally and locally, via CCGs and hospitals.</p>	<p>NHSE fulfils its statutory obligation to provide palliative and end of life care to children and support to families.</p> <p>Acorns delivers on our contractual obligations.</p> <p>We provide safe and high-quality care, and report transparently on what we have delivered and on any challenges we may face.</p>	<p>We have a dedicated Statutory Partnerships manager to manage our NHSE engagement.</p> <p>Our CEO is a Trustee of Together for Short Lives, and the Children's Hospice representative on the Hospice UK Advisory Council. In addition, he is a member of NHSE's National Children and Young People's Palliative and End of Life Care Governance Group.</p> <p>Over the past year, we have worked closer than ever with our NHS partners. Our collaboration with the Palliative Care team at Birmingham Women and Children's Hospital has been particularly impactful.</p>	<p>We receive important contributions to our care costs from both NHS England and local NHS commissioning groups. We report on these regularly.</p> <p>As a children's hospice, we are regulated by the CQC. There were no inspections in 2020-21 as a result of Covid-19 restrictions, but we expect these to resume this financial year.</p> <p>The most recent inspections at Worcester, Walsall and Birmingham have given us an overall rating of "Good", "Good" and "Outstanding" respectively.</p>

## Streamlined Energy and Carbon Reporting

During the financial year, Acorns continued its commitment to improving energy efficiency and reducing its carbon footprint.

Co-locating all employees on the ground floor of Drakes Court began. LED lighting began being rolled out across the shop estate with six shops converted. This will continue as part of a significant refurbishment programme during 2021-22. Smart meters are installed in 35 of our 45 shops.

Photovoltaic panels are in place at Worcester and Walsall Hospices to produce electricity and are in daily use.

### Methodology

The three hospices and Drakes Court all use electricity and gas for heat, light and power. The 45 shops use electricity for heat light and power. The kWh usage was calculated from invoices for energy used during the financial year.

During the year there was very little travel by staff in their own cars. Nor was there any significant rail travel and there was no air travel. Consequently, these are not disclosed as they are deemed to be immaterial.

The UK Government GHG Conversion Factors for Company Reporting 2020 have been used to provide the required conversion rates.

**Emission Statistics**

	<b>2021</b>
Energy consumption used to calculate emissions (kWh)	2,332,053
Emissions from purchased electricity (kgCO <sub>2</sub> e)	180,748
Emissions from the combustion of gas (kgCO <sub>2</sub> e)	287,383
<b>Total gross emissions</b>	<b>468,131</b>
Intensity ratio (total kgCO <sub>2</sub> e per FTE employee)	1,203

## **Trustees' responsibilities in relation to the financial statements**

The Charity Trustees are responsible for preparing the Trustees' Report and the incorporated Strategic Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, UKGAAP).

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

- > select suitable accounting policies and apply them consistently;
- > observe the methods and principles in the Charities Statement of Recommended Practice (SORP) on financial reporting;
- > 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; and,
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of information to auditors**

The Trustees who held office at the date of approval of the Trustees' Report and incorporated Strategic Report confirm that, so far as each is aware, there is no relevant audit information of which the charitable company's auditor is unaware. Each Trustee has taken all the steps they should have taken to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' Report and the incorporated Strategic Report are approved and signed on behalf of the Board of Trustees.



**Mark Hopton**

**Chairman of Acorns Board of Trustees**

**4 August 2021**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORNS CHILDREN'S HOSPICE TRUST

## Opinion

We have audited the financial statements of Acorns Children's Hospice Trust (the 'parent charitable company') and its subsidiary (the 'group') for the financial period ended 3 April 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated and Charity Statements of Financial Position, the Consolidated and Charity Statements of Cash Flows and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 3 April 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the financial period 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 group and parent 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 group's or parent charitable company's ability to continue as a going concern for a financial 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 Report and Financial Statements other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report and Financial Statements. 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.

## 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, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Responsibilities of trustees*

As explained more fully in the Statement of Trustees' responsibilities set out on page 32, 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 group's and parent 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 group or parent 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.

*The extent to which the audit was considered capable of detecting irregularities, including fraud*

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Safeguarding, GDPR and CQC Regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

KEITH WARD (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date 11th August 2021

## Consolidated statement of financial activities

29 March 2020 to 3 April 2021

	Note	Unrestricted funds £000	Unrestricted Funds - Shops £000	Restricted Funds £000	Total Funds 2021 £000
<b>Income from</b>					
<i>Donations and legacies</i>					
Donations		2,887	-	1,175	4,062
Legacies		1,378	-	136	1,514
<i>Charitable activities</i>					
NHS England Children's Hospice Grant		-	-	1,393	1,393
NHS England Covid-19 Support Grants		-	-	2,679	2,679
Job retention Covid-19 Support		341	721	-	1,062
Contract income		3,666	-	-	3,666
Training income		3	-	-	3
<i>Other trading activities</i>					
Sale of donated and bought-in goods		-	2,109	-	2,109
Covid-19 Business Support Grants		-	746	-	746
Events		102	-	-	102
<i>Investments</i>					
Dividends		11	-	-	11
Interest	5	1	-	-	1
Share of JVs' net profit		297	-	-	297
Other income		38	-	-	38
<b>Total income</b>		<b>8,724</b>	<b>3,576</b>	<b>5,383</b>	<b>17,683</b>
<b>Expenditure on</b>					
<i>Raising funds</i>					
Fundraising	4	1,508	-	-	1,508
Trading costs		-	4,796	-	4,796
Events costs	4	106	-	-	106
<i>Charitable activities</i>					
Residential care services	4	2,115	-	5,208	7,323
Community care services	4	1,635	-	135	1,770
<b>Total expenditure</b>		<b>5,364</b>	<b>4,796</b>	<b>5,343</b>	<b>15,503</b>
		<b>3,360</b>	<b>(1,220)</b>	<b>40</b>	<b>2,180</b>
Net gains on investments	12	155	-	-	155
<b>Net income</b>	<b>9</b>	<b>3,515</b>	<b>(1,220)</b>	<b>40</b>	<b>2,335</b>
<b>Gross transfers between funds</b>		<b>(1,220)</b>	<b>1,220</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>2,295</b>	<b>-</b>	<b>40</b>	<b>2,335</b>
<i>Reconciliation of funds</i>					
<b>Total funds brought forward</b>		<b>15,204</b>	<b>-</b>	<b>228</b>	<b>15,432</b>
<b>Total funds carried forward</b>	<b>19</b>	<b>17,499</b>	<b>-</b>	<b>268</b>	<b>17,767</b>

The above results are derived from continuing operations. Shop sales are not comparable to the prior year because of the forced closure of shops for 28 weeks due to Covid-19. All gains and losses are included above. A detailed comparative consolidated statement of financial activities is set out on page 39.

## Comparative consolidated statement of financial activities

31 March 2019 to 28 March 2020

	Note	Unrestricted funds £000	Unrestricted Funds - Shops £000	Restricted Funds £000	Total Funds 2020 £000
<b>Income from</b>					
<i>Donations and legacies</i>					
Donations		2,795	-	1,277	4,072
Legacies		1,924	-	169	2,093
<i>Charitable activities</i>					
NHS England Children's Hospice Grant		-	-	1,234	1,234
Contract income		3,438	-	-	3,438
Training income		10	-	-	10
<i>Other trading activities</i>					
Sale of donated and bought-in goods		-	5,458	-	5,458
Covid-19 Business Support Grants		-	725	-	725
Events		239	-	-	239
<i>Investments</i>					
Dividends		9	-	-	9
Interest	5	9	-	-	9
Share of JVs' net profit		332	-	-	332
Other income		80	-	-	80
<b>Total income</b>		<b>8,836</b>	<b>6,183</b>	<b>2,680</b>	<b>17,699</b>
<b>Expenditure on</b>					
<i>Raising funds</i>					
Fundraising	4	1,449	-	-	1,449
Trading costs		-	4,380	-	4,380
Events costs	4	99	-	-	99
<i>Charitable activities</i>					
Residential care services	4	4,858	-	2,405	7,263
Community care services	4	2,281	-	137	2,418
<b>Total expenditure</b>		<b>8,687</b>	<b>4,380</b>	<b>2,542</b>	<b>15,609</b>
		149	1,803	138	2,090
Net losses on investments		(74)	-	-	(74)
<b>Net income</b>	9	<b>75</b>	<b>1,803</b>	<b>138</b>	<b>2,016</b>
<b>Gross transfers between funds</b>		<b>3,970</b>	<b>(1,803)</b>	<b>(2,167)</b>	<b>-</b>
<b>Net movement in funds</b>		<b>4,045</b>	<b>-</b>	<b>(2,029)</b>	<b>2,016</b>
<i>Reconciliation of funds</i>					
<b>Total funds brought forward</b>		<b>11,159</b>	<b>-</b>	<b>2,257</b>	<b>13,416</b>
<b>Total funds carried forward</b>	19	<b>15,204</b>	<b>-</b>	<b>228</b>	<b>15,432</b>

The above results are derived from continuing operations. The statement has been restated to disclose business support grants recognised in the year to aid comparison between years. All gains and losses are included above.

## Statutory consolidated income and expenditure account

29 March 2020 to 3 April 2021 compared to 31 March 2019 to 28 March 2020

	2021	2020
	£000	£000
Income	17,161	17,243
Operating costs	(15,348)	(15,609)
	<hr/>	<hr/>
Operating surplus	1,813	1,634
Share of joint venture profits	297	332
Net gains/(losses) on investments	155	(74)
Investment income	11	9
Interest receivable	1	9
	<hr/>	<hr/>
Surplus on ordinary activities for the financial period	2,277	1,910
	<hr/>	<hr/>

- > The summary income and expenditure account is derived from the Consolidated Statement of Financial Activities on page 38 which, together with the notes to the accounts on pages 45 to 73, provides full information on the movements during the financial period on all the funds of the group.
- > All income and expenditure are derived from continuing activities.
- > The income shown above differs from the Total Income shown in the Consolidated Statement of Financial Activities of £17,683,000 as it excludes restricted capital funds income of £58,000, the share of Joint venture profits of £297,000, investment gain of £155,000, investment income of £11,000 and interest receivable of £1,000 (note 5).
- > The surplus on ordinary activities shown above differs from the Net Income shown in the Consolidated Statement of Financial Activities of £2,335,000 as it also includes restricted capital funds income of £58,000 (note 19).

## Consolidated statement of financial position

As at 3 April 2021 compared to 28 March 2020

Company Registration No. 2036103

	Note	2021		2020	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	11		142		217
Tangible assets	10		8,829		9,188
Investments	12		7,325		409
Investments in associated companies	13		185		143
			<u>16,481</u>		<u>9,957</u>
<b>Current assets</b>					
Inventories	14	24		8	
Debtors	15	2,409		3,111	
Cash held on deposit		250		3,698	
Cash at bank and in hand		924		220	
		<u>3,607</u>		<u>7,037</u>	
<b>Creditors: Amounts falling due within one year</b>	17	<u>(1,313)</u>		<u>(1,263)</u>	
<b>Net current assets</b>			<u>2,294</u>		<u>5,774</u>
<b>Total assets less current liabilities</b>			<u>18,775</u>		<u>15,731</u>
<b>Provision for liabilities</b>	18		<u>(1,008)</u>		<u>(299)</u>
<b>Net assets</b>			<u>17,767</u>		<u>15,432</u>
<b>Fund balances</b>					
Restricted capital funds	20	221		162	
Restricted income funds	20	47		66	
Total restricted funds			268		228
Designated funds			9,156		-
Unrestricted funds	20		8,343		15,204
			<u>17,767</u>		<u>15,432</u>

These financial statements were authorised for issue and approved by the Board of Trustees on 4 August 2021 and were signed on its behalf by:



Mark Hopton  
Chairman

## Charity statement of financial position

As at 3 April 2021 compared to 29 March 2020

Company Registration No. 2036103

	Note	2021		2020	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	11		142		217
Tangible assets	10		8,829		9,188
Investments	12		7,325		409
			<u>16,296</u>		<u>9,814</u>
<b>Current assets</b>					
Debtors	15	2,514		3,211	
Cash held on deposit		250		3,698	
Cash at bank and in hand		908		140	
		<u>3,672</u>		<u>7,049</u>	
<b>Creditors: Amounts falling due within one year</b>	17	<u>(1,322)</u>		<u>(1,275)</u>	
<b>Net current assets</b>			<u>2,350</u>		<u>5,774</u>
<b>Total assets less current liabilities</b>			<u>18,646</u>		<u>15,588</u>
<b>Provision for liabilities</b>	18		<u>(1,008)</u>		<u>(299)</u>
<b>Net assets</b>			<u>17,638</u>		<u>15,289</u>
<b>Fund balances</b>					
Restricted capital funds	21	221		162	
Restricted income funds	21	47		66	
Total restricted funds			268		228
Designated funds			8,971		
Unrestricted funds	21		8,399		15,061
			<u>17,638</u>		<u>15,289</u>

The net movement in funds for the parent charity was a net increase of funds of £2,349,000 (2020: net increase of funds of £2,003,000).

These financial statements were authorised for issue and approved by the Board of Trustees on 4 August 2021 and were signed on its behalf by:

  
 Mark Hopton  
 Chairman

## Consolidated statement of cash flows

29 March 2020 to 3 April 2021 compared to 31 March 2019 to 28 March 2020

	2021 £000	2020 £000
<b>Cash flows from operating activities:</b>		
<i>Net cash provided by operating activities</i>	3,961	1,837
<b>Cash flows from investing activities:</b>		
Dividends and interest from investments	12	18
Gift aid receipts from joint ventures	255	281
Purchase of property, plant and equipment	(186)	(179)
Purchase of intangible assets	(25)	(42)
Proceeds from sale of investments	-	1,344
Purchase of investments	(6,761)	(512)
<i>Net cash (used in)/ provided by investing activities</i>	(6,705)	910
<i>Change in cash and cash equivalents in the reporting period</i>	(2,744)	2,747
<i>Cash and cash equivalents at the beginning of the reporting period</i>	3,918	1,171
<i>Cash and cash equivalents at the end of the reporting period</i>	1,174	3,918
<b>Reconciliation of net income to net cash flow from operating activities</b>		
	2021 £000	2020 £000
<i>Net income for the reporting period (as per the Statement of Financial Activities)</i>	2,335	2,016
<b>Adjustments for:</b>		
Depreciation	440	479
Amortisation	100	99
Gains on investments	(155)	74
Share of joint venture net profit	(297)	(332)
Dividends and interest from investments	(12)	(18)
Loss on disposal of fixed assets	105	17
(Increase)/Decrease in stocks	(16)	12
Decrease/(Increase) in debtors	702	(885)
Increase in creditors	50	206
Increase in provisions	709	169
<i>Net cash provided by operating activities</i>	3,961	1,837
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	924	220
Notice deposits (less than 3 months)	250	3,698
<b>Total cash and cash equivalents</b>	1,174	3,918

## Charity statement of cash flows

29 March 2020 to 3 April 2021 compared to 31 March 2019 to 28 March 2020

	2021 £000	2020 £000
<b>Cash flows from operating activities:</b>		
<i>Net cash provided by operating activities</i>	4,280	2,079
<b>Cash flows from investing activities:</b>		
Dividends and interest from investments	12	18
Purchase of property, plant and equipment	(186)	(179)
Purchase of intangible assets	(25)	(42)
Proceeds from sale of investments	-	1,344
Purchase of investments	(6,761)	(512)
<i>Net cash (used in)/provided by investing activities</i>	(6,960)	629
<i>Change in cash and cash equivalents in the reporting period</i>	(2,680)	2,708
<b>Cash and cash equivalents at the beginning of the reporting period</b>	3,838	1,130
<i>Cash and cash equivalents at the end of the reporting period</i>	1,158	3,838

### Reconciliation of net income to net cash flow from operating activities

(forming part of the financial statements)

	2021 £000	2020 £000
<i>Net income for the reporting period</i>	2,349	2,003
<b>Adjustments for:</b>		
Depreciation	440	479
Amortisation	100	99
Gain on investments	(155)	74
Dividends and interest from investments	(12)	(18)
Loss on disposal of fixed assets	105	17
Decrease/(Increase) in debtors	697	(935)
Increase in creditors	47	191
Increase in provisions	709	169
<i>Net cash provided by operating activities</i>	4,280	2,079
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	908	140
Notice deposits (less than 3 months)	250	3,698
<b>Total cash and cash equivalents</b>	1,158	3,838

## 1. Principal accounting policies

Acorns Children's Hospice Trust is a private charitable company, limited by guarantee, and incorporated in England.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charitable company's financial statements.

The principal accounting policies adopted, judgements and key sources of estimation in the preparation of the financial statements are as follows:

### ***Basis of preparation***

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 (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)) and the Companies Act 2006.

The financial statements have also been prepared in accordance with revised version of FRS102 ( issued March 2018).

Monetary amounts in these financial statements are rounded to the nearest £1,000 except where otherwise stated. The financial statements are presented in Sterling, which is the functional currency of the group.

Acorns Children's Hospice Trust 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 note(s).

The Charity Commission's guidance on public benefit organisations supports the conclusion that Acorns Children's Hospice Trust is a public benefit entity.

The financial statements have been drawn up to reflect the weekly trading calendar that drives activity in our shops which ends on the nearest Saturday to 31 March each year. The 2021 financial period therefore covers the period from 29 March 2020 to 3 April 2021 and the 2020 financial period covers the period from 31 March 2019 to 28 March 2020. The 2021 and 2020 column headings used in the financial statements and in the tables and notes that follow cover these reporting periods.

The Trustees do not consider that there are any estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

### ***Preparation of the accounts on a going concern basis***

The charity's financial position and performance has been outlined in the financial review above. The Trustees have assessed projected future income, expenditure and cashflows over the period to August 2022 and considered the charity's available reserves and liquid assets as well as its ability to withstand a material decline in income. Consideration has been given to the stability, predictability and diversity of various income streams in making this assessment.

As we emerge from the Covid-19 pandemic, the Trustees believe the Charity's financial resources and contingency planning is sufficient to ensure the continuation of the Charity as a going concern for the foreseeable future. Consequently, the financial statements have been prepared on this basis.

### ***Gift Aid Payments***

Gift Aid payments from the trading subsidiary are treated as distributions of profits.

## 1. Principal accounting policies (Continued)

### ***Basis of consolidation***

The group financial statements consolidate the financial statements of the parent company and its subsidiary undertaking for the financial period ended 3 April 2021. The trading results of the subsidiary undertaking are shown in note 3. Investments in joint ventures where the group holds an interest on a long-term basis which is jointly controlled by the group and one or more other venturers under a contractual arrangement are included in the group financial statements using the 'equity method'. The group discloses its share of joint ventures' operating result in the consolidated summary income and expenditure account and statement of financial activities and its share of the gross assets and liabilities in the consolidated balance sheet.

Where the financial period-end of a joint venture is not consistent with that of the group, the results of the joint venture or subsidiary are included in the consolidated financial statements using management accounts prepared for the financial period ended 3 April 2021.

In the charitable company's financial statements, investments in subsidiary undertakings are stated at cost.

### ***Charitable company income and expenditure***

A separate summary income and expenditure account, dealing with the results of the charitable company, has not been presented as permitted by Section 408 of the Companies Act 2006. A surplus of income over expenditure for the financial period of £2,349,000 (2020 surplus of income over expenditure of £2,003,000) has been dealt with in the financial statements of the charitable company.

### ***Income***

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

### ***Donations and legacies***

Donations are accounted for on a receivable basis. Where material assets have been donated a cash equivalent is included. Where assistance is provided to meet costs which would otherwise be met by the group then an amount equivalent to these costs is included in the Consolidated Statement of Financial Activities as both income and matching expenditure.

Legacy income is recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy.

### ***Government Revenue Grants***

Revenue grants are credited to the Statement of Financial Activities when received or receivable whichever is earlier. Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the Trust's control, the income is recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the Trust can meet such conditions the incoming resource is deferred.

### ***Charitable activities***

Revenue based grants are credited to the Statement of Financial Activities when the conditions for receipt have been complied with. Income is deferred only when the provider specifies that the grant must be used in future financial periods; or the provider has imposed conditions which must be met before the charity has unconditional entitlement.

## 1. Principal accounting policies (Continued)

### *Other activities*

Income raised through the operation of the shops under the charity's management is taken into account at the time of receipt.

### **Expenditure**

All expenditure is accounted for on an accruals basis. Some costs incurred centrally are allocated to expenditure categories listed below on the basis of their use of central support services. Such allocations are made on the basis of staff numbers, asset values or other methods as most appropriate.

### *Raising funds*

These costs are incurred in relation to staff members who are engaged directly in fund-raising and also include the costs of specific publicity campaigns for the raising of donations.

### *Charitable activities*

This includes the direct costs of providing services and running projects.

### *Other costs*

Other costs include Governance Costs. These are the costs incurred in connection with governance and professional support to Trustees, which includes a proportion of management's time providing governance support to Trustees.

### *Irrecoverable VAT*

Irrecoverable VAT is charged directly to the Statement of Financial Activities.

### **Allocation of support and governance costs**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. They include back office costs such as human resources, payroll and property and governance costs such as finance and audit. These costs have been apportioned based on the spend under Raising funds, Event costs, and charitable activities costs. See note 4.

### **Termination benefits**

Termination benefits are accounted for on a legal or constructive commitment basis.

### **Volunteers**

The value of services provided by volunteers is not incorporated into the financial statements. However, volunteer hours (excluding hours donated by Trustees) are valued at the minimum wage and disclosed in note 7.

## 1. Principal accounting policies (Continued)

### *Tangible fixed assets and depreciation*

Tangible fixed assets costing more than £2,500 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost, less residual values, of tangible fixed assets over their estimated useful lives on a straight-line basis as follows:

Freehold land	-	Nil
Freehold buildings	-	2%
Garden landscaping	-	10%
Short leasehold property	-	Over the shorter of five years or to the first break point of the lease
Fixtures, fittings and equipment	-	10-25%
Motor vehicles	-	25%

No depreciation is provided on assets in the course of construction. Donated land and buildings are recognised in the financial statements at fair value.

### **Intangible fixed assets**

Intangible fixed assets are non-monetary assets without physical substance. Such assets above £2,500 are capitalised and included at cost.

Amortisation is calculated so as to write off the cost, less residual values, of intangible fixed assets over their estimated useful lives on a straight-line basis over 4 years.

### **Fixed asset investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing bid price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the financial period.

The Charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors and subsectors.

### **Gains and losses**

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sale proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial period.

Unrealised gains and losses are calculated as the difference between the fair value at the financial period end and their carrying value.

Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

## 1. Principal accounting policies (Continued)

### Pensions

Employees of the charity are entitled to join a defined contribution 'money purchase' scheme. Alternatively, if they have previously been members of the NHS defined benefit scheme they can continue their membership to that scheme.

### Pensions (Continued)

The money purchase, defined contribution scheme is managed by Scottish Widows and the plan invests the contributions made by the employee and the employer in an investment fund to build up over the term of the plan. The pension fund is then converted into a pension upon the employee's retirement. The contribution rate for employees is 3.0% gross of basic pay and the employer's contribution is 7.5% of basic pay. The cost of the scheme to Acorns is the value of contributions payable to Scottish Widows in the accounting period.

The NHS scheme is a defined benefit scheme. Employee contributions are based on a percentage of their earnings depending on how much they earn. Employer contributions are 14.38% (2020 -14.38%) of the employee's salary. The scheme is unfunded and as a result it is not possible for Acorns to identify its share of the underlying scheme liabilities. The scheme is therefore accounted for as a defined contribution scheme. The cost of the scheme to Acorns is the value of contributions payable to the NHS in the accounting period. The pension costs are allocated between activities based on the time spent by staff on each activity.

### Contingent assets

A contingent asset is identified and disclosed for those legacies resulting from:

- a possible entitlement but there is uncertainty as to the amount of the receipt, for example the legacy may be subject to challenge or the charity's interest may be a residuary one; or,
- the interest of the charity in a pecuniary or residuary legacy cannot be measured reliably.

### Leased assets and obligations

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

### Pension costs

The pension costs represent amounts payable by the group during the financial period (see note 23).

### Inventories

Stocks of bought in goods are stated at the lower of cost and net realisable value. Stocks of unsold donated goods are not valued for balance sheet purposes, on the basis the value is not material.

### Debtors and prepayments

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.

## 1. Principal accounting policies (Continued)

### ***Cash and cash equivalents***

Cash and cash equivalents include cash and short term highly liquid investments with a short maturity value of three months or less from the date of acquisition or opening of the deposit or similar account.

### ***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.

### ***Financial instruments***

The Trust 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.

### ***Deferred taxation***

In the subsidiary financial statements, the charge for taxation is based on the result for the financial period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised when material, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

### ***Fund accounting***

Acorns has various types of funds for which it is responsible and which require separate disclosure. These are as follows:

#### ***Restricted income funds***

Grants, donations or legacies received, or income arising from such, which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the charitable company.

#### ***Restricted capital funds***

Given to the charity where the income is to be used for the charitable company's purposes for the purchase of capital items. Restricted capital funds are transferred to unrestricted funds on purchase of the asset where no further restrictive covenant is in place.

#### ***Unrestricted funds***

Funds are expendable at the discretion of the Trustees in furtherance of the objects of the charitable company. In addition to expenditure on care, such funds may be held in order to finance capital investment and working capital.

Funds are designated for tangible and intangible fixed assets as well as investments in associated companies. Unrestricted funds remaining are the available free reserves of the charity.

#### ***Fund transfers***

Restricted capital funds are transferred to unrestricted funds on purchase of the asset concerned where no restrictive covenant is in place.

## 1. Principal accounting policies (Continued)

### *Liabilities*

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

### *Critical accounting judgements and key sources of estimation uncertainty*

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

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

In preparing these financial statements, the Trustees have made judgements in determining the:

- value of the legacy accrual. The value depends on decisions regarding entitlement to the gift, probability of receipt and the ability to value it with sufficient accuracy;
- the value of provisions and which provisions are required. A dilapidations provision is held relating to the estimated cost of repairs to a number of leasehold premises at the end of their leases, where the anticipated future costs can be estimated reliably and the likelihood of the costs being incurred is considered probable. A provision of £1,008,000 is held at the financial period end and the uncertainty surrounding this is disclosed in note 18;
- impairment of tangible and intangible fixed assets. Factors taken into consideration in reaching the decision include the availability of resources to continue service delivery in the future at previous levels; and
- applicability of going concern. The main judgement was the assessment of the group's cash reserves and whether they were considered sufficient to meet operational commitments for the foreseeable future.

## 2. Status of the charitable company

The charitable company, 2036103, is limited by guarantee and does not have share capital. The registered office is Drakes Court, Alcester Road, Wythall, B47 6JR. The principal activity is to provide specialist, palliative care services to children, young people and their families in our region.

The liability of members is limited but is not to exceed £1 per member.

## 3. Income and costs from trading activities of subsidiary

### **Acorns Children's Hospice Trading Limited**

The charity has a wholly owned subsidiary, Acorns Children's Hospice Trading Limited, company number, 2642603, which is incorporated in England.

The company sells new, bought in, goods as well as acting as agent for the parent charity for the sale of goods attracting retail gift aid.

### 3. Income and costs from trading activities of subsidiary (Continued)

This company has committed to pay its distributable profits to the charity by Gift Aid and pays interest on loans from the charity. A summary of the audited results is shown below:

#### Acorns Children's Hospice Trading Limited (Continued)

	2021 £000	2020 £000
<b>Turnover</b>	95	214
Cost of sales	(23)	(91)
	<hr/>	<hr/>
<b>Gross profit</b>	72	123
Administrative expenses	(16)	(16)
	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	56	107
Taxation	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the financial period</b>	56	107
	<hr/> <hr/>	<hr/> <hr/>

For an overview of the financial performance of the group's retail operation see the Consolidated Statement of Financial Activities on page 38.

### 3. Income and costs from trading activities of subsidiary (Continued)

The aggregate of the subsidiary's assets, liabilities and funds is as follows:

	2021 £000	2020 £000
Total assets	72	122
Total liabilities	(16)	(15)
	<hr/>	<hr/>
Net funds	56	107
	<hr/> <hr/>	<hr/> <hr/>

### 4. Total expenditure (excluding shops)

	Direct costs £000	Support and Governance costs £000	2021 Total £000	2020 Total £000
<b>Raising funds</b>				
Fundraising	1,109	399	1,508	1,449
Event costs	78	28	106	99
<b>Charitable activities</b>				
Residential care services	5,498	1,825	7,323	7,263
Community care services	1,302	468	1,770	2,418
	<hr/>	<hr/>	<hr/>	<hr/>
	7,987	2,720	10,707	11,229
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Consisting of</b>			<b>2021</b>	2020
Staff costs (including training and travel etc.)			<b>£000</b>	£000
Staff costs (including training and travel etc.)			8,516	8,942
General overheads			1,267	1,338
Depreciation and amortisation			428	427
Direct care service costs			410	401
Direct fundraising costs			86	121
			<hr/>	<hr/>
			10,707	11,229
			<hr/> <hr/>	<hr/> <hr/>

#### 4. Total expenditure (excluding shops) (Continued)

	2021 £000	2020 £000
<b>Support costs comprise</b>		
Communications	288	253
Head office and property	1,401	1,070
HR and project support	497	565
Finance and management	534	584
	2,720	2,472
	2,720	2,472
	2021 £000	2020 £000
<b>Governance costs (included in support costs above) comprise:</b>		
Head office and property	418	260
Finance and management	37	44
Audit fees	22	22
	477	326
	477	326

Support costs are allocated to each activity in proportion to the expenditure incurred directly in undertaking that activity.

Finance and management includes interest costs of £Nil (2020: £Nil).

#### 5. Interest

	2021 £000	2020 £000
Bank interest received	1	9
	1	9

#### 6. Government Grants

There are no unfulfilled conditions relating to the grant income recognised in the Statement of Financial Activities.

## 7. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel

The average number of full time equivalent (FTE) persons employed by the group is set out below along with the number of persons employed:

	Group Average number of FTE	
	2021	2020
Staff (excludes bank/agency staff)	291	300
	<hr/>	<hr/>
	Group Average number of FTE	
	2021	2020
Staff (includes bank/agency staff)	389	447
	<hr/>	<hr/>
	2021	2020
	£000	£000
The aggregate of these persons were as follows:		
Wages and salaries	8,742	9,278
Social security costs	769	792
Pension costs	714	717
	<hr/>	<hr/>
	10,225	10,787
	<hr/>	<hr/>

In addition to the above, redundancy and termination benefits amounted to £170,000 (2020: £123,000).

Pension costs	2021	2021	2020	2020
	Unrestricted	Restricted	Unrestricted	Restricted
	£000	£000	£000	£000
Care	446	-	464	-
Retail	115	-	121	-
Administration	153	-	132	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	714	-	717	-
	<hr/>	<hr/>	<hr/>	<hr/>

Seventeen Trustees served during the financial period (2020:17) and received no remuneration for their services. Where claimed, expenses for travel and subsistence are reimbursed. The amount claimed in the financial period was £Nil (2020: Nil).

The charity holds trustee indemnity insurance at a cost of £1,991 (2020: £1,659).

The number of volunteers who worked for the group part-time without pay during the financial period was 450. Hours donated totalled 89,249 with a theoretical value estimated, using the National Minimum Wage,

## 7. Analysis of staff costs, Trustee remuneration and expenses, and the cost of key management personnel (Continued)

of £746,121 (2020: 976 volunteers, hours donated 229,665 with a theoretical value estimated, using the National Minimum wage, of £1,885,550). Trustees donated time has not been included in the valuation.

Volunteers work in all areas of the charitable operation and undertake roles such as, retail assistants, administrative clerks, play and sibling assistants and event assistance.

## 8. Key management personnel remuneration

The key management personnel of the parent charity, the Trust, comprise the Trustees, the Chief Executive Officer, Director of Supporter Engagement, Director of Care, Director of Finance and Director of People & Culture. The total employee benefits (including employer's pension contributions and NIC) of the key management personnel of the Trust were £707,221 (2020: £ 524,945).

The salaries and benefits of the key management personnel (excluding employer's pension contributions and NIC), totalling above £60,000 are analysed as follows:

	Group	
	Number of employees	
	2021	2020
£60,001 - £70,000	1	-
£70,001 - £80,000	2	2
£80,001 - £90,000	1	2
£90,001 -£100,000	1	1

Two Directors received termination payments and the amounts are included in the total termination payments incurred by Acorns of £170,000 (2019: £123,000) disclosed in note 7.

In order to aid comparability between financial periods, the bandings above exclude termination payments in respect of the two Directors. If these termination payments were included then one person in the £60-70K bracket would be in the £110-£120K bracket and one person in the £70-£80K bracket would be in the £130-£140K bracket.

One post has been filled by an interim who did not earn above £60,000 during the financial period from appointment to the end of the financial period and is not included in the bandings. In the other case the position has been removed. In one other instance a Director retired and was replaced during the financial period such that neither individual earned above £60,000 and both are therefore excluded from the bandings.

Pension contributions to defined contribution schemes on behalf of 8 (2020:5) key management personnel were £36,950 (2020: £29,757).

## 8. Key management personnel remuneration (Continued)

There are three (2020: three) additional employees whose total employee benefits (excluding employer pension contributions and NIC) were above £60,000 and are analysed as follows:

	Group	
	Number of employees	
	2021	2020
£60,001 - £70,000	2	3

Pension contributions to defined contribution schemes on behalf of 2 (2020:3) employees above were £8,790 (2020: £13,448).

## 9. Net group income

	Group	
	2021 £000	2020 £000
<i>Net group income is stated after charging/(crediting)</i>		
Depreciation of tangible assets	440	479
Amortisation of intangible assets	100	99
Operating lease charges:		
Buildings (including retail shops)	1,282	1,166
Plant and machinery	44	41
Operating lease income	(17)	(17)
<i>Auditors' remuneration</i>		
Audit of these financial statements	22	22
Audit of financial statements of subsidiaries pursuant to legislation	2	2
Other services relating to taxation	2	2

## 10. Tangible fixed assets

### Group and Charity

	Freehold land and buildings	Short leasehold property	Motor vehicles	Fixtures, fittings and equipment	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At beginning of financial period	11,641	773	145	926	13,485
Additions	3	47	-	136	186
Disposals	-	(184)	(48)	-	(232)
At end of financial period	11,644	636	97	1,062	13,439
<b>Depreciation</b>					
At beginning of financial period	3,189	463	110	535	4,297
Charge for the financial period	184	97	15	144	440
Disposals	-	(84)	(43)	-	(127)
At end of financial period	3,373	476	82	679	4,610
<b>Net book value</b>					
<b>At 3 April 2021</b>	<b>8,271</b>	<b>160</b>	<b>15</b>	<b>383</b>	<b>8,829</b>
At 29 March 2020	8,452	310	35	391	9,188

Included within freehold land and buildings is land donated during the financial period ended 29 March 2005 for the Worcester Hospice site, valued at £2,150,000. The valuation was performed by Andrew Grant, Chartered Surveyors, on a market value in use basis on 9 February 2005.

The gross amount of depreciable assets included within freehold land and buildings is £9,494,000 (2020: £9,491,000).

The hospice located in Worcester is held as security by the group's bank.

Use of assets:

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Care Services	8,654	8,842	8,654	8,842
Other, including shops, warehouse and administration	175	346	175	346
<b>Net book value</b>	<b>8,829</b>	<b>9,188</b>	<b>8,829</b>	<b>9,188</b>

## 11. Intangible fixed assets

### Group and Charity

	Application Software Enhancements
	£000
<b>Cost</b>	
At beginning of financial period	425
Additions	25
	<hr/>
At end of financial period	450
	<hr/> <hr/>
<b>Amortisation</b>	
At beginning of financial period	208
Charge for the financial period	100
	<hr/>
At end of financial period	308
	<hr/> <hr/>
<b>Net book value</b>	
At 3 April 2021	142
	<hr/> <hr/>
At 29 March 2020	217
	<hr/> <hr/>

Amortisation is included within depreciation and allocated across the cost of raising funds and the cost of charitable activities.

## 12. Fixed asset investments

<b>Equities – Listed</b>	£000
<b>Group and charity</b>	
Fair value 28 March 2020	409
Additions at cost	6,761
Disposal proceeds	-
Net revaluation gain	155
	<hr/>
Fair value 3 April 2021	7,325
	<hr/>

	<b>Fair value 2021 £000</b>	<b>Cost 2021 £000</b>	<b>Fair Value 2020 £000</b>	<b>Cost 2020 £000</b>
UK equities	7,325	7,261	409	500
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>	<b>7,325</b>	<b>7,261</b>	<b>409</b>	<b>500</b>
	<hr/>	<hr/>	<hr/>	<hr/>

Investments are revalued at bid value at the financial period end, being fair value.

No investments have a value of 5% or more of the portfolio.

## 13. Investments in associated companies

Investments in associated companies comprise the following:

	<b>Group</b>		<b>Charity</b>	
	<b>2021 £000</b>	<b>2020 £000</b>	<b>2021 £000</b>	<b>2020 £000</b>
Investment in joint ventures	185	143	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>185</b>	<b>143</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>	<hr/>

### 13. Investments in associated companies (Continued)

#### Investment in subsidiary undertakings

The group owns the entire share capital (comprising ordinary shares of £1 each) in the following companies:

Subsidiary undertakings	Ordinary shares	Nature of trade
Acorns Children's Hospice Trading Limited (2642603)	2	Retail and merchandise operations

#### Investment in joint ventures

The group has investments in the following joint ventures:

Joint ventures	Proportion of issued ordinary shares held
	%
TLC Lotteries Limited*	33.3
Worcester Hospice Lottery Limited*	33.3
	Proportion of voting rights held
	%
Childlife (company limited by guarantee)	25.0

\* Held indirectly

TLC Lotteries Limited and Worcester Hospice Lottery Limited are trading companies incorporated in Great Britain and promote commercial lottery games which aim to generate profits for the benefit of their affiliated charities (see note 24). TLC Lotteries Limited financial period end is 25 December 2020. Worcester Hospice Lottery Limited financial period end is 31 March 2021.

Childlife is a charitable company limited by guarantee to £1. Its objects are to promote the relief of children who are in need, by enabling member charities to better meet their respective charitable purposes.

### 13. Investments in associated companies (Continued)

#### Group

		Share of net assets
		£000
At beginning of financial period		143
Profits:		
TLC Lotteries Limited	111	
Worcester Hospice Lottery	100	
Childlife	86	
	<hr/>	297
Amounts withdrawn as gift aid:		
TLC Lotteries Limited	(102)	
Worcester Hospice Lottery	(91)	
Childlife	(62)	
	<hr/>	(255)
At end of financial period		<hr/> <hr/> 185

	TLC Lotteries Limited	Worcester Hospice Lottery Limited	Childlife	Total
	£000	£000	£000	£000
Represented by:				
Share of gross assets	94	50	193	337
Share of gross liabilities	(53)	(32)	(67)	(152)
	<hr/>	<hr/>	<hr/>	<hr/>
	41	18	126	185
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 14. Inventories

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Bought in good for resale	24	8	-	-
	<u>24</u>	<u>8</u>	<u>-</u>	<u>-</u>

## 15. Debtors

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Amounts owed by joint ventures (see note 24)	-	-	106	102
Income tax recoverable	237	484	237	484
Other debtors	371	797	370	795
Prepayments and accrued income	1,801	1,830	1,801	1,830
	<u>2,409</u>	<u>3,111</u>	<u>2,514</u>	<u>3,211</u>

## 16. Basic Financial Instruments

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Financial assets measured at amortised cost	371	797	476	897
Financial assets measured at fair value	7,325	409	7,325	409
	<u>7,696</u>	<u>1,206</u>	<u>7,801</u>	<u>1,306</u>

Financial liabilities at amortised cost:

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Creditors	651	419	660	431
	<u>651</u>	<u>419</u>	<u>660</u>	<u>431</u>

## 17. Creditors: Amounts falling due within one year

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Amounts owed to subsidiary undertaking (see note 24)	-	-	25	27
Trade creditors	303	23	303	23
Income tax and social security	208	208	208	208
Other creditors and accruals	211	305	195	290
Pension contributions	137	91	137	91
Deferred income	454	636	454	636
	<u>1,313</u>	<u>1,263</u>	<u>1,322</u>	<u>1,275</u>
				<b>Group and Charity</b>
				<b>£000</b>
Deferred income				
Balance at 29 March 2020				636
Amount released to income				(636)
Amount deferred in the financial period				454
				<u>454</u>
Balance at 3 April 2021				<u>454</u>

Deferred income relates to restricted donations that fund salaries for a period spanning more than one financial period. The income is deferred and matched to salaries as they are incurred in future accounting periods.

## 18. Provision for liabilities

	Group		Charity	
	2021 £000	2020 £000	2021 £000	2020 £000
Dilapidations and onerous contracts	1,008	299	1,008	299
	<u>1,008</u>	<u>299</u>	<u>1,008</u>	<u>299</u>

The movement in the dilapidations and onerous contract provision in the financial period was:

	2021 £000	2020 £000
At beginning of financial period	299	130
Additions in the current financial period	709	169
At end of financial period	<u>1,008</u>	<u>299</u>

Within the provision for liabilities is the dilapidation provision for the cost of repairs to a number of leasehold properties at the end of their leases. The value is re-assessed annually. During the lockdown period, whilst shops were shut, we undertook a review and rationalisation of our retail property portfolio. The decisions resulting from this review have contributed to an increase in the provision. Given the timing of lease exit is uncertain, the value and timing of the resulting payments is also uncertain.

## 19. Fund balances

At 3 April 2021, group funds are analysed as follows:

	At 29 March 2020 £000	Income £000	Revenue expenditure £000	Gains/ (losses) and transfers £000	At 3 April 2021 £000
Unrestricted income	15,204	12,298	(10,158)	155	17,499
Restricted income funds:					
Acorns Worcester	32	581	(602)	-	11
Worcester Children's Hospice Grant	-	464	(464)	-	-
Worcester NHSE Covid-19 Support	-	893	(893)	-	-
Acorns Walsall	-	39	(39)	-	-
Walsall Children's Hospice Grant	-	464	(464)	-	-
Walsall NHS Covid-19 Support	-	893	(893)	-	-
Acorns Selly Oak	-	612	(612)	-	-
Selly Oak Children's Hospice Grant	-	465	(465)	-	-
Selly Oak NHS Covid-19 Support	-	894	(894)	-	-
Other projects	34	22	(19)	-	37
<b>Total</b>	<b>66</b>	<b>5,327</b>	<b>(5,345)</b>	<b>-</b>	<b>48</b>
Restricted capital funds:					
Acorns Walsall	-	36	-	-	36
Acorns Worcester	96	-	-	-	96
Acorns Selly Oak	61	22	-	-	83
Acorns Shops	5	-	-	-	5
<b>Total</b>	<b>162</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>220</b>
<b>Total</b>	<b>15,432</b>	<b>17,683</b>	<b>(15,503)</b>	<b>155</b>	<b>17,767</b>

## 19. Fund balances (Continued)

At 28 March 2020, group funds are analysed as follows:

	At 31 March 2019 £000	Income £000	Revenue expenditure £000	Gains/ (losses) and transfers £000	At 28 March 2020 £000
Unrestricted income	11,159	15,018	(13,066)	2,093	15,204
Restricted income funds:					
Acorns Worcester	-	783	(751)	-	32
Worcester Children's Hospice Grant	-	411	(411)	-	-
Acorns Walsall	-	126	(126)	-	-
Walsall Children's Hospice Grant	-	411	(411)	-	-
Acorns Selly Oak	-	421	(421)	-	-
Selly Oak Children's Hospice Grant	-	411	(411)	-	-
Other projects	34	12	(12)	-	34
Total	34	2,575	(2,543)	-	66
Restricted capital funds:					
Acorns Worcester	2,154	101	-	(2,159)	96
Acorns Selly Oak	64	5	-	(8)	61
Acorns Shops	5	-	-	-	5
Total	2,223	106	-	(2,167)	162
Total	13,416	17,699	(15,609)	(74)	15,432

### Restricted income funds

*Acorns Worcester* - income was received specifically for use at the Worcester hospice and was used to assist in the general running costs of that hospice.

*Worcester Children's Hospice Grant* - this was an NHS England grant awarded to assist with the running costs of the Worcester hospice.

*Worcester NHS England Covid-19 support grant* - received to provide capacity for the NHS at the Worcester Hospice.

*Acorns Walsall* - income was received specifically for use at the Walsall hospice and was used to assist in the general running costs of that hospice.

*Walsall Children's Hospice Grant* - this was an NHS grant awarded to assist with the running costs of the Walsall hospice.

*Walsall NHS England Covid-19 support grant* - received to provide capacity for the NHS at the Walsall Hospice.

## 19. Fund balances (Continued)

### Restricted income funds (Continued)

*Acorns Selly Oak* - income was received specifically for use at the Selly Oak hospice and was used to assist in the general running costs of that hospice.

*Selly Oak Children's Hospice Grant* - this was an NHS grant awarded to assist with the running costs of the Selly Oak hospice.

*Selly Oak NHS England Covid-19 support grant* - received to provide capacity for the NHS at the Selly Oak Hospice.

*Other projects* - this fund relates to small amounts received in the financial period for specific purposes which are carried forward until expended.

### Restricted capital funds

*Acorns Walsall* - funds were received that were specifically restricted for capital projects at Walsall.

*Acorns Worcester* - funds were received that were specifically restricted for capital projects at Worcester.

*Acorns Selly Oak* - funds were received that were specifically restricted for capital projects at Selly Oak.

*Acorns Shops* - funds were received that were specifically restricted for a capital project at the Moseley shop.

### Fund transfers

Restricted capital funds are transferred to unrestricted funds on purchase of the asset concerned where no restrictive covenant is in place.

## 20. Analysis of group net assets

At 3 April 2021	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	2021 Total £000	2020 Total £000
Tangible fixed assets	8,608	-	221	8,829	9,188
Intangible fixed assets	142	-	-	142	217
Fixed asset investments	7,510	-	-	7,510	552
Net current assets	2,247	47	-	2,294	5,774
Provisions	(1,008)	-	-	(1,008)	(299)
<b>Total net assets</b>	<b>17,499</b>	<b>47</b>	<b>221</b>	<b>17,767</b>	<b>15,432</b>
At 28 March 2020	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	2020 Total £000	2019 Total £000
Tangible fixed assets	9,026	-	162	9,188	9,505
Intangible fixed assets	217	-	-	217	274
Fixed asset investments	552	-	-	552	1,407
Net current assets	5,708	66	-	5,774	2,360
Provisions	(299)	-	-	(299)	(130)
<b>Total net assets</b>	<b>15,204</b>	<b>66</b>	<b>162</b>	<b>15,432</b>	<b>13,416</b>

## 21. Analysis of charity net assets

At 3 April 2021	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	2021 Total £000	2020 Total £000
Tangible fixed assets	8,608	-	221	8,829	9,188
Intangible fixed assets	142	-	-	142	217
Fixed asset investments	7,325	-	-	7,325	409
Net current assets	2,303	47	-	2,350	5,774
Provisions	(1,008)	-	-	(1,008)	(299)
<b>Total net assets</b>	<b>17,370</b>	<b>47</b>	<b>221</b>	<b>17,638</b>	<b>15,289</b>

## 21. Analysis of charity net assets (Continued)

At 28 March 2020	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	2020 Total £000	2019 Total £000
Tangible fixed assets	9,026	-	162	9,188	9,505
Intangible fixed assets	217	-	-	217	274
Fixed asset investments	409	-	-	409	1,315
Net current assets	5,708	66	-	5,774	2,322
Provisions	(299)	-	-	(299)	(130)
<b>Total net assets</b>	<b>15,061</b>	<b>66</b>	<b>162</b>	<b>15,289</b>	<b>13,286</b>

## 22. Financial commitments

At 3 April 2021, the group and charity had total future commitments under non-cancellable operating leases, as set out below:

	2021		2020	
	Land and buildings £000	Plant and machinery £000	Land and buildings £000	Plant and machinery £000
<b>Group and Charity</b>				
Amounts payable:				
Not later than one year	820	28	995	26
Later than one year and not later than five years	1,463	59	2,025	8
Later than five years	7	2	119	3
	<u>2,290</u>	<u>89</u>	<u>3,139</u>	<u>37</u>

## 23. Pension costs

The group contributes, as part of an employee's contract of employment, amounts which are payable to defined contribution schemes or to an NHS defined benefit scheme where appropriate. During the financial period, employee and employer contributions totalled £714,000 (2020: £717,000). At 3 April 2021, the group owed employee and employer contributions of £137,000 (2020: £91,000). Amounts payable during the next twelve months are anticipated to be at similar levels.

The NHS scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. Consequently, it is not possible for Acorns Children's Hospice Trust to identify its share of the underlying scheme

## 23. Pension costs (Continued)

liabilities. The scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

Employer's pension cost contributions are charged to operating expenses as and when they become due. Employer contribution rates are reviewed every four years (previously five years) following a scheme valuation carried out by the Government Actuary. On advice from the actuary the contribution rate may be varied from time to time to reflect changes in the scheme's liabilities.

Employer contributions for the financial period were 14.3% of pensionable pay plus 0.08% for an administration levy taking the total employer contribution to 14.38%. Following the most recent valuation (as at 31 March 2016) the employer contribution rates will increase to 20.6% of pensionable pay over an implementation period of 1 April 2019 to 31 March 2023, although they currently remain at 14.38%. At 31 March 2016, the notional value of the scheme assets was £278.1bn and the assessment of the liabilities of the scheme was £297.5bn. The most recent valuation can be viewed at the following.

<https://www.nhsbsa.nhs.uk>

## 24. Related party transactions

The group owns a third share of TLC Lotteries Limited, a trading company which is jointly controlled by Acorns Children's Hospice Trading Limited, Focus Birmingham and St Mary's Hospice (Trading) Limited, under the terms of a joint venture agreement. Mr M T Hopton (Trustee) and Mr N Cramer (Director) are also Directors of TLC Lotteries Limited.

The group also owns a third share of Worcester Hospices Lottery Limited, a trading company which is jointly controlled by Acorns Children's Hospice Trading Limited and St Richard's Hospice Foundation. Mr M T Hopton (Trustee) and Mrs V Rowles (Senior Officer) are also directors of Worcester Hospices Lottery Limited.

The group controls a quarter share of Childlife, a charitable company limited by guarantee which is jointly controlled by Acorns Children's Hospice Trust, Ataxia UK, The National Deaf Children's Society and National Children's Bureau.

## 24. Related party transactions (Continued)

Transactions in the financial period:

	Charity	
	2021	2020
	£000	£000
TLC Lotteries Limited		
Balance Brought forward	62	59
Share of profits	110	122
Administration expenses recharge	14	14
Gift aid received	(111)	(119)
Repayment of administration expenses	(14)	(14)
	61	62
	61	62
Worcester Hospices Lottery		
Balance Brought forward	3	(5)
Share of profits	100	108
Gift aid received	(90)	(100)
	13	3
	13	3
Childlife		
Balance brought forward	37	(2)
Share of profits	87	102
Gift aid received	(92)	(63)
	32	37
	32	37
	Charity	
	2021	2020
	£000	£000
Totals		
Balance brought forward	102	52
Share of profits	297	332
Administration expenses recharge	14	14
Gift aid received	(293)	(282)
Repayment of administration expenses	(14)	(14)
	106	102
Amounts owing from joint ventures	106	102

## 24. Related party transactions (Continued)

Transactions between Acorns Children's Hospice Trust and Acorns Children's Hospice Trading Limited, on normal commercial terms, were:

	2021 £000	2020 £000
Amount owed to subsidiary undertaking	(25)	(27)
Gift aid due from subsidiary undertaking	-	-
Transactions during the financial period		
Gift aid commission to subsidiary	(11)	(30)
Gift aid distributions received from subsidiary	107	94

Acorns Children's Hospice Trading Limited owns a third share of TLC Lotteries Limited under the terms of a joint venture.

	2021 £000	2020 £000
Amounts invoiced to TLC Lotteries Limited in respect of rent of office space and related charges	14,400	14,112
Balance due from TLC Lotteries Limited at end of financial period	-	-

## 25. Contingent assets – legacy income

As at 3 April 2021 (28 March 2020) the charity had been notified of a number of residuary legacies, the value of which is uncertain. As at 4 August 2021 no further information had been received that would enable an accurate valuation (4 September 2020: £Nil). As a result, these legacies have not been accrued for within the 3 April 2021 financial statements (28 March 2020: £Nil).