



**acorns**  
*Your local children's hospice*

## **Report and Financial Statements**

**For the financial period 3 April 2022 to 1 April 2023**

**Acorns Children's Hospice Trust**

**(A company limited by guarantee)**



*Your local children's hospice*

Acorns Children's Hospice Trust  
(a company limited by guarantee)

Report and Financial Statements

For the financial period

3 April 2022 to 1 April 2023

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;
- > Financial Reporting Standard (FRS 102); and,
- > Charity Commission guidance on public benefit statements.

# Contents

## Overview

A message from our Chairman	3
About Acorns Children's Hospice	5

## Strategic Report

Public benefit	7
Outline of the year	7
Financial review	9
Going concern	9
Available reserves policy and financial risks	10
Investment policy and performance	11
Performance monitoring	12
Our plans	15
Our administrative details	16
Our advisors	16
Our key people	17
Structure, governance and management	18
Working with our stakeholders: s172 statement	24
Streamlined Energy and Carbon reporting	28
Trustees' responsibilities in relation to the financial statements	30
Disclosure of information to auditors	31
Independent auditor's report	32

## Financial Statements

Consolidated statement of financial activities	36
Comparative statement of financial activities	37
Consolidated statement of financial position	38
Charity statement of financial position	39
Consolidated statement of cashflows	40
Notes (forming part of the financial statements)	41



## Overview

### A message from our Chairman

Welcome to this year's Annual Report and Financial Statements. Let me begin by sharing the very best wishes of everyone at Acorns Children's Hospice with those reading this report, and your loved ones.

2022-23 was a key year for the charity. Following the Care Review carried out in 2021, we launched our new 'For Any Child' strategy. This enabled us to refocus on what families need and how we might work to support that, with a key priority on increasing our reach. Only 8% of the children who would benefit from the service we offer are currently accessing it. This new strategy enables us to focus on this. We have already seen the total number of children and families cared for increase to over 900 this year as a result of this investment and focus.

The investment in our family services team that was authorised by trustees as part of our new strategy, has meant a growth in our outreach services. This, along with the continuing impact of our decision last year to recruit Dr Christine Mott as an in-house paediatrician has seen a significant increase in our visibility. I am very proud of the additional families we are reaching and the expansion in our ability to respond to the ever more complex needs of these children.

Financially this has been an excellent year for us. Our charity shops took another step forward. The support of our communities and the keenness of people to maximise their sustainable footprint meant that we achieved record profits, reaching £2 million for the first time.

In fundraising we saw success as people continued to support us in an amazing variety of ways. We were also able to conclude our "Room To Grow" appeal for our Walsall hospice, meaning that we were able to fully refurbish the building that was under threat of closure a few years ago. The community response to this was magnificent and we even had the highlight of receiving a £200,000 donation from the sale of a piece of Banksy artwork.

The refurbishment of the Walsall hospice, the first serious investment in its 25-year history, gives me and the trustees a real sense of pride. The building is now brighter and more vibrant and we have been able to expand our art therapy service and create larger family spaces. Other improvements were promised from funding that was set aside last year, and these have gone ahead – improving our special bedrooms at the Worcester hospice, whilst a planned improvement for the family centre at Selly Oak will launch shortly.

This success and improvement would be enough to be proud of in any year but we also faced changes within the leadership of the charity. Toby Porter, the CEO who led so many of these initiatives, left Acorns in September 2022 to take up the reins at Hospice UK. Toby led the organisation superbly for many years through many challenges – including the Covid pandemic and I am delighted to pay tribute to his leadership here. I am grateful that his skills and talents are not lost to the sector and he will undoubtedly continue to champion the cause at Hospice UK.

The trustees appointed Matt Bullock, the Director of People & Culture to act as Interim CEO while we undertook a thorough recruitment process to find a successor. Matt ably steered the ship during this time and ensured that our families were still able to rely on us. We were able to announce in December 2022 that Trevor Johnson would be joining us in March 2023. Trevor joins with a wealth of experience after over a decade in the sector and we look forward to working with him as the organisation continues to be there "For Any Child".

We also said a fond farewell shortly after the year end to our Director of Care, Emma Aspinall, an instrumental figure in Acorns care delivery over the past 20 years. Emma's leadership was highly respected, both within Acorns and more widely throughout the sector. Throughout her Acorns career, Emma always put the children and families at the heart of all that we do. We offer her our very best wishes for the future.

I want to end my introduction to our Annual Report paying special thanks to four groups of people.

Firstly, our incredible team of staff and volunteers at Acorns. It is wonderful to see the passion and commitment they bring to ensuring the charity is there for our families at such difficult times.

Secondly, thank you to everyone who has supported Acorns over the past year. We have raised the funds we needed to deliver our care service, because our donors have remained staunchly loyal. The generosity you show us is truly inspiring, in the face of the economic challenges we know so many have faced. We could not reach our families without you. Thank you.

Thirdly, we would like to acknowledge the critical importance of our national and local partnerships with the NHS. Collaborative is one of our core values at Acorns, and we are now seeing the fruits of these collaborations. The work of Dr Mott is key to this and we have plans to continue to ensure that our Acorns children are supported and guided through our healthcare systems, knowing that we are helping them through.

Finally, and most importantly, I would like to say thank you to the children, young people and families we care for, often at their most difficult times. All of the trustees are acutely aware of the importance of the service and our role in making sure it is there when you need it. You are a source of inspiration for us and the reason the charity is here.



**Mark T Hopton**

**Chairman of Acorns Board of Trustees**

**8 August 2023**

## 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; and,
- > 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; and,
- > 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 provide an 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, voluntary donations including legacies, and retail profit. The following sections of this report aim to provide a snapshot of the key activities we have undertaken this year to meet our charitable objectives.

### Outline of the year

This report reflects a change to the external environment that focussed less on Covid and more on the unexpected effects of a military conflict in mainland Europe with consequences for the costs of food, basic materials, heating and light. For most Acorns children and families there are significant additional costs for keeping homes warm and lit for longer periods than the general population. This was also the case for Acorns hospices as well as our estate of 46 charity shops and our central base, where our ability to raise funds to pay for the additional costs was a challenge, in particular because of the unexpected timing of the Ukraine situation gave us no time to prepare.

The year was testing in other ways with a very high demand for qualified healthcare colleagues and a rise in the costs of salaries. Acorns has an excellent team of Care colleagues whose dedication is something we are very proud of, and through periods when vacancies could not be filled quickly our teams agreed to additional shifts, worked flexibly, helped families and colleagues by giving still more. To do this after navigating a pandemic and recrafting our services to be fully available once again was inspiring to witness.

During the year our Black Country Hospice in Walsall was closed for ten months from May 2022 whilst it underwent a £2m refurbishment. Services were temporarily transferred to St Giles Hospice in Lichfield and Murray Hall for which we are grateful, and we increased our Outreach teams with additional nurses working in children's homes once again offering our services in agile ways.

The charity launched a £750,000 fundraising drive, the 'Room To Grow Appeal', to fund part of the refurbishment and at the end of the year cash and pledges meant the appeal had fully met its ambitious goal to raise the money by Spring 2023.

In February 2023 the Black Country Care team were able to move back into a newly refurbished hospice with modernised facilities including upgraded bedrooms, a revamped special bedroom, a new family care suite, dining room, and an extended arts and crafts room called 'Isabella's Place'. Other connected areas of the hospice also benefitted from the upgrade and one key development was that all bedrooms have piped oxygen and suction making the Walsall hospice the first of our hospices to have this resource.

All three Acorns hospices are now fully operational which reflects the adapting nature of our service provision. We are delighted and proud our CQC ratings are Outstanding and Good, which reflects the excellent care we provide the children and families across the seven core care services.

2022 was the year when Acorns Chief Executive, Toby Porter, announced his departure after six years in post to lead Hospice UK as their Chief Executive. The charity is very appreciative of the contribution Toby made to the stabilisation and growth of Acorns as a Care provider but also



in the public eye, becoming a familiar contributor to the media especially when Acorns itself was in the spotlight during the Walsall hospice consultation, revival of fortunes, and in celebrating the opportunity to redevelop the hospice thanks to the extraordinary support of the Black Country communities. The leadership that Toby brought to Acorns resulted in our financial stability being achieved and a raised public profile with increased income from our shops and fundraising.

Trevor Johnson started as Acorns Chief Executive on 9<sup>th</sup> March 2023 and joined from Katherine House Hospice in Oxfordshire. Trevor's previous experience in the adult and children's hospice sector brings new perspectives to Acorns and we welcome Trevor with warm wishes for a highly successful tenure.

In 2022 Acorns created its new 3-year "For Every Child" Strategy which set out to fully restore our services, reach more children and families to receive our support, diversify which audiences and communities Acorns spoke to and in terms that were impactful, and aimed to reach levels of excellence and sustainability so that the charity's mission is delivered. At the end of the first year of the Strategy the charity is progressing well and has undertaken a modernisation programme for many of our older support systems.

Crucially for an organisation that wishes to achieve excellence for our families and children above all, we were delighted that Dr Christine Mott, who joined us in September 2021, as a Level 4 Paediatric Palliative Care Consultant, has worked across Acorns hospices, in the community, the Birmingham Children's and Women's Hospital, general hospitals across the West Midlands and very closely with the NHSE regionally. Level 4 Consultants are highly valued and in short supply globally. The impact of Dr Mott's high level of expertise is being felt by children, families, and health professionals across the region and fruitful partnership working with the NHS is being realised as anticipated.

Acorns was the first ever UK children's hospice to undertake a UNICEF Rights Respecting journey. We began our partnership with UNICEF UK in 2019 and became the first non-school organisation to join its Rights Respecting Award programme, receiving the Bronze accolade in 2020 and Silver in 2021. In March 2023 we were assessed for the Gold award and were delighted to make history as the first hospice in Britain to ever win a UNICEF UK Gold award for its work to protect children's rights. The award recognises the commitment from our teams as Duty Bearers to promote choice and opportunities for all children and young people so they can be heard, make choices and decisions that affect them, and ensures they thrive.

In making all of the special things possible that Acorns does, we also pay tribute to Acorns volunteers without whom so much of our work would simply not be possible. The gift of time, when well deployed, can have a transformational effect on the lives of others and it is certainly the case at Acorns that volunteering creates so many intangible but very special moments for children and families. We thank all those who actively represent Acorns as volunteers in the business community and other settings where our great ambassadors and patrons, vice-presidents, president, and trustees all give time freely and purposefully.

Acorns own colleagues who keep the organisation safe, efficient, compliant, and thriving are the largely unseen and selfless people who work extremely diligently and patiently through what have been demanding periods of the charity's journey to stability. Our Facilities, Data, ICT, Finance, Programme Management Office, Marketing, Communications, Supporter Services, Fundraising, Administration, Care administration and statutory team, Learning and Development, HR, Retail central support teams, drivers – the army of colleagues that quietly and skilfully makes it possible for wonderful things to happen in Care are very much valued.

### *Financial review*

The result for 2022-23 was a net income of £1.276 million (2021-22: £4.614 million). We achieved an operating cash surplus for the financial period of £3.268 million (2021-22: £2.816 million). Available reserves at the end of the reporting period were £9.402 million (2021-22: £7.852 million)

### *Income*

Total income for the year was £18.591 million (2022-23: £19.398 million).

Our incredible and loyal supporters continued to support the Charity with donation income amounting to £4.726 million (2021-22: £4.593 million).

Legacy income amounted to £2.688 million (2021-22: £3.712 million). Significant cash was collected during the year from this important source of income. However, final performance reflects the significantly reduced year end accrual compared to the prior year.

Our shops produced income of £6.175 million (2021-22: £5.443 million). Exemplary performance by the retail team achieving an outstanding level of income for the year, by maximising the established model.

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 £17.194 million (2021-22: £15.011 million) largely reflecting the increased spend on our charitable activities.

We invested in our fundraising activities to deliver income to provide services to our children and families. Setting shop running costs to one side, we spent 84.5 pence in every £1 on care services (2021-22: 85.0 pence).

### *Cashflows From Operating Activities*

The Consolidated Statement of Cashflows is shown on page 40. Total cash provided by operations amounted to £3.268 million (2021-22: £2.816 million).

### *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 2024 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.

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 scaled back its operations.

The Board's policy target for available reserves is £7.500 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 £9.402 million (2021-22: £7.852 million). This is slightly higher than our upper target range. However, trustees believe it is prudent as our plans for increasing our income will deliver later than increases in our costs caused by inflation. The Designated Capital Projects Fund reduced during the year following the refurbishment of our Hospice in the Black Country. The balance remaining reflects our plans for the refurbishment and improvement of our other Hospice assets over coming months, investment in retail expansion, as well as streamlined provision for head office accommodation after the expiry of the current lease term.

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

	£'000
Total Reserves	23,657
Less	
Restricted Reserves	(282)
Designated – Intangible Fixed Assets Fund	(110)
Designated – Tangible Fixed Assets Fund	(11,068)
Designated – Investments in Associates Fund	(195)
Designated – Capital Projects Fund	(2,600)
Available Reserves	9,402

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 regularly to ensure we make effective use of cash resources that are surplus to our immediate 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 ten 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 2022-23 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 screen investments.

The investment manager provides written reports on fund performance and compliance with the ethical investment statement every six months. 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 (3-Apr-22 to 1-Apr-23)	MTD	QTD	YTD	3 Years Annual.	Since <sup>41</sup> Inception Annualised
Investment Portfolio Return	(3.60)			2.41	6.99	1.87
<sup>32</sup> Blended Benchmark Return	(2.38)			2.82	9.29	2.60
<sup>12</sup> Excess Return	(1.21)			(0.40)	(2.30)	(0.73)
<sup>13</sup> Reference Market Indices Returns						
Barclays Capital Global Aggregate (GBPH)	(4.94)			2.58	(2.77)	(2.75)
MSCI AC WORLD - NET RETURN (£)	(2.03)			4.39	17.02	6.99
FTSE 100 - TOT RETURN IND (£)	5.08			3.55	15.77	4.32
Bank of England Base Rate	2.29			0.94	0.86	0.84

The Barclays Charity Investment Fund is a long-term investment, in excess of ten years, for a moderate risk appetite. The Fund performance was a loss of 3.60% (2022: gain 7.20%) whilst the Blended Benchmark return was a loss of 2.38% (2022: gain 11.14%) an underperformance against the Blended Benchmark of 1.21% (rounded) (2022: underperformance 3.94%). Whilst the Blended Benchmark is an appropriate comparator, it does carry a higher proportion of commodities (oil, gas, wheat etc.) than the Fund. These commodities have experienced



significant returns which reflects in the lower loss of the Blended Benchmark performance compared to the Fund.

Trustees' investment policy is to protect cash balances in excess of working capital requirements from risk of loss, in particular loss as a result of counterparty risk. Counter party risk is minimised by placing funds with Royal London Money Market Fund (investment) and Blackrock Money Market Fund (similar to cash). In these funds the underlying assets are well diversified, significantly reducing the risk of single institution failure.

### *Performance Monitoring*

In 2022/23 we launched our new "For Any Child" strategy. This strategy was written in order to increase our reach in both the number of children and families we offer services to and the uptake of individual services available. Ensuring that all those who would benefit from our support are able to access it.

Over the next three years we have set six strategic goals:

1. A responsive, inclusive and quality care service;
2. More care partnerships reaching more families;
3. Acorns recognised as a great place to work and volunteer;
4. Engaging our diverse audiences;
5. Investing sustainably in care; and,
6. Excellence as a charity.

The following table shows our performance against goal aligned Key Performance Indicators (KPI's).

Goal	KPI	Target	Actual
1. A responsive, inclusive and quality care service.	<i>Newly registered children.</i>	<i>At least 120 referrals in the year.</i>	<i>143 additional children.</i>
	<i>Hospice utilisation across Acorns.</i>	<i>6,048 day or night stays per year.</i>	<i>3,119 overnight stays were recorded. This is due to the expansion of the family support team resulting in increased levels of support and more outreach services resulting in families being cared for in their homes. We also saw increasing levels of complexity in the children we care for.</i>
	<i>% of Family Plan reviews in date (1 year).</i>	<i>95% of registered families</i>	<i>84% completed. This is an ongoing piece of work that depends on the availability of families.</i>
2. More care partnerships reaching more families.	<i>Number of commissioned bed stays.</i>	<i>864 day or night stays per year.</i>	<i>763 stays. This reflects a move towards providing more end-of-life care which is not commissioned and wholly charitably funded.</i>
3. Acorns recognised as a great place to work and volunteer.	<i>Clinical Establishment vacancy rate.</i>	<i>4%.</i>	<i>14% - good progress has been made from a starting place of 23% but the sector faces a real shortage of nurses.</i>
	<i>ENPS score across Acorns</i>	<i>14</i>	<i>27 - indicative of real progress and positivity of Acorns as a place to work.</i>

Goal	KPI	Target	Actual
4. Engaging our diverse audiences.	<i>Number of contactable supporters.</i>	<i>21,000.</i>	<i>22,283 – this shows real engagement from our supporters.</i>
	<i>Media reach</i>	<i>750m 'reach' per quarter.</i>	<i>318 million – an in year strategic change to measuring the engagement of our audiences rather than just feed appearances. The levels of engagement have been very strong.</i>
5. Investing sustainably in care.	<i>Overall Trust performance v budget.</i>	<i>Balanced budget.</i>	<i>£1.28 million surplus at year end, driven largely by unexpected legacy income.</i>
	<i>Net voluntary fundraising contribution excluding legacies.</i>	<i>£2.98m.</i>	<i>£3.39 million – excellent performance.</i>
	<i>Net retail contribution.</i>	<i>£1.45m.</i>	<i>£2.06 million – an outstanding performance.</i>

Goal	KPI	Target	Actual
6. Excellence as a charity.	<i>Mandatory training.</i>	<i>95%.</i>	<i>Whilst we were able to demonstrate good compliance with mandatory learning, we made significant changes to the required learning and the system for measuring this during the year in order to achieve greater accuracy and consistency across the organisation. This means that a direct comparison to previous measures is difficult and unhelpful for this year.</i>
	<i>UNICEF Award.</i>	<i>Gold award during 2022/23.</i>	<i>We achieved the Gold award following our assessment on 1 March 2023</i>

### Our plans

Key to our organisational performance is the new strategy. This forms an important part of how we will develop. This has also been a key period of change and challenge for the charity with the departure of our long-standing CEO and the transition to the arrival of the new one. This represented a key risk to the organisation. In order to manage this a number of processes were adapted and changed. The trustees also asked the Chairman to stay on in order to provide stability during such a period of change.



*Our administrative details*

**Charity number:** 700859.

**Company number:** 2036103.

**Registered Office:** Drakes Court, Alcester Road, Wythall, Birmingham, B47 6JR.

*Our Advisors*

**Auditors:** RSM UK Audit LLP, 103 Colmore Row, Birmingham, B3 3AG.

**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	Chair, Board of Trustees Chair, Chairs Committee	-
J McCarthy	Deputy Chair, Board of Trustees Chair, Board Development Committee	Retired 31 July 2022
P Dison	Deputy Chair, Board of Trustees Chair, Retail Assurance Committee Chair, Acorns Children's Hospice Trading Ltd	1 August 2022-
G Ahmad	Chair, Care Assurance Committee	-
Prof T Barrett	Trustee	Retired 9 May 2023
L Bull	Trustee and Designated Safeguard Lead	-
A David	Chair, Resources Assurance Committee	-
B M Jones	Trustee	-
J Ladbrooke	Chair, Board Development Committee	-
R Leonhardt	Trustee	-
K McNamara-Goodger	Trustee	-
C Maddox	Trustee	Appointed 15 November 2022
G Muth	Trustee	-
D Munton	Trustee	Appointed 15 November 2022
R O'Donoghue	Trustee	Appointed 7 March 2023
P Riley	Chair, Fundraising, Marketing & Comms Assurance Committee	-
C Sallnow	Trustee	Retired 15 November 2022
A S Ubhi	Trustee	-
B Waris	Trustee	-
S Watson	Trustee	Appointed 15 November 2022

Indemnity insurance is in place for all Trustees and Executive Directors.

## Key Managers

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

Name	Role	Changes
T Porter	Chief Executive	Ceased 18 September 2022.
T Johnson	Chief Executive	Appointed 6 March 2023.
M Bullock	Chief Operating Officer and Director of People & Culture	

Also served as Interim Chief Executive from 18 September 2022 until 5 March 2023 and subsequently appointed as Chief Operating Officer from 1 April

E Aspinall	Director of Care	Ceased 30 June 2023.
M Bullock	Chief Operating Officer	Appointed 3 April 2023.
M Bullock	Director of People & Culture	Ceased 10 September 2022.
N Cramer	Director of Supporter Engagement	-
S Lorking	Chief Financial Officer and Company Secretary	-

## 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.

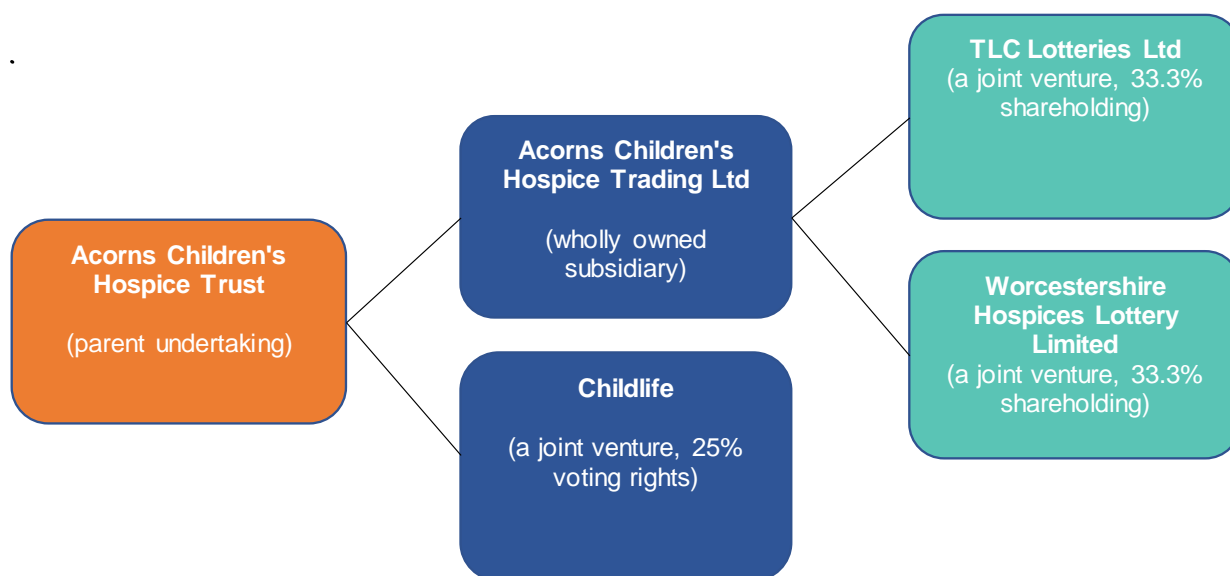
An individual member cannot acquire a controlling interest (more than 25 per cent of voting rights) as an owner of the Trust because the Trust's Articles of Association (dated 13 February 2020) provide for a minimum of 12 members and give each member an equal voting right. Matters that must be referred 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 keeps the governance framework under continuous review and undertakes a full review on a 3 yearly 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 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 49). 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 The Hospice Charity Partnership.
- > **Worcestershire 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 applies, where appropriate, 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 Executive Directors, other employees 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 Executive 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 elected for terms of three years at a time. Expectation of tenure when joining the Board is for a minimum of 2 terms and no more than 3 terms. The Chairman's period of office is limited to six consecutive years, although the board has the power to approve an extension in exceptional circumstances. 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 five 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 high levels of attendance at all Assurance Committees over the financial period, with trustees joining both in person and remotely.

Throughout the year, Assurance Committee members provided advice, support, expertise and challenge to the Chief Executive and Executive Directors' Team. A summary of each Assurance Committee's terms of reference is set out over:

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>
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; Implementation of 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 (employee &amp; volunteer) 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 workforce 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 employees 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 employees and volunteers regularly, monitoring trends and responding proactively to the feedback received, both at team management and senior leadership level.

### *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 employees 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,
- > provide 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 employees 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 employee receives a salary that tracks above the National Minimum Wage applicable to them. We do not operate a bonus scheme for any of our employees or volunteers. Details of our salary and pension costs can be found in note 7 to the financial statements (page 52 refers). Information regarding the number of employees with salaries over £60,000 is available in note 8 to the financial statements (page 53 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 Executive Directors) and agreeing any annual pay award. The Board delegates this responsibility to the Chairs Committee which comprises the Chair of the Board of Trustees and the Chair of each Assurance Committee. The Chairs Committee meets with the Chief Executive and the Executive Director of People and Culture to review and recommend changes to other key managers' pay. Neither the CEO nor the COO are present at the meeting when their own pay and performance is discussed.

### *Our Volunteers*

Acorns relies on around 1,100 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 (DBS). However, we do not require a DBS disclosure for our shop volunteers.

### *Our Supporters*

In 2022/23 the strategies being pursued by the income generating teams in Retail and Fundraising showed strong progress. Acorns shoppers and donors showed great loyalty and generosity during the year, notably for our Room To Grow Appeal. Within our slightly smaller shop estate, than the prior year, the focus on matching our local knowledge to our shopper preferences meant that we were able to generate more surplus from our shop trading. Technology, digitisation, and a focus on the customer were successful tactics. In Fundraising, Acorns continued to gain support from more donors, and a replacement for our supporter database was selected and implemented during the year which means we can more capably understand our donor motivations and preferences.

Our supporters also leave gifts in wills, and this year has been another remarkable year for the range and scale of gifts made. We continue to be humbled by the thoughtfulness and consideration of those whom we cannot thank personally, but who create so much for the children and families who have the support of Acorns Children's Hospice now and in the future.

The support we receive from NHS England through the regional commissioning bodies represents around one third of the income we rely upon to operate our services. Acorns is appreciative of the funding we receive and hope that our sources of statutory funding can grow in the future. The funding model at present is for the children's hospices in England to share an annual award of £25 million, and presently the Children's Hospice Grant distribution model and level of grant is the subject of keen interest beyond its end date in March 2024. As the needs of our children become more complex and the number of children needing access to specialist services increase, we hope that this is reflected in future funding settlements.

### *Risk Assessment*

The Acorns Board of Trustees is responsible for ensuring Acorns risk management framework is comprehensive, and 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, and monitors the strategic risk register at least twice a year.

Our strategic risk register will continue to be structured around eight strategic risk families, which reflects the size and sophistication of our Charity, and also lends itself well to our Committee structure, with different Committees taking a lead for different risks.

Our eight strategic risk families are as follows:

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

Within each risk family, risks are tracked, and new risks identified, within directorates on a quarterly basis. The updated sections are included on the overall strategic risk register and reviewed and updated by the Executive Directors before being shared with Committee members. Acorns prioritises its risks according to their impact and likelihood and then designs and delivers appropriate controls and mitigating actions.

The Board of Acorns is satisfied the Charity's risk management framework continues to be both comprehensive and appropriate and the Executive Directors have put effective systems in place to control risk. The Directors' team reviews the risk register at least twice a year and updates the Board of Trustees using a dashboard report. The Board's assurance committees will continue to review the relevant parts of the strategic risk register at least twice a year. The Chairs Committee will continue to review the entire register in depth at least twice a year, before sharing reflections and recommendations to the full Board.

### **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:

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

We listen to and engage regularly 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
The Board carefully managed the impact of the departure of the CEO.	Possible consequence on the high standards of business conduct and the relationships/	The Board appointed an Interim CEO – this minimised risk whilst a full recruitment process was undertaken. It was also agreed that the Chair should stay on in order to help support the new CEO to settle.
The Board has launched the new strategy and approved investment in our family support team.	Children and their families, staff, volunteers, supporters and Commissioners.	This enables us to reach more children and families. Becoming more responsive to the needs of our communities.

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 2022-23 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 carried out electronic surveys on Acorns iPad or by offering a QR code for the following service areas:</p> <ul style="list-style-type: none"> <li>• Young person Survey;</li> <li>• Family Experience- which includes specialist services such as physiotherapy, hydrotherapy, and Stay and Play;</li> <li>• Family Experience- which captures a family's experience at one of our three hospices and groups attended;</li> <li>• Clinical Outreach survey; and,</li> <li>• Bereaved parents group survey.</li> </ul> <p>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, events and groups we provide.</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 continued to seek direct feedback from families with family team workers making routine "wellbeing calls" through the year.</p> <p>We responded to direct feedback from families via Acorns social media channels.</p> <p>During the year we launched a pilot for reviewing outcomes and the impact of our service with families. Families will, on an annual basis, rate the impact of our services on their physical and emotional well-being.</p> <p>Following the Board approval of the Service User Engagement Strategy an action plan has been developed and implemented.</p>

Stakeholder group and why they are important to our success	Their requirements	How we engage	Key highlights of 2022-23 showing impact of the engagement
<b>Our people</b>  Our services are delivered through our experienced and dedicated workforce.	<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 workforce surveys. In 2022, we continued to utilise 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 and volunteer wellbeing and feelings about their work. Importantly it guides the actions to be taken to address concerns and potential issues in real time.</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 better than similar organisations.</p> <p>Acorns established an EDI committee to continue to develop our workforce.</p>
<b>Our Supporters and Volunteers</b>  We can only achieve our strategic vision with the generous contributions of our supporters and volunteers.	<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 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 activities have been regularly profiled in the local and regional media.</p> <p>We raised £8.305 million of income in donations and legacies.</p> <p>We have seen our volunteer numbers and hours start to increase post pandemic.</p> <p>Our shops continued to trade well.</p>

Stakeholder group and why they are important to our success	Their requirements	How we engage	Key highlights of 2022-23 showing impact of the engagement
<b>NHS</b>  We could not do what we do without our partnership with the NHS, nationally and locally, via ICB's and hospitals.	NHSE fulfils its statutory obligation to provide palliative and end of life care to children and support to families.  Acorns delivers on our contractual obligations.  We provide safe and high-quality care, and report transparently on what we have delivered and on any challenges we may face.	We have a dedicated Statutory Partnerships manager to manage our NHSE engagement.  We have worked closely with our NHS partners. Our collaboration with the Palliative Care team at Birmingham Women and Children's Hospital continues to be particularly impactful. Especially our contribution to the children's palliative care consultant.	We receive important contributions to our care costs from both NHS England and local NHS commissioning groups. We report on these regularly.  As a children's hospice, we are regulated by the CQC. There were no inspections in 2022-23 however we undertook our own internal checks with a former CQC inspector. This enabled us to continue to ensure we are engaged and improving.  The most recent inspections at Worcester, Walsall and Birmingham have given us an overall rating of "Good", "Good" and "Outstanding" respectively.

## Streamlined Energy and Carbon Reporting

During the financial year, Acorns continued its commitment to improving energy efficiency and reducing its carbon footprint. The refurbishment of our shops continued with only 7 of the 46 shops awaiting conversion to LED lighting. 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 46 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 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 Green House Gas Conversion Factors for Company Reporting 2022 have been used to provide the required conversion rates.

## Emission Statistics

	2023	2022
Energy consumption used to calculate emissions (kWh)	2,184,473	2,634,880
Emissions from purchased electricity (tCO <sub>2</sub> e)	196.6	230.8
Emissions from the combustion of gas (tCO <sub>2</sub> e)	212.8	285.4
Total gross emissions (tCO <sub>2</sub> e)	409.4	516.2
Intensity ratio (total tCO <sub>2</sub> e per FTE employee)	1.15	1.45

## Fundraising

Our fundraising is managed by an experienced team of dedicated employees. We are registered with the Fundraising Regulator (<https://www.fundraisingregulator.org.uk>) and signed up to the Fundraising Code of Practice.

Our Fundraising Promise is published at the following web address:

[https://www.acorns.org.uk/our-fundraising -promise](https://www.acorns.org.uk/our-fundraising-promise)

Our fundraising complaints procedure is available on request, nine complaints were received during the year.



## 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 T Hopton**

**Chairman of Acorns Board of Trustees**

**8 August 2023**

# 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 period ended 1 April 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Statements of Financial Position, the Consolidated Statement 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 1 April 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the 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 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 year 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 30, 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 and income recognition as the areas 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, challenging judgments and estimates and testing of income transactions around the period end.

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.

*Anna Spencer-Gray*

ANNA SPENCER-GRAY (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
103 Colmore Row  
Birmingham  
B3 3AG

Date: 16 August 2023



## Consolidated statement of financial activities (incorporating the Consolidated Income and Expenditure Account)

For the period 3 April 2022 to 1 April 2023

	Note	Unrestricted funds £000	Unrestricted Funds - Shops £000	Restricted Funds £000	Total Funds 2023 £000	Total Funds 2022 £000
<b>Income from</b>						
<i>Donations and legacies</i>						
Donations		2,610	-	2,116	4,726	4,593
Legacies		2,672	-	16	2,688	3,712
<i>Charitable activities</i>						
NHS England Children's Hospice Grant		-	-	1,721	1,721	1,435
NHS England Covid-19 Support Grants		-	-	-	-	302
Job retention Covid-19 Support		-	-	-	-	22
Kick-Starters Job Support		10	-	-	10	283
Contract income		2,807	-	-	2,807	3,202
Training income		35	-	-	35	7
<i>Other trading activities</i>						
Sale of donated and bought-in goods		-	6,175	-	6,175	5,443
Covid-19 Business Support Grants		-	-	-	-	2
Events		140	-	-	140	124
<i>Investments</i>						
Dividends		29	-	-	29	16
Interest	5	30	-	-	30	1
Share of JVs' net profit		192	-	-	192	229
Other income		38	-	-	38	27
<b>Total income</b>		<b>8,563</b>	<b>6,175</b>	<b>3,853</b>	<b>18,591</b>	<b>19,398</b>
<b>Expenditure on</b>						
<i>Raising funds</i>						
Fundraising	4	1,901	-	-	1,901	1,608
Trading costs		-	4,169	-	4,169	3,745
Events costs	4	117	-	-	117	91
<i>Charitable activities</i>						
Residential care services	4	5,245	-	2,888	8,133	7,484
Community care services	4	2,583	-	291	2,874	2,083
<b>Total expenditure</b>		<b>9,846</b>	<b>4,169</b>	<b>3,179</b>	<b>17,194</b>	<b>15,011</b>
		(1,283)	2,006	674	1,397	4,387
Net (loss)/gain on investments	12	(121)	-	-	(121)	227
<b>Net income/(expenditure)</b>	9	<b>(1,404)</b>	<b>2,006</b>	<b>674</b>	<b>1,276</b>	<b>4,614</b>
<b>Gross transfers between funds</b>		<b>3,390</b>	<b>(2,006)</b>	<b>(1,384)</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>1,986</b>	<b>-</b>	<b>(710)</b>	<b>1,276</b>	<b>4,614</b>
<i>Reconciliation of funds</i>						
<b>Total funds brought forward</b>	19	<b>21,389</b>	<b>-</b>	<b>992</b>	<b>22,381</b>	<b>17,767</b>
<b>Total funds carried forward</b>	19	<b>23,375</b>	<b>-</b>	<b>282</b>	<b>23,657</b>	<b>22,381</b>

The above results are derived from continuing operations. All gains and losses are included above. A detailed comparative consolidated statement of financial activities is set out on page 37.

## Comparative consolidated statement of financial activities (incorporating the Consolidated Income and Expenditure Account)

For the period 4 April 2021 to 2 April 2022

Note	Unrestricted funds £000	Unrestricted Funds - Shops £000	Restricted Funds £000	Total Funds 2022 £000	Total Funds 2021 £000
<b>Income from</b>					
<i>Donations and legacies</i>					
Donations	2,846	-	1,747	4,593	4,062
Legacies	3,252	-	460	3,712	1,514
<i>Charitable activities</i>					
NHS England Children's Hospice Grant	-	-	1,435	1,435	1,393
NHS England Covid-19 Support Grants	-	-	302	302	2,679
Job retention Covid-19 Support	2	20	-	22	1,062
Kick-Starters Job Support	116	167	-	283	-
Contract income	3,202	-	-	3,202	3,666
Training income	7	-	-	7	3
<i>Other trading activities</i>					
Sale of donated and bought-in goods	-	5,443	-	5,443	2,109
Covid-19 Business Support Grants	-	2	-	2	746
Events	124	-	-	124	102
<i>Investments</i>					
Dividends	16	-	-	16	11
Interest	5	1	-	1	1
Share of JVs' net profit	229	-	-	229	297
Other income	27	-	-	27	38
<b>Total income</b>	<b>9,822</b>	<b>5,632</b>	<b>3,944</b>	<b>19,398</b>	<b>17,683</b>
<b>Expenditure on</b>					
<i>Raising funds</i>					
Fundraising	4	1,608	-	1,608	1,508
Trading costs	-	-	3,745	3,745	4,796
Events costs	4	91	-	91	106
<i>Charitable activities</i>					
Residential care services	4	4,432	-	7,484	7,323
Community care services	4	1,915	-	2,083	1,770
<b>Total expenditure</b>	<b>8,046</b>	<b>3,745</b>	<b>3,220</b>	<b>15,011</b>	<b>15,503</b>
	<b>1,776</b>	<b>1,887</b>	<b>724</b>	<b>4,387</b>	<b>2,180</b>
Net gains on investments	227	-	-	227	155
<b>Net income</b>	<b>9</b>	<b>2,003</b>	<b>1,887</b>	<b>4,614</b>	<b>2,335</b>
<b>Gross transfers between funds</b>	<b>1,887</b>	<b>(1,887)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>	<b>3,890</b>	<b>-</b>	<b>724</b>	<b>4,614</b>	<b>2,335</b>
<i>Reconciliation of funds</i>					
<b>Total funds brought forward</b>	<b>19</b>	<b>17,499</b>	<b>-</b>	<b>17,767</b>	<b>15,432</b>
<b>Total funds carried forward</b>	<b>19</b>	<b>21,389</b>	<b>-</b>	<b>22,381</b>	<b>17,767</b>

The above results are derived from continuing operations. All gains and losses are included above.

**Consolidated statement of financial position**

As at 1 April 2023 compared to 2 April 2022

Company Registration No. 2036103

	Note	2023	2022
		£000	£000
<b>Fixed assets</b>			
Intangible assets	11	110	146
Tangible assets	10	11,068	9,209
Investments	12	6,681	5,552
Investments in associated companies	13	195	182
		<u>18,054</u>	<u>15,089</u>
<b>Current assets</b>			
Investments	12	-	2,000
Inventories	14	14	6
Debtors	15	3,200	4,216
Multi-fund asset		750	-
Cash held on deposit		3,737	1,256
Cash at bank and in hand		670	2,047
		<u>8,371</u>	<u>9,525</u>
<b>Creditors:</b> Amounts falling due within one year	17	(1,950)	(1,321)
<b>Net current assets</b>		<u>6,421</u>	<u>8,204</u>
<b>Total assets less current liabilities</b>		<u>24,475</u>	<u>23,293</u>
<b>Provision for liabilities</b>	18	(818)	(912)
<b>Net assets</b>		<u>23,657</u>	<u>22,381</u>
<b>Fund balances</b>			
Restricted capital funds	19/20	267	719
Restricted income funds	19/20	15	273
		<u>282</u>	<u>992</u>
Total restricted funds		282	992
Designated fixed asset fund		11,373	9,537
Designated capital projects fund		2,600	4,000
Unrestricted available funds		9,402	7,852
	19/20	<u>23,657</u>	<u>22,381</u>

These financial statements were authorised for issue and approved by the Board of Trustees on 8 August 2023 and were signed on its behalf by:


  
M T Hopton, Chairman

**Charity statement of financial position**

As at 1 April 2023 compared to 2 April 2022

Company Registration No. 2036103

	Note	2023	2022
		£000	£000
<b>Fixed assets</b>			
Intangible assets	11	110	146
Tangible assets	10	11,068	9,209
Investments	12	6,681	5,552
		<u>17,859</u>	<u>14,907</u>
<b>Current assets</b>			
Investments	12	-	2,000
Debtors	15	3,314	4,319
Multi-fund asset		750	-
Cash held on deposit		3,737	1,256
Cash at bank and in hand		590	2,000
		<u>8,391</u>	<u>9,575</u>
<b>Creditors:</b> Amounts falling due within one year	17	(1,964)	(1,362)
<b>Net current assets</b>		<u>6,427</u>	<u>8,213</u>
<b>Total assets less current liabilities</b>		<u>24,286</u>	<u>23,120</u>
<b>Provision for liabilities</b>	18	(818)	(912)
<b>Net assets</b>		<u>23,468</u>	<u>22,208</u>
<b>Fund balances</b>			
Restricted capital funds	21	267	719
Restricted income funds	21	15	273
		<u>282</u>	<u>992</u>
Total restricted funds		282	992
Designated fixed asset fund		11,178	9,355
Designated capital projects fund		2,600	4,000
Unrestricted available funds		9,408	7,861
	21	<u>23,468</u>	<u>22,208</u>

The net movement in funds for the parent charity was a net increase of funds of £1,260,000 (2022: net increase of funds of £4,570,000). These financial statements were authorised for issue and approved by the Board of Trustees on 8 August 2023 and were signed on its behalf by:



M T Hopton, Chairman

## Consolidated statement of cash flows

3 April 2022 to 1 April 2023 compared to 4 April 2021 to 2 April 2022

	2023 £000	2022 £000
<b>Cash flows from operating activities:</b>		
<i>Net cash provided by operating activities</i>	3,268	2,816
<b>Cash flows from investing activities:</b>		
Dividends and interest from investments	59	17
Gift aid receipts from joint ventures	179	232
Purchase of property, plant and equipment	(2,372)	(831)
Purchase of intangible assets	(30)	(105)
Transfer to fixed assets	(2,000)	-
Transfer to current assets	750	2,000
<i>Net cash (used in)/ provided by investing activities</i>	(3,414)	1,313
<i>Change in cash and cash equivalents in the reporting period</i>	(146)	4,129
<i>Cash and cash equivalents at the beginning of the reporting period</i>	5,303	1,174
<i>Cash and cash equivalents at the end of the reporting period</i>	5,157	5,303
<b>Reconciliation of net income to net cash flow from operating activities (forming part of the financial statements)</b>		
	2023 £000	2022 £000
<i>Net income for the reporting period (as per the Statement of Financial Activities)</i>	1,276	4,614
<b>Adjustments for:</b>		
Depreciation	513	450
Amortisation	66	101
Losses/ (gains) on investments	121	(227)
Share of joint venture net profit	(192)	(229)
Dividends and interest from investments	(59)	(17)
Loss on disposal of fixed assets	-	1
(Increase)/ decrease in inventories	(8)	18
Decrease/ (increase) in debtors	1,016	(1,807)
Increase in creditors	629	8
(Decrease) in provisions	(94)	(96)
<i>Net cash provided by operating activities</i>	3,268	2,816
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	670	2,047
Deposit	3,737	1,256
Estimate of fixed asset investments to be liquidated over the following twelve months	-	2,000
Multi-fund asset approximating cash	750	-
<b>Total cash and cash equivalents</b>	5,157	5,303

## Notes

*(forming part of the financial statements)*

### 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 2023 financial period therefore covers the period from 3 April 2022 to 1 April 2023 and the 2022 financial period covers the period from 4 April 2021 to 2 April 2022. The 2023 and 2022 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.

#### ***Disclosure exemptions***

In accordance with FRS102, the Charity has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures.

The financial statements of the Charity are consolidated in these financial statements of Acorns Children's Hospice Trust.



## Notes *(continued)*

### 1. Principal accounting policies (Continued)

#### ***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 2024 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.

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.

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

The group financial statements consolidate the financial statements of the parent company and its subsidiary undertaking for the financial period ended 1 April 2023. 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 a twelve month period ending as close as possible to the group period end.

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 £1,260,000 (*2022 surplus of income over expenditure of £4,570,000*) 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

## Notes (continued)

### 1. Principal accounting policies (Continued)

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.

#### *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, Events costs, and Charitable activities costs. See note 4.

## Notes (continued)

### 1. Principal accounting policies (Continued)

#### **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.

#### **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 to write off the cost, less the residual value, 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 to write off the cost, less the residual value, of intangible fixed assets over their estimated useful lives on a straight-line basis over 4 years.

#### **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.

## Notes (continued)

### 1. Principal accounting policies (Continued)

#### **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.

#### **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.

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 rate income tax) 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% (2021: 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.

## **Notes** *(continued)*

### **1. Principal accounting policies (Continued)**

#### ***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. Estimating the fair value of donated goods for resale is not practical because of the volume of low-value items received. The value to the charity of donated goods sold is recognised as income when sold.

#### ***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.

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

Cash and cash equivalents comprise cash in hand and on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash, including money market multi-fund assets, and are subject to an insignificant risk to changes in value.

#### ***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.

## Notes (continued)

### 1. Principal accounting policies (Continued)

#### *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 and capital projects. 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.

Unrestricted shop funds are transferred to unrestricted funds every year to support expenditure on care services.

#### *Designated funds*

*Designated fixed asset fund* – this represents the net book value of the tangible and non-tangible assets as well as the investments in associated companies.

*Designated capital fund* – this represents future investment in our infrastructure assets.

#### **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.



## Notes *(continued)*

### 1. Principal accounting policies (Continued)

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 £818,000 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 and 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 goods as well as acting as agent for the parent charity for the sale of donated goods attracting retail gift aid.

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:

**Notes** *(continued)***3. Income and costs from trading activities of subsidiary (Continued)****Acorns Children's Hospice Trading Limited (Continued)**

	<b>2023 £000</b>	<b>2022 £000</b>
<b>Turnover</b>	182	165
Cost of sales	(49)	(48)
	<hr/>	<hr/>
<b>Gross profit</b>	133	117
Administrative expenses	(18)	(17)
	<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	115	100
Taxation	-	-
	<hr/>	<hr/>
<b>Total comprehensive income for the financial period</b>	115	100
	<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 36.

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

	<b>2023 £000</b>	<b>2022 £000</b>
Total assets	137	117
Total liabilities	(22)	(17)
	<hr/>	<hr/>
Net funds	115	100
	<hr/> <hr/>	<hr/> <hr/>

**Notes** *(continued)***4. Total expenditure (excluding shops)**

	<b>Direct costs</b>	<b>Support and Governance costs</b>	<b>2023 Total</b>	<b>2022 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Raising funds</b>				
Fundraising	1,392	509	1,901	1,608
Event costs	86	31	117	91
<b>Charitable activities</b>				
Residential care services	5,982	2,151	8,133	7,484
Community care services	2,182	692	2,874	2,083
	<u>9,642</u>	<u>3,383</u>	<u>13,025</u>	<u>11,266</u>
			<b>2023</b>	<b>2022</b>
			<b>£000</b>	<b>£000</b>
<b>Consisting of</b>				
Staff costs (including training and travel etc.)			10,286	8,971
General overheads			1,463	1,312
Depreciation and amortisation			386	433
Direct care service costs			660	392
Direct fundraising costs			230	158
			<u>13,025</u>	<u>11,266</u>

## Notes (continued)

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

	2023 £000	2022 £000
<b>Support costs comprise</b>		
Communications	446	430
Head office and property	1,479	1,360
Finance and management	830	458
HR and project support	628	724
	<hr/> 3,383 <hr/>	<hr/> 2,972 <hr/>
	2023 £000	2022 £000
<b>Governance costs (included in support costs above) comprise:</b>		
Head office and property	409	375
Finance and management	47	34
Audit fees	32	33
	<hr/> 488 <hr/>	<hr/> 442 <hr/>

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 (2021: £Nil).

### 5. Interest

	2023 £000	2022 £000
Bank interest received	30	1
	<hr/>	<hr/>

### 6. Government Grants

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

## Notes (continued)

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

The average number of people employed by the group (headcount) is set out below:

	<b>Group Average Headcount</b>	
	<b>2023</b>	<b>2022</b>
Staff ( <b>includes</b> bank/agency staff)	363	356
The aggregate remuneration of these persons was:	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	10,321	9,189
Social security costs	985	814
Pension costs	815	751
	<u>12,121</u>	<u>10,754</u>

In addition to the above, redundancy and termination benefits amounted to £30,000 (2022: £50,000).

<b>Pension costs</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Unrestricted</b>	<b>Restricted</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Care	491	-	464	-
Retail	127	-	119	-
Administration	197	-	168	-
Total	<u>815</u>	<u>-</u>	<u>751</u>	<u>-</u>

Twenty trustees served during the financial period (2022:18) 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 (2022: £Nil).

The Charity holds trustee indemnity insurance at a cost of £2,490 (2022: £2,490).

## Notes (continued)

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

The number of volunteers who worked for the group part-time without pay during the financial period was 1,101. Hours donated totalled 249,027 with a theoretical value estimated, using the National Minimum Wage, of £2,535,095 (2022: 960 volunteers, hours donated 222,268 with a theoretical value estimated, using the National Minimum wage, of £2,040,420). 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, Chief Operating Officer and Director of People & Culture, Director of Supporter Engagement, Director of Care and Chief Financial Officer. The total employee benefits (including employer's pension contributions and NIC) of the key management personnel of the Trust were £487,449 (2022: £479,913).

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

	Group	
	Number of employees	
	2023	2022
£60,001 - £70,000	1	1
£70,001 - £80,000	3	2
£80,001 - £90,000	3	2
£90,001 - £100,000	1	1

During September 2022, the Chief Executive Officer left and the Director of People and Culture became the interim Chief Executive Officer. The new Chief Executive Officer started with Acorns in March 2023 and officially took over the role from the Interim Chief Executive Officer from April 2023, the start of the new financial year. Neither the previous nor new permanent Chief Executive Officer individuals earned more than £60,000 within the financial year.

## Notes (continued)

### 9. Net group income

	Group	
	2023 £000	2022 £000
<i>Net group income is stated after charging/(crediting)</i>		
Depreciation of tangible assets	513	450
Amortisation of intangible assets	66	101
Operating lease charges:		
Buildings (including retail shops)	899	908
Plant and machinery	21	32
Operating lease income	(10)	(14)
<i>Auditor's remuneration</i>		
Audit of these financial statements	37	31
Audit of financial statements of subsidiaries pursuant to legislation	3	2
Other services relating to taxation	4	4



## Notes (continued)

### 10. Tangible fixed assets

#### Group and Charity

	Freehold land and buildings £000	Short leasehold property £000	Motor vehicles £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>					
At beginning of financial period	11,843	1,158	97	1,171	14,269
Additions	1,978	273	-	121	2,372
Disposals	-	(3)	-	-	(3)
At end of financial period	13,821	1,428	97	1,292	16,638
<b>Depreciation</b>					
At beginning of financial period	3,558	571	96	835	5,060
Charge for the financial period	187	169	1	156	513
Reclassification	-	21	-	(21)	-
Disposals	-	(3)	-	-	(3)
At end of financial period	3,745	758	97	970	5,570
<b>Net book value</b>					
<b>At 1 April 2023</b>	10,076	670	-	322	11,068
At 3 April 2022	8,285	587	1	336	9,209

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. This value has been used as the deemed historic cost.

The gross amount of depreciable assets included within freehold land and buildings is £11,671,000 (2022: £9,693,000).

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

Use of assets:

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Care Services	10,398	8,621	10,398	8,621
Other, including shops, warehouse and administration	670	588	670	588
Net book value	11,068	9,209	11,068	9,209

## Notes *(continued)*

### 11. Intangible fixed assets

#### Group and Charity

	Application Software Enhancements
	£000
<b>Cost</b>	
At beginning of financial period	494
Additions	30
	<hr/>
At end of financial period	524
	<hr/> <hr/>
<b>Amortisation</b>	
At beginning of financial period	348
Charge for the financial period	66
	<hr/>
At end of financial period	414
	<hr/> <hr/>
<b>Net book value</b>	
At 1 April 2023	110
	<hr/> <hr/>
At 3 April 2022	146
	<hr/> <hr/>

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

## Notes (continued)

### 12. Fixed and current asset investments

#### Fixed asset investments

##### Group and Charity

<b>Multi-fund assets</b>	£000
<b>Group and Charity</b>	
Fair value 3 April 2022	5,552
Reclassification from current asset to fixed asset	2,000
Reclassification from fixed asset to current asset	(750)
Net revaluation loss	(121)
	<hr/>
Fair value 1 April 2023	6,681
	<hr/> <hr/>

	<b>Fair value 2023 £000</b>	<b>Cost 2023 £000</b>	<b>Fair Value 2022 £000</b>	<b>Cost 2022 £000</b>
Multi-fund assets Net Book Value	6,681	6,514	5,552	5,249
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

#### Current asset investments

##### Group and Charity

	<b>2023 £000</b>	<b>2022 £000</b>
Multi-fund assets	-	2,000
	<hr/>	<hr/>

**Notes** *(continued)***13. Investments in associated companies**

Investments in associated companies comprise the following:

	<b>Group</b>		<b>Charity</b>	
	<b>2023 £000</b>	<b>2022 £000</b>	<b>2023 £000</b>	<b>2022 £000</b>
Investment in joint ventures	195	182	-	-

***Investment in subsidiary undertakings***

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

<b>Subsidiary undertakings</b>	<b>Ordinary shares</b>	<b>Nature of trade</b>
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:

<b>Joint ventures</b>	<b>Proportion of issued ordinary shares held</b>
	<b>%</b>
TLC Lotteries Limited*	33.3
Worcestershire Hospices Lottery Limited*	33.3
	<b>Proportion of voting rights held</b>
	<b>%</b>
Childlife (company limited by guarantee)	25.0

\* Held indirectly

**Notes** *(continued)***13. Investments in associated companies (Continued)**

TLC Lotteries Limited and Worcestershire Hospices 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 31 December 2022. Worcestershire Hospices Lottery Limited financial period end is 31 March 2023.

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.

Group	Share of net assets			
	£000			
At beginning of financial period				182
Profits:				
TLC Lotteries Limited		67		
Worcestershire Hospices Lottery Limited		42		
Childlife		83		
Amounts withdrawn as gift aid:				192
TLC Lotteries Limited		(57)		
Worcestershire Hospices Lottery Limited		(22)		
Childlife		(100)		
				(179)
At end of financial period				195
	<b>TLC Lotteries Limited</b>	<b>Worcestershire Hospices Lottery Limited</b>	<b>Childlife</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Represented by:				
Share of gross assets	92	83	213	388
Share of gross liabilities	(32)	(47)	(114)	(193)
	60	36	99	195

## Notes (continued)

### 14. Inventories

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Bought in goods for resale	14	6	-	-

### 15. Debtors

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Amounts owed by joint ventures (see note 24)	-	-	116	103
Income tax recoverable	596	522	596	522
Other debtors	353	259	351	259
Prepayments and accrued income	2,251	3,435	2,251	3,435
	3,200	4,216	3,314	4,319

### 16. Basic Financial Instruments

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Financial assets measured at fair value	7,431	7,552	7,431	7,552

## Notes (continued)

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

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Amounts owed to subsidiary undertaking (see note 24)	-	-	37	57
Trade creditors	287	404	281	404
Other tax and social security	264	233	264	233
Accruals and deferred income	759	431	742	415
Other creditors	640	253	640	253
	<u>1,950</u>	<u>1,321</u>	<u>1,964</u>	<u>1,362</u>
				<b>Group and Charity</b>
				<b>£000</b>
Deferred income				
Balance at 3 April 2022				228
Amount released to income				(228)
Amount deferred in the financial period				229
				<u>229</u>
Balance at 1 April 2023				229

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.



## Notes *(continued)*

### 18. Provision for liabilities

	Group		Charity	
	2023 £000	2022 £000	2023 £000	2022 £000
Dilapidations and onerous contracts	818	912	818	912

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

	2023 £000	2022 £000
At beginning of financial period	912	1,008
Utilised in the current financial period	(109)	(96)
Additions	15	-
At end of financial period	818	912

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. Given the timing of lease exit is uncertain, the value and timing of the resulting payments is also uncertain.

**Notes** *(continued)***19. Fund balances**

At 1 April 2023, group funds are analysed as follows:

	<b>At 3 April 2022 £000</b>	<b>Income £000</b>	<b>Revenue expenditure £000</b>	<b>Gains/ (losses) and transfers £000</b>	<b>At 1 April 2023 £000</b>
Designated fixed asset fund	9,537	-	-	1,836	11,373
Designated capital projects fund	4,000	-	-	(1,400)	2,600
Unrestricted available funds	7,852	14,738	(14,015)	827	9,402
<b>Unrestricted income</b>	<b>21,389</b>	<b>14,738</b>	<b>(14,015)</b>	<b>1,263</b>	<b>23,375</b>
<b>Restricted income funds:</b>					
Acorns Worcester	273	621	(879)	-	15
Worcester Children's Hospice Grant	-	574	(574)	-	-
Acorns Walsall	-	85	(85)	-	-
Walsall Children's Hospice Grant	-	574	(574)	-	-
Acorns Selly Oak	-	491	(491)	-	-
Selly Oak Children's Hospice Grant	-	574	(574)	-	-
Other projects	-	2	(2)	-	-
<b>Total</b>	<b>273</b>	<b>2,921</b>	<b>(3,179)</b>	<b>-</b>	<b>15</b>
<b>Restricted capital funds:</b>					
Acorns Walsall	506	878	-	(1,384)	-
Acorns Worcester	34	4	-	-	38
Acorns Selly Oak	174	50	-	-	224
Acorns Shops	5	-	-	-	5
<b>Total</b>	<b>719</b>	<b>932</b>	<b>-</b>	<b>(1,384)</b>	<b>267</b>
<b>Total</b>	<b>22,381</b>	<b>18,591</b>	<b>(17,194)</b>	<b>(121)</b>	<b>23,657</b>

**Notes** *(continued)***19. Fund balances (Continued)**

At 2 April 2022, group funds are analysed as follows:

	At 4 April 2021 £000	Income £000	Revenue expenditure £000	Gains/ (losses) and transfers £000	At 2 April 2022 £000
Designated fixed asset fund	9,156	-	-	381	9,537
Designated capital projects fund	-	-	-	4,000	4,000
Unrestricted available funds	8,343	15,454	(11,791)	(4,154)	7,852
Unrestricted income	17,499	15,454	(11,791)	227	21,389
Restricted income funds:					
Acorns Worcester	11	1,052	(790)	-	273
Worcester Children's Hospice Grant	-	478	(478)	-	-
Worcester NHSE Covid-19 Support	-	100	(100)	-	-
Acorns Walsall	-	85	(85)	-	-
Walsall Children's Hospice Grant	-	478	(478)	-	-
Walsall NHS Covid-19 Support	-	101	(101)	-	-
Acorns Selly Oak	-	465	(465)	-	-
Selly Oak Children's Hospice Grant	-	479	(479)	-	-
Selly Oak NHS Covid-19 Support	-	101	(101)	-	-
Other projects	36	8	(44)	-	-
Total	47	3,347	(3,121)	-	273
Restricted capital funds:					
Acorns Walsall	36	470	-	-	506
Acorns Worcester	96	11	(73)	-	34
Acorns Selly Oak	84	116	(26)	-	174
Acorns Shops	5	-	-	-	5
	221	597	(99)	-	719
Total	17,767	19,398	(15,011)	227	22,381

## Notes (continued)

### 19. Fund balances (Continued)

#### 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.

*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.

Unrestricted shop funds are transferred to unrestricted funds every year to support expenditure on care services.

**Notes** (continued)**19. Fund balances (Continued)****Designated funds**

*Designated fixed asset fund* – this represents the net book value of the tangible and non-tangible assets as well as the investments in associated companies.

*Designated capital fund* – this represents future investment in our infrastructure assets.

**20. Analysis of group net assets**

At 1 April 2023	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	2023 Total £000	2022 Total £000
Tangible fixed assets	10,801	-	267	11,068	9,209
Intangible fixed assets	110	-	-	110	146
Fixed asset investments	6,876	-	-	6,876	5,734
Net current assets	6,406	15	-	6,421	8,204
Provisions	(818)	-	-	(818)	(912)
<b>Total net assets</b>	<b>23,375</b>	<b>15</b>	<b>267</b>	<b>23,657</b>	<b>22,381</b>
At 2 April 2022	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	2022 Total £000	2021 Total £000
Tangible fixed assets	8,490	-	719	9,209	8,829
Intangible fixed assets	146	-	-	146	142
Fixed asset investments	5,734	-	-	5,734	7,510
Net current assets	7,931	273	-	8,204	2,294
Provisions	(912)	-	-	(912)	(1,008)
<b>Total net assets</b>	<b>21,389</b>	<b>273</b>	<b>719</b>	<b>22,381</b>	<b>17,767</b>

## Notes (continued)

### 21. Analysis of Charity net assets

At 1 April 2023	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	2023 Total £000	2022 Total £000
Tangible fixed assets	10,801	-	267	11,068	9,209
Intangible fixed assets	110	-	-	110	146
Fixed asset investments	6,681	-	-	6,681	5,552
Net current assets	6,412	15	-	6,427	8,213
Provisions	(818)	-	-	(818)	(912)
<b>Total net assets</b>	<b>23,186</b>	<b>15</b>	<b>267</b>	<b>23,468</b>	<b>22,208</b>

At 2 April 2022	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	2022 Total £000	2021 Total £000
Tangible fixed assets	8,490	-	719	9,209	8,829
Intangible fixed assets	146	-	-	146	142
Fixed asset investments	5,552	-	-	5,552	7,510
Net current assets	7,940	273	-	8,213	2,294
Provisions	(912)	-	-	(912)	(1,008)
<b>Total net assets</b>	<b>21,216</b>	<b>273</b>	<b>719</b>	<b>22,208</b>	<b>17,767</b>

## Notes (continued)

### 22. Financial commitments

At 1 April 2023, the Group and Charity had total future commitments under non-cancellable operating leases, as set out below:

	2023		2022	
	Land and buildings	Plant and machinery	Land and buildings	Plant and machinery
Group and Charity	£000	£000	£000	£000
Amounts payable:				
Not later than one year	748	25	674	26
Later than one year and not later than five years	973	9	835	34
Later than five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,721	34	1,509	60
	<hr/>	<hr/>	<hr/>	<hr/>

### 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 £815,000 (2022: £751,000). At 1 April 2023, the group owed employee and employer contributions of £505,000 (2022: £199,000). 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 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.

[GAD report \(nhsbsa.nhs.uk\)](https://nhsbsa.nhs.uk)



## **Notes** *(continued)*

### **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 The Hospice Charity Partnership, 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 Worcestershire 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 Worcestershire 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. Ms C White (Senior Officer) is a Childlife Trustee.

## Notes (continued)

### 24. Related party transactions (Continued)

Transactions in the financial period:

	Charity	
	2023	2022
	£000	£000
TLC Lotteries Limited		
Balance Brought forward	71	61
Share of profits	67	96
Administration expenses recharge	14	11
Gift aid received	(57)	(86)
Repayment of administration expenses	(14)	(11)
	<u>81</u>	<u>71</u>
Worcestershire Hospices Lottery Limited		
Balance Brought forward	11	13
Share of profits	42	81
Gift aid received	(21)	(83)
	<u>32</u>	<u>11</u>
Childlife		
Balance brought forward	21	32
Share of profits	83	52
Gift aid received	(100)	(63)
	<u>4</u>	<u>21</u>
	Charity	
	2023	2022
	£000	£000
Totals		
Balance brought forward	103	106
Share of profits	192	229
Administration expenses recharge	14	11
Gift aid received	(179)	(232)
Repayment of administration expenses	(14)	(11)
	<u>116</u>	<u>103</u>
Amounts owing from joint ventures		
	<u>116</u>	<u>103</u>

## Notes (continued)

### 24. Related party transactions (Continued)

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

	2023 £000	2022 £000
Amount owed to subsidiary undertaking	(37)	(57)
Transactions during the financial period		
Gift aid commission to subsidiary	(46)	(37)
Gift aid distributions received from subsidiary	100	56

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

	2023 £000	2022 £000
Amounts invoiced to TLC Lotteries Limited in respect of rent of office space and related charges	14	11
Balance due from TLC Lotteries Limited at end of financial period	3	3

### 25. Contingent assets – legacy income

As at 1 April 2023 (2 April 2022) the Charity had been notified of a number of residuary legacies, the value of which is uncertain. As at 8 August 2023 no further information had been received that would enable an accurate valuation (9 August 2022: £Nil). As a result, these legacies have not been accrued for within the 1 April 2023 financial statements (2 April 2022: £Nil).