



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

Report and Financial Statements

For the financial year

31 March 2019 to 28 March 2020

Charity number 700859
Company number 2036103

Prepared in accordance with the requirements of:

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



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OVERVIEW

A message from our Chairman

Welcome to this year's Annual Report and Financial Statements. On behalf of our Board of Trustees, I would like to begin by sharing the very best wishes of everyone at Acorns Children's Hospice to the members of our local community. When this report is published, the Coronavirus crisis will have been with us for almost half a year. The virus has had a truly devastating impact on so many of us. It has wrought havoc on us, as individuals, as families, and as participants in the rich and diverse economic and social fabric of our vibrant region. Many of us have lost loved ones, and all of us have seen our lives disrupted in ways we could never have imagined.

But the crisis has also brought out the best in us. It has shown the extent of our resilience, our inventiveness and our optimism. Above all, it has highlighted the generosity and empathy that bind us together. From the onset of the lockdown in March, we were privileged at Acorns to be a channel for the concern and compassion in our local community for the children and families who need our children's hospice care.

Almost all of these families were strictly shielding their children at home, not venturing outside and not able to have family, friends and care workers inside their houses for many months. None of us associated with the charity will ever forget the sight of huge piles of food and other household essentials donated by you at our three hospices during April and May, and packaged into family parcels and left by our staff and volunteers on the doorsteps of the families we support. Nor will we forget the smiles we saw and the messages we received from families, thanking you for what they had been given. Understandably, what most of them seemed to value above all else was knowing that they and their children had not been forgotten, and that so many of you were thinking about them despite all you were living through yourselves.

Acorns is privileged to be that channel between you and the children and families needing children's hospice care. We have never felt more privileged, or better supported, than over the past year. I want to use my Chairman's introduction to our Annual Report to pay special thanks to three groups of people.

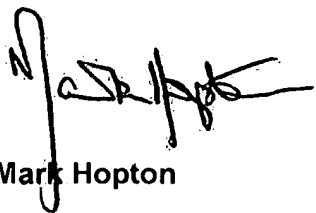
Firstly, thank you to everyone who has supported Acorns over the past year. The period covered by this report began with Acorns facing such a serious funding shortfall that we had to consult in early June 2019 on a proposal to move to a two-hospice model for delivering our care. This would have seen us close our hospice in Walsall. Thanks to a truly incredible outpouring of support for our situation, we were able to withdraw that proposal by November. The quick succession of announcements of new national and local NHS funding for Acorns was dealt with in detail in last year's report. This gave us the breathing space to launch the Save Acorns Black Country Hospice Appeal, which at the time of writing has already raised an incredible £700,000 towards its £2 million goal. The way so many of you have supported this appeal across our region has been truly heart-warming. Our hospice in Walsall has been at the heart of our emergency response to the Covid-19 crisis. This could not have happened without support from the NHS and from so many of you. Thank you.

Secondly, a huge thank you to our incredible team of staff and volunteers. The past year has been a rollercoaster in every sense of the word. You have been simply incredible,

continuing to directly or indirectly provide care and support for children and families, through first a long period of financial uncertainty for the charity, and then in the midst of a highly contagious and dangerous virus. Our hospices have been open throughout the crisis, with our nurses and other front-line care staff showing not just their usual skill and empathy, but incredible courage and commitment. The Trustees and I are particularly proud, and profoundly grateful. Thank you.

Finally, and most importantly, thank you to the children and families who use Acorns. You are and remain our raison d'être and a constant source of inspiration to the Board of Trustees and to our staff team. A year ago, we faced the most serious financial situation we have faced in our 30-year history, and almost had to close our hospice in Walsall. The reason we didn't was because an extraordinary group of families came together and started and then spearheaded a wonderful and effective campaign to keep the hospice from closure. A petition to keep the hospice open was started by one parent and signed by tens of thousands of people within a few weeks. Another travelled to Westminster with our Chief Executive to lobby Parliament for more support for the country's children hospices. Another took on a series of extraordinary athletic challenges to raise funds for and publicise the appeal. Countless others promoted the appeal, organised events, or patiently told their stories about what Acorns means to you and your child. You helped generate new levels of awareness and support for Acorns not just in the Black Country, but across the region as a whole.

It is too early to predict the long-term impact of the coronavirus crisis on Acorns and other charities. At the time of writing, we are cautiously optimistic. NHS England has stepped up during this coronavirus crisis, very quickly pledging in April 2020 to support the country's adult and children's hospices with additional funds. Thanks to them, we could continue to provide our service at a time when our shops were closed and many of our fundraising activities curtailed. We have also been truly humbled by how so many of you have continued to find innovative and fun ways to still donate to Acorns during this crisis, allowing us to focus on adapting our children's hospice care to support children and families at this time. There will be no interruption in the need for children's hospice care in this region. As the light shines that little bit brighter day by day, it's thanks to you that we have every hope of being able to provide that much-needed care.



Mark Hopton

Chairman of Acorns' Board of Trustees

4 September 2020

About Acorns Children's Hospice

Our charitable purpose

We care for babies, children and young people aged up to 18 years and support their families. Our teams provide a range of specialist care services for life-limited and life-threatened children across our region. 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 for Birmingham and North Warwickshire (located in Selly Oak);
- Acorns for the Black Country (located in Walsall); and,
- Acorns for the Three Counties and South Warwickshire (located in Worcester).

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

The **CHILD** is at the heart of everything we do. At Acorns we are:

- Compassionate;
- Honest;
- Inclusive;
- Local; and,
- Dedicated.

What we do

We believe that no family should be on their own when coping with a life-limited or life-threatened child. As well as dealing with the impact of a diagnosis, families must cope with their child's complex needs and provide round the clock care.

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

- 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).

Our three hospices are purpose built, each with ten bedrooms. They are designed to have a home-from-home feel to help children enjoy their stay and make the most of every day.

Our hospice facilities include hydrotherapy pools and spas, multisensory rooms, complementary therapy rooms, play and activity areas with up-to-date IT equipment and landscaped gardens. Special adolescent wings ensure privacy and a managed level of independence for older children. Separate on-site accommodation for families allows them to stay with their child if they wish. Each hospice has two 'special bedrooms' in a separate area within the building where children can stay after they have died until their funeral.

The coronavirus crisis in March 2020 obviously impacted on our ability to offer the full range of the above services from our three hospices. The need for our children and families to self-isolate temporarily reduced demand for short breaks and outreach services and demand for our psychosocial services grew. During this period Acorns also responded to requests for step down (residential beds) for children with complex medical condition being discharged from hospitals to Acorns where home /community discharges were not possible.

We responded flexibly and rapidly to the changed needs of our children and their families with an emergency plan covering the first, acute phase of the national crisis from late March to May. We updated our emergency plan for a Phase 2, due to run from June to September as the gradual easing of lockdown restrictions began. Significant uncertainty obviously persists at the time of writing this report as to the progression of the disease and its wider impact.

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 821 children and 1,077 families including those who are bereaved, in 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 in which we work. Our hospice care is free at the point of delivery but is paid for by public money, donations including legacies, and retail profit. The following sections of this report aim to give you a snapshot of the key activities we have undertaken this year to meet our charitable objectives.

Outline of the year

Acorns provided high-quality care services to 821 life-limited and life-threatened babies, children, young people and 1,077 families across the West Midlands region during an eventful year.

We look back on a year that could genuinely be described as a 'rollercoaster' for everyone associated with Acorns. At the start of the period covered by this report, with enormous sorrow and reluctance, we were finalising plans to radically alter the way we would deliver our care in the future. Over the previous year, income at the charity had failed to keep up with rising costs. Our assessment was that the only way Acorns could safeguard its long-term ability to provide children's hospice care in the region was to move from a three- to a two-hospice model for supporting children and families in the future.

On 4 June 2019 we therefore started a formal consultation with families and staff on a proposal to close our Black Country hospice in Walsall, anticipating this would happen by October 2019. Our proposal was built around delivering our care in the future to the same children and families, but from a two-hospice platform, in Birmingham and Worcester. In making the proposal, we aimed to minimise the impact on our children and their families and to manage the very difficult implications on our staff with transparency and sensitivity.

We consulted extensively and widely on the proposal, including with the statutory partners that contribute towards the cost of the services we provide, and with Walsall Council. Our team in Walsall responded with great empathy, professionalism and stoicism, continuing to put the needs of our children and their families before their own. A campaign to 'Save Acorns Black Country Hospice Appeal' was quickly started by families. MPs, councillors, NHS commissioners and the local community all worked intensively with Acorns to see what could be done to keep the Walsall hospice and local Black Country services operational.

On 2 July 2019, still within the consultation period, NHS England announced a major change in its approach to allocating the funds set aside within the NHS Long Term Plan for children's hospices. They not only guaranteed the continuation of central Government support to the country's children's hospices but agreed to more than doubling the £11 million provided in 2018-19 to a total of £25 million by 2023-24. Acorns currently receives just over 10 per cent of the grant. This unexpected but hugely welcome policy change meant we were able to significantly revise upwards our longer-term income assumptions that had informed our proposal to close our hospice in Walsall. It also created a compelling opportunity to ask local statutory partners to increase their immediate contribution for services provided by Acorns to NHS specifications and standards. Within days our Black Country Sustainability and Transformation Partnership (STP) Clinical Commissioning Groups (CCGs) agreed to an additional £570,000 funding for 2019-20 and promised to work with us to review future arrangements.

Buoyed by these unexpected but hugely positive developments, Acorns' Board of Trustees agreed to postpone the deadline for the consultation on the proposal to close Walsall until mid-November 2019 and to keep the hospice open until at least the end of March 2020. The four-month postponement would be

dedicated to working tirelessly with NHS England and local statutory partners on the detail of their additional funding offers.

Acorns also immediately launched an urgent 'Save Acorns Black Country Hospice Appeal', with the goal of raising the £2 million additional privately donated income needed to fund all three of our hospices until the time the enhanced NHS England funding builds up to its peak level in 2024.

The launch of the Appeal on 18 July 2019 featured families of children who had used or were using the Black Country hospice. These remarkable families talked about their experiences, and in particular about how much the care and support had meant to them that they and their children had received.

The launch of the appeal was widely covered by local media, and quickly spread on social media channels, reaching large numbers of people in the Black Country. It soon became apparent that the Appeal had struck a deep chord with local people, which led to fundraising events and initiatives being announced across the community. There was an extraordinary individual act of philanthropy from a former staff member at Acorns, who decided to donate her inheritance of £100,000 to the appeal. Andy Street, Mayor of the West Midlands, and a long-term supporter of the charity, became Patron of the Appeal, and there were expressions of support from many of the Black Country's best-loved personalities, such as Dame Julie Walters, Alison Hammond, Ellic Simmonds and over July and August, donations multiplied. Everyone at Acorns was humbled and deeply moved to see the level of support across the Black Country for maintaining a truly local children's hospice service for families that need one, now and in the future.

By the time of the review date in November 2019 set by Trustees, the Appeal had already raised more than £500,000 of the £2 million total. Trustees noted the very strong start to the Appeal, and the confidence of our fundraising team that we should reach the total within the next two years. Trustees also noted the significantly improved performance from our retail shops and continued positive indications of long-term support from national and local NHS partners. We were also careful and cautious with our expenditure. Financial projections at the mid-year point were that reserves would have risen solidly by the end of the financial year, closer towards target levels for a charity our size, and exactly what we set out to achieve when we launched the Appeal. The Trustees were therefore relieved to be able to accept the recommendation of the Chief Executive to formally withdraw the consultation on closing the Walsall hospice, and thereby remove the risk of redundancy from our team there.

Between November and March, the priority of everyone at the charity was to consolidate this progress, and to focus on our children's hospice care with the benefit of greater stability across the charity. The important Christmas period saw very high levels of donations to Acorns across our region. In February and March, we hosted some wonderful fundraising events in Birmingham, including a Fire Walk at the Black Country Museum, and a lunchtime event, featuring 'Peaky Blinders' creator Steven Knight CBE, in conversation with Andy Street. Our financial forecast for the end of the year by the end of February was even stronger than had been predicted in November. Everything pointed to a period of calm for the charity.

But then, of course, through March 2020, the Covid-19 crisis rapidly escalated. The crisis has impacted on every single household and every single organisation in the UK and needs no introduction or elaboration here.

Our focus from the onset of the crisis at Acorns has been on how we could best continue to support the children and families we work with, the great majority of whom have been strictly shielding their children at home since the onset of the crisis. Families supported by Acorns are some of the most vulnerable members of our community. We published in late March our Acorns Covid-19 Emergency Response Plan, setting out how we would adapt our service to support families, and also to support the wider NHS emergency effort.

At the heart of our plan was taking in children who could not be cared for at home to our hospices in Walsall and Worcester and providing intensive psychosocial support by video and telephone to families shielding their children at home. We set out to create a virtual children's hospice, reaching children we normally see in our hospices by using technology, to replicate many of the activities and facilities they most enjoy at Acorns. We set up large scale distributions of family parcels, delivering food and other household essentials

donated by our local community direct to the doorsteps of the families we support. At the start of the crisis, before the construction of the Nightingale hospital in Birmingham was completed, we offered our Birmingham hospice building and beds to the NHS, in case they needed more intensive care beds. Happily, this was not needed. Our offer has therefore now been withdrawn, and our hospice in Birmingham has reopened for some day services, as well as family support.

For the rest of the summer, while we watch how the national Covid-19 picture evolves, we will only offer residential children's hospice care on an emergency basis to families, and only from our hospices in Walsall and Worcester. At a time when most families continue to shield their children at home, and we need to allow for the possibility of higher than usual staff absence, Trustees and Executive Directors are confident that a very cautious approach will best serve the long-term interest of the charity, and the children and families for whom we exist.

Financially, the impact of the Covid-19 crisis to date at the time of writing has been far less devastating than we first feared in late March, when all our shops closed, and so many of our fundraising activities were cancelled or curtailed. There are two main reasons for this.

Firstly, Acorns has accessed all of the main Government support schemes. We have received small business grants for our charity shops. During the acute lockdown phase, we placed all our retail team and half our fundraising team on furloughed leave, taking full advantage of the Job Retention Scheme. Finally, NHS England announced in April a generous and far-reaching package of financial support to all the country's adult and children's hospices, recognising their long-term importance to communities and the integral contribution we make to the country's healthcare system.

Everyone at Acorns would like to take this opportunity to express our deep gratitude for these different forms of Government and NHS England support, which have been so important to the charity and, more importantly, to the children and families we support, now and in the future.

Secondly, while charitable donations have fallen since the onset of the crisis in March, they have not fallen as much as we first feared. So many of our supporters have continued to support us despite facing considerable hardship and uncertainty of their own. Many have found innovative and fun new ways to raise funds for Acorns, for example replacing events such as organised marathons or cycle rides with personal challenges that can be carried out during lockdown. Again, we would like to express our deep gratitude to all our supporters for continuing to make donations to our children's hospice care.

We know the Covid-19 crisis is a marathon, not a sprint, but we are very proud of what our brave team of Acorns nurses and other frontline care colleagues have been able to achieve so far, despite working in an environment of considerable uncertainty and risk. There are obviously huge risks and uncertainties ahead, but we are confident that this charity will have the resilience and the support to see this through. Our staff, our volunteers, and our supporters have all been simply incredible this year – and the children and families we are privileged to work with, as always, remain our biggest source of inspiration.

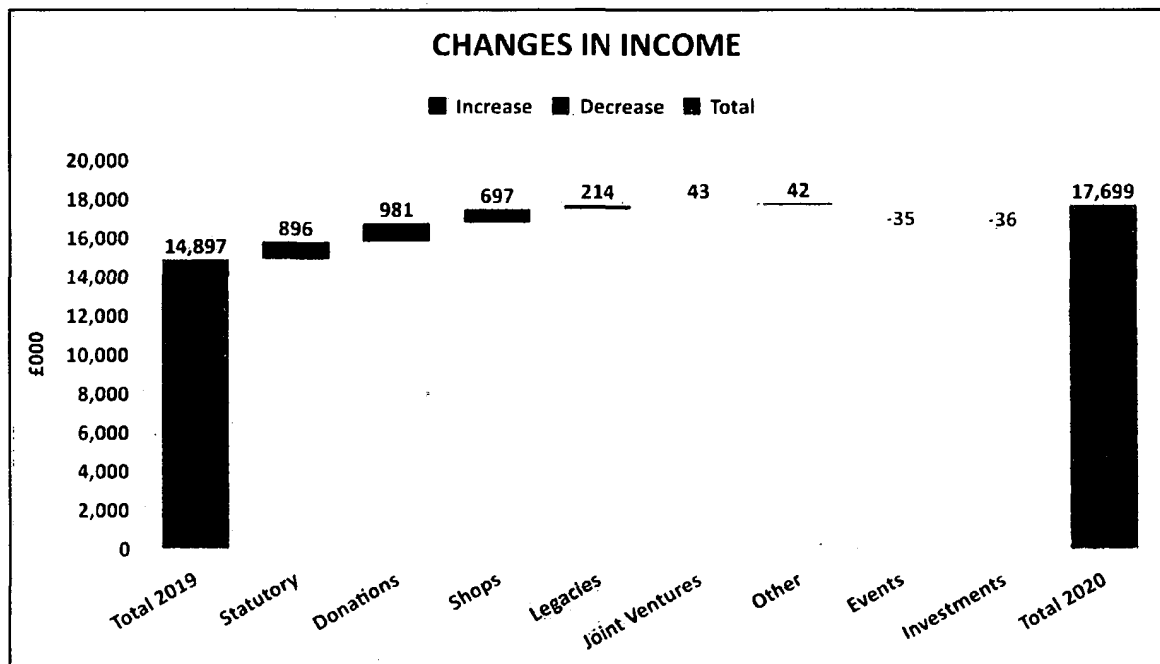
Financial review

The result for 2019-20 was a net surplus of £2.016 million (*2018-19: £2.427 million net deficit*). We achieved an operating cash surplus for the period of £1.837 million (*2018-19: £1.273 million operating cash deficit*). Available reserves at the end of the reporting period increased to £5.818 million (*2018-19: £3.511 million*) achieving the Board's policy target for available reserves of £5.6 million + 15 per cent. The turnaround in financial performance delivered during the year was, by any standard, remarkable. Catalysed by an outpouring of good will towards Acorns and compassion for children and families needing our children's hospice care, the wonderful response to our Appeal to keep our Walsall hospice open saw statutory as well as voluntary income increase

across almost all our key areas. This gave Acorns a hugely important and timely increase in resilience to the financial shock of the coronavirus public health crisis.

Income

Total income for the year was £17.699 million (2018-19: £14.897 million), an increase of £2.802 million. The following chart shows the changes in income compared to last year.



Statutory income increased by almost £900,000. In response to the publicity surrounding the proposed closure of our Walsall hospice in June 2019, NHS England announced in July a significant multi-year increase in its annual Children's Hospice Grant payment. However, most of the increase in statutory income for this reporting period relates to additional one-off funding of £570,000 contributed by local Black Country NHS commissioners to help Acorns continue to provide a service from our children's hospice in Walsall.

These pledges of increased NHS funding in turn allowed Acorns the time to launch a major voluntary appeal of our own on 18 July 2019, known as the Save Acorns Black Country Hospice Appeal. The incredible response to our Appeal drove the subsequent growth in voluntary income over this reporting period, where donations increased by almost £1 million.

The Appeal aims to raise £2 million over three years. Our amazing fundraising team and our incredible supporters exceeded expectations. Appeal income accounts for £640,000 of the increase in donations income, with the remainder secured by existing fundraising activities.

Finally, our charity shops saw a major increase in profit from the previous year. As outlined in last year's annual report, we launched a new retail strategy from April 2020 to ensure steady and sustainable growth in shop profit. We are proud of what our shop teams achieved in 2019-20. They embraced the new ways of working demanded by the strategy with enthusiasm. We achieved our shop income target, generating as much income as last year with fewer shops. It should be noted that the increase in shop income we are reporting this year compared to last reflects not just this improved performance but also the cash grants for

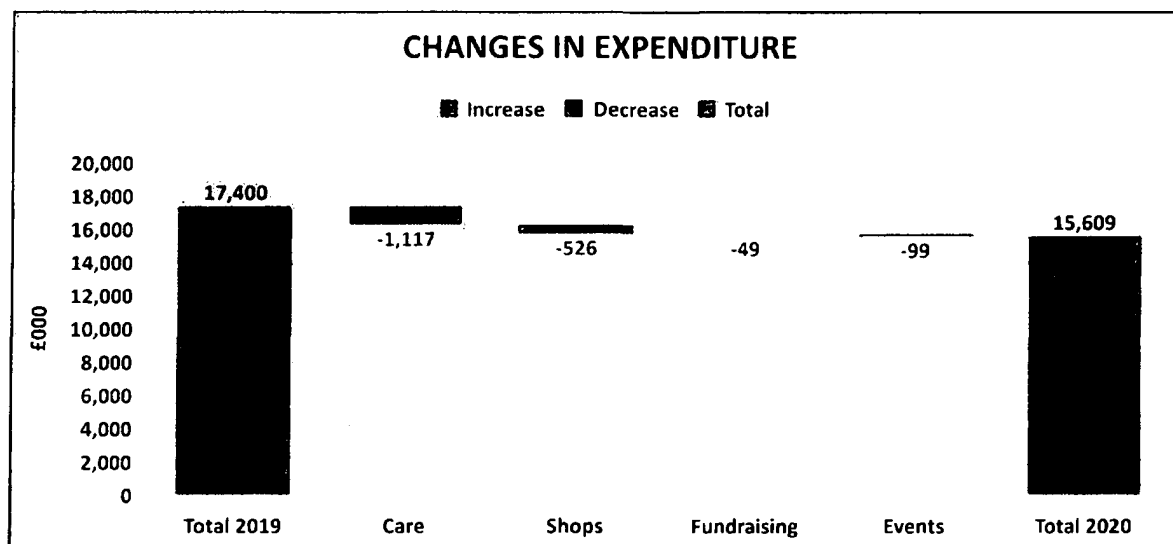
small retail businesses we received in March from the UK Government as part of its COVID-19 support programme for businesses.

Legacies income increased by just over £200,000 compared to last year. Legacies are a critical source of income for Acorns, and, by nature, legacy income can vary considerably one year to the next.

We are extremely grateful to all those who supported our work by donating cash, spending in our shops or leaving a bequest to the charity during the year or volunteering. We are also very appreciative of the on-going financial support we receive from our statutory partners which include NHS England and over 20 NHS Clinical Commissioning Groups. On behalf of our beneficiaries, thank you.

Expenditure

Expenditure for the year totalled £15.609 million and was £1.791 million less than last year (2018-19: £17.400 million). The following chart shows the changes in expenditure compared to last year.



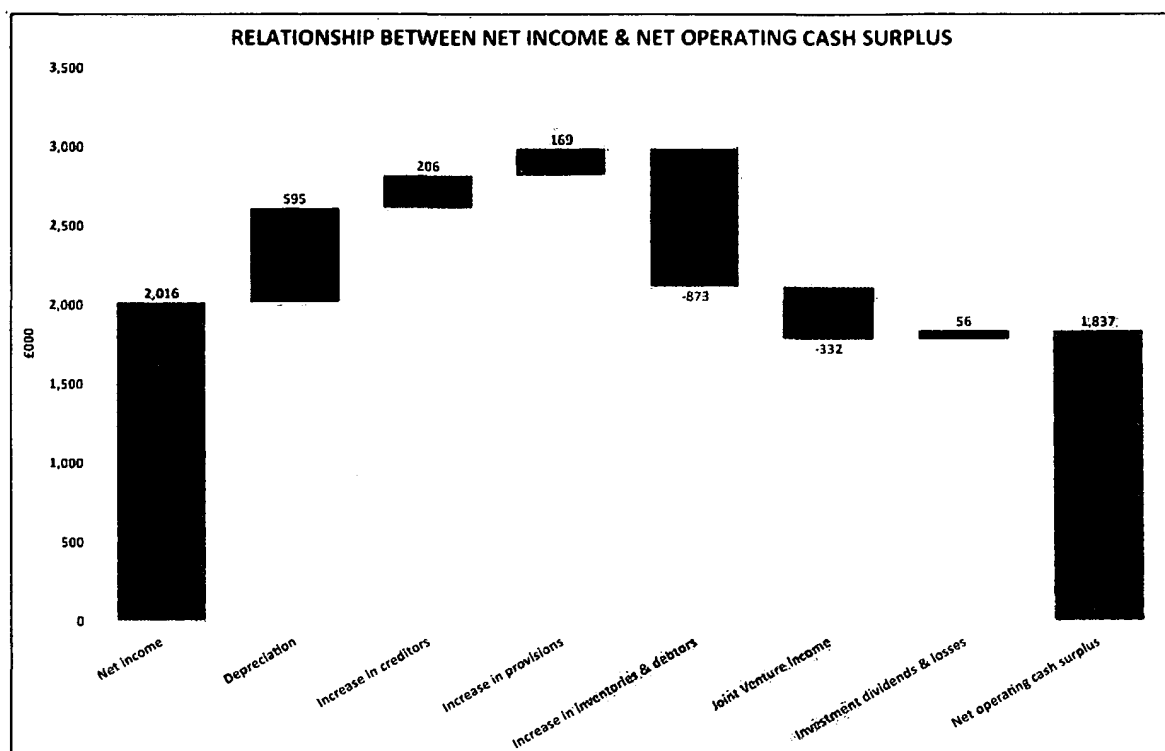
Care expenditure reduced by £1.1 million. Just over a half of the reduction relates to a discontinued bespoke service for commissioners that was ended in 2019, as well as lower care overheads. A vacancy freeze at all our hospices while the future of our Walsall hospice was in doubt saw hospice running costs slightly fall. We prioritised spending on respite care services so our children and families could continue to access hospice-based day and respite care services as before.

Shop expenditure reduced by just over £500,000. Last year's expenditure included one-off costs of £300,000 relating to the implementation phase of the new retail strategy. We reduced operating costs for the year in line with our strategic plan for retail by £200,000.

We maintained our track record for targeting spending on care services despite a year of significant financial restructuring. Setting shop running costs to one side, we spent 86 pence in every £1 on care services, exactly the same ratio as the year before (2018-19: 86 pence).

Cash Flows from Operating Activities

Net surplus for the year was £2.016 million (2018-19: net deficit £2.427m). The following chart shows an underlying cash surplus for the year provided by ordinary operating activities of £1.837 million (2018-19: £1.273 million cash deficit).



The increase in provisions shown in the above chart relates to dilapidations at our Head Office and shops. The increase in inventories and debtors mainly relates to debtors. The cash grants for small retail businesses we received from the UK Government as part of its COVID-19 support programme for businesses is included in the accounts as a debtor as the cash payments were received just after the reporting period end.

Going concern

The key risk that emerged as the reporting period drew to a close in March 2020 was the COVID-19 pandemic and the lockdown measures the UK Government had to put in place to control its spread.

Available reserves, including £4.261 million of liquid assets, were at an all-time high of £5.818 million at the end of the reporting period. This was in the middle of the target range to ensure available reserves are at a suitable level to cover assessed income, expenditure and investment risks and a one-in-a-hundred-years major incident such as the COVID-19 pandemic. The initial financial impact of the COVID-19 pandemic was very worrying for Acorns as for all hospice charities. By the end of June, we were fortunate in securing our financial position and our financial modelling supported our view we remained a going concern for the foreseeable future. As a result, we began the triennial review of our organisational strategy in July 2020 with a view to implementing a fresh strategy for a post-COVID era in April 2021.

The financial scenario plans and supporting cash flow forecasts we had developed by June 2020 reflected the strong financial performance delivered during the first quarter of 2020-21 and best- and worst-case scenarios regarding the progress of the COVID-19 pandemic over the coming autumn/ winter period through to the conclusion of the 2021 calendar year.

We started the 18-month period from July 2020 with c£8 million cash, unprecedented in Acorns' history and almost double that held at the end of the 2019-20 reporting period. The increase in cash was due to early receipt of recurring grants (for example, Children's Hospice Grant) and one-off COVID-19 related grants that would support expenditure during the remainder of the year. The key assumptions underpinning our cash flow forecast to December 2021 are as follows:

- No change in statutory income as NHSE England instructed local Clinical Commissioning Groups to honour contract values agreed for 2020-21. We have continued this assumption through to December 2021 as NHS England has committed to increasing Children's Hospice Grant from £12 million to £25 million by 2024 in equal-sized increments for the children's hospice sector. Crucially for Acorns' financial resilience at this time, statutory income represents almost 50 per cent of charitable expenditure which reduces our exposure to risks relating to a decline in our other income streams.
- A reduction in total donations and events income of c40 per cent following a detailed review of prospects led by the Director of Supporter Engagement. The reduction is consistent with industry forecasts for the year and peer group feedback. Performance from April to June against this assumption is very encouraging. We have assumed a return to more normal levels of income from April 2021.
- Shops are closed for 13 weeks best case scenario, or 26 weeks worst case scenario. We will refine our modelling based on our trading experience as we roll out our phased shop re-opening programme which commenced on 18 June. The worst-case scenario allows for a reduction in trading hours for re-opened shops, fewer shoppers and lower stock density as shop floors are re-configured to be COVID-19 secure. It also allows for the possibility of individual shop or mass shop closures for COVID-19 related reasons through the coming months. We have assumed more normal levels of financial performance from April 2021.
- Operational and capital expenditure is reduced for 2020-21 as outlined in the table on page 15 relating to COVID-19 related financial risks. We have assumed more normal levels of expenditure from April 2021.

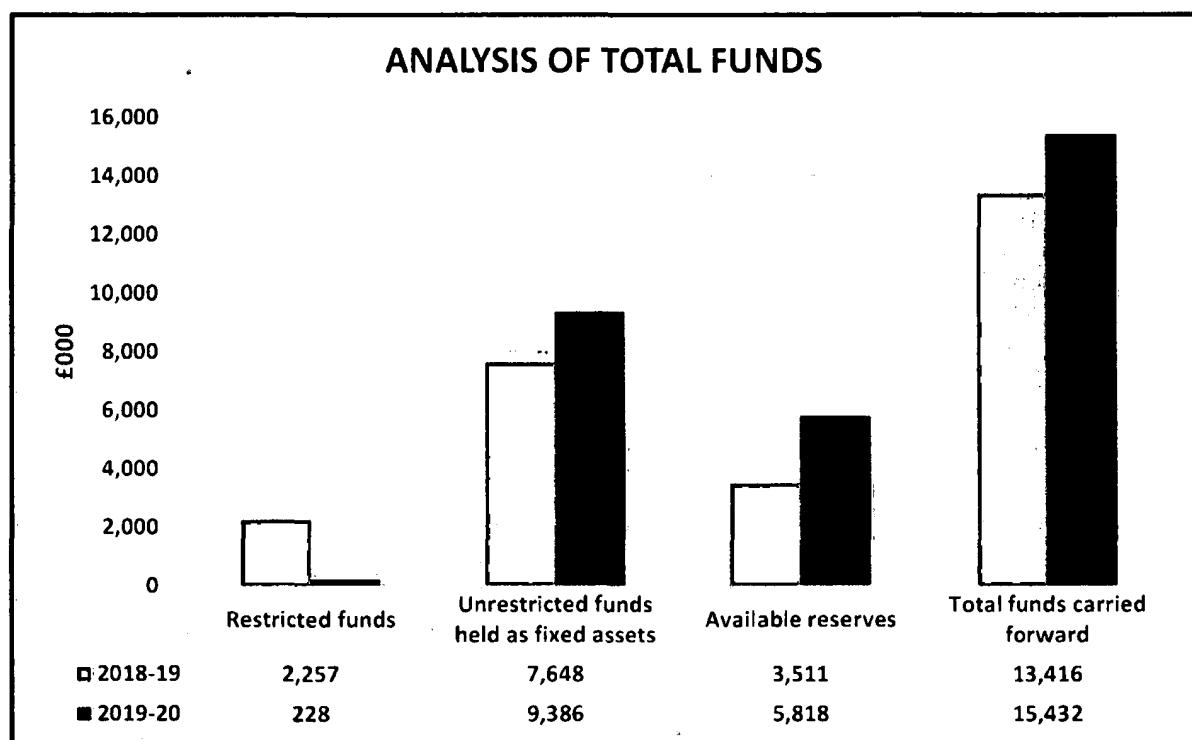
As our financial modelling indicates cash balances of approximately £5 million by December 2021, the Board has concluded that the charity is a going concern and these financial statements have been prepared as such.

Available reserves policy and financial risks

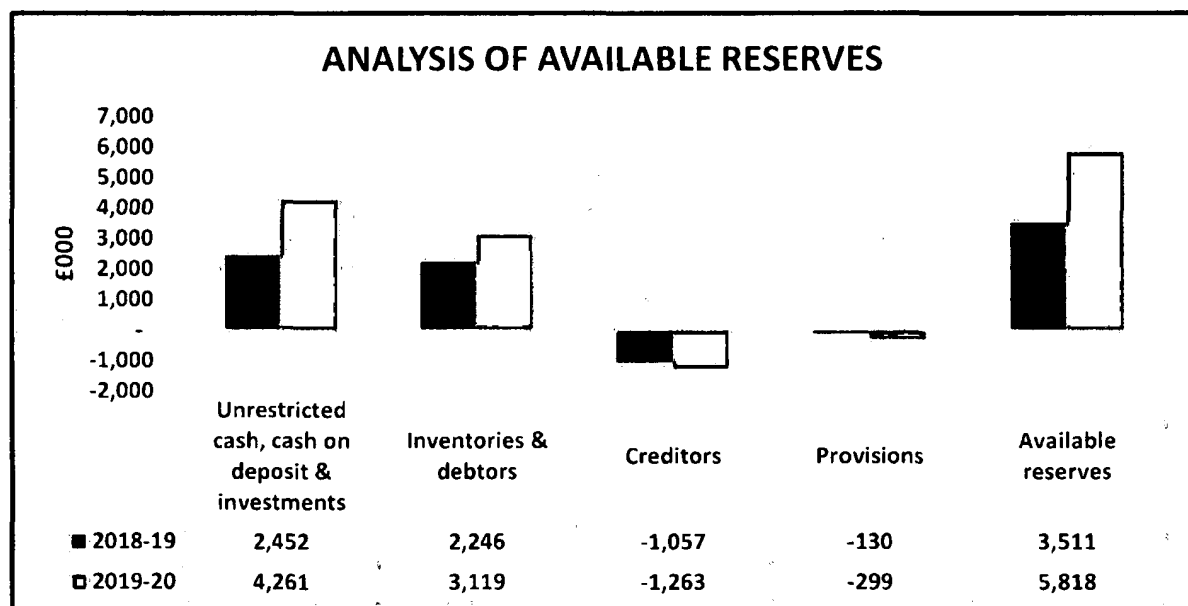
Acorns' available reserves policy aims to ensure the charity has the financial capacity needed to safeguard the provision of vital services to beneficiaries from the adverse financial effects of significant unforeseeable changes in income and expenditure taking one year with another.

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

The Board's policy target for available reserves is £5.6 million \pm 15 per cent. The target was calculated following an assessment of the potential risks to income, expenditure and investment values. Due to the incredible response from both our statutory partners and our local community to our proposal to close our Walsall hospice at a time when reserves were much lower and still falling, we ended the year achieving our target for available reserves. Available reserves at year end were £5.818 million (2018-19: £3.511 million). The following chart analyses total funds into its component elements of restricted funds, unrestricted funds held as fixed assets and available reserves showing the change for each category compared to last year.



Available reserves comprise cash (unrestricted cash, cash on deposit and investments) and non-cash items (inventories, debtors, creditors and provisions). Available reserves increased £2.307 million during the year; unrestricted cash increased by £1.809 million and non-cash items increased by £498,000. At year end, the available reserves of £5.818 million were backed by £4.261 million of available cash as outlined in the following chart.



Looking to future financial risks, the Covid-19 pandemic has caused significant uncertainty. We moved decisively and rapidly to protect our financial standing at the end of March. The following table outlines the financial risks we identified due to COVID-19, the measures we took to mitigate them and the positive outcomes.

COVID-19 Financial Risk	Measures taken and outcomes
Debtors (risk that customers would be unable to pay for services due to lack of funding or available staff resource to process payments).	<ul style="list-style-type: none"> Increased our focus on credit control; sums due from debtors at year end (£797k) received by June 2020. Implemented new technology for issuing invoices to customers and collecting debts; customers settled invoices promptly improving cash inflow. Increased focus on managing legacies; half the year end income accrual (£825k) received by June 2020 and satisfactory development of the pipeline for the future. Accessed the Government business support grants scheme for shops; all the year-end accrual received by June 2020.
Income (risk that our sources of income would significantly decline).	<ul style="list-style-type: none"> Focused our media and PR resources on publicising Acorns' emergency plan for care services; raised awareness and mobilised community support. Accelerated the use of on-line methods of fundraising to replace activities and events cancelled due to coronavirus; income generated to June 2020 exceeded expectations at £935k. Developed a recovery plan for shops including appeals for donated items for sale; resulting in a significant volume of stock supporting a phased re-opening of shops from June. Developed new capacity and financial reports as required by NHS England for grant scheme to support hospices during the pandemic; further mitigating income risks.
Expenditure (risk that expenditure would significantly exceed income).	<ul style="list-style-type: none"> Reduced payroll costs through appropriate use of the Coronavirus Job Protection Scheme (CJRS); CJRS grant totalling £510k received by end of June 2020. Introduced a recruitment freeze until 1 October 2020 leading to 33 unfilled positions as at the date the accounts were approved; expenditure reduced by c£550k. Reduced the capital programme for 2020-21; expenditure reduced by c£370k. Suspended plans to invest in Care services; expenditure reduced by £150k. Accessed the Government rate relief scheme for shops; relief totalling c£50k granted. Managed payments to trade suppliers taking extended credit terms where possible; cash balances preserved.
Liquidity (risk of exhausting available cash reserves).	<ul style="list-style-type: none"> Arranged an increase in our existing overdraft facility without covenant or restriction; providing additional liquidity of £500k (£1 million total) that only incurred a cost if utilised.
Investments (risk of losses as a result of market volatility).	<ul style="list-style-type: none"> Paused increasing investments until Acorns' cash needs are certain; ensuring risk of investment losses is limited to those relating to the £409k held at the end of the reporting period.

As the above table helps to demonstrate, we acted quickly and had successfully secured the Charity's financial position by the end of June 2020. Government support and the incredible generosity of our local communities have helped Acorns through the acute phase of this crisis. Looking to future financial risks, the COVID-19 pandemic has caused significant uncertainty over the UK's future economic prospects and has increased demand for services provided by many charities including Acorns. The terms of the UK's exit from the European Union have yet to be determined. The public expects even higher standards of all charities following well publicised shortcomings of several national charities. Competition within the charity sector continues to grow, as does the legislative and regulatory burden relating to many of our activities. Taken together, these risks may impact on our income and investments in the medium- to long-term.

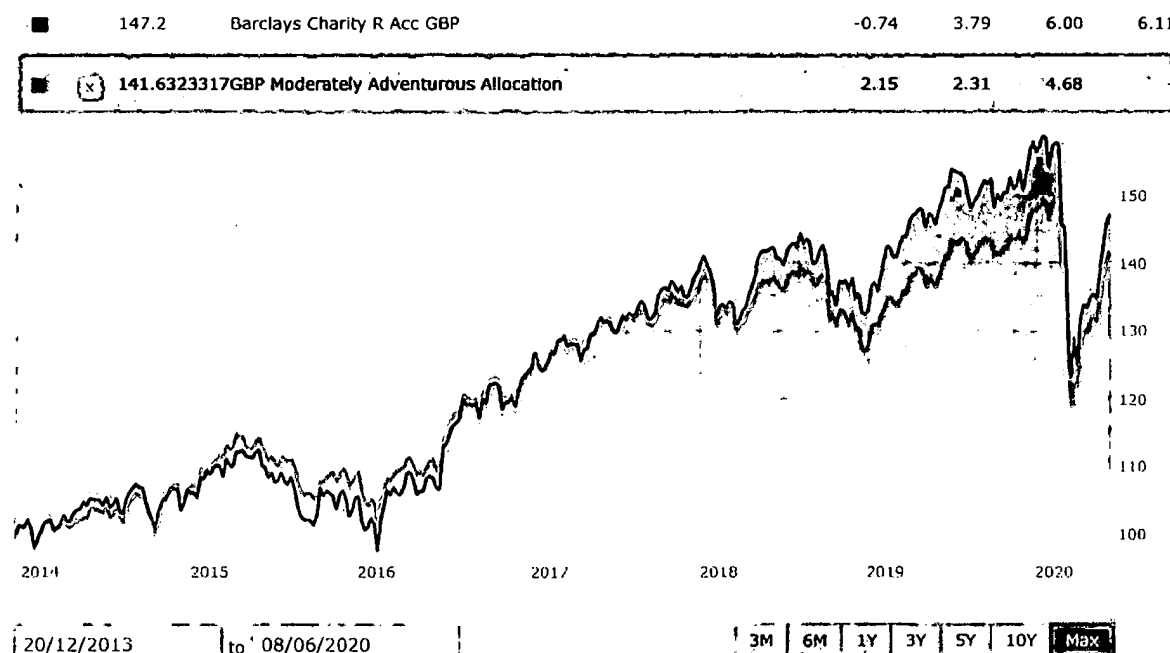
We will manage these financial risks by regularly reviewing our financial plans and income pipelines, through strong financial management, by monitoring performance rigorously and by seeking specialist advice as necessary.

Investment policy and performance

We review our investment policy annually to ensure we make effective use of cash resources that are surplus to our operational banking needs. Our investment policy incorporates our ethical investment statement. The Board seeks to provide income and capital growth over the long term (a period of at least 10 years) and invests in the following asset classes: equity securities, fixed income securities, money-market instruments, cash, deposits, and other funds managed by the appointed investment manager. At least 70 per cent of any direct equity exposure will be to companies that are domiciled and listed or traded in developed markets.

Acorns' investment manager for 2019-20 was Barclays Wealth Management. We used the Barclays Charity Fund for our longer-term investment as it complies with our investment policy. We granted our investment manager the power to invest our funds at their discretion within the parameters agreed with them regarding asset allocation in pursuit of agreed targets. Our ethical investment statement excludes investment in tobacco manufacturing companies or any company whose objectives may directly conflict with ours. The investment manager uses services provided by Ethical Investment Research and Information Services (EIRIS) to produce ethical investment screening reports.

The investment manager provides written reports on fund performance and compliance with the ethical investment statement quarterly. The investment manager attends the Resources Assurance Committee twice a year to discuss performance and compliance with Trustees. The following chart summarises investment fund performance from the inception of the fund through to 8 June 2020. Performance was adversely affected by market reaction to the COVID-19 pandemic but strengthened after the reporting period end.



We held £1.315 million in the investment fund at the start of the financial year. We converted the fund to cash in the early part of the year to ensure liquidity through what we expected to be a challenging period. However, cash balances began to grow as we secured additional funding from statutory partners and we launched our Appeal to save our Black Country hospice in Walsall. We managed surplus cash in higher interest deposit accounts with our banking partner, Barclays Bank PLC. We implemented a gradual plan to re-build our investment portfolio in January but very swiftly placed this on hold as the global COVID-19 emergency began to develop. As a result, our exposure to investment risk was limited to £409,000 at financial year, around 10 per cent of available cash.

Performance monitoring

The Board of Trustees holds the Chief Executive to account using a set of key performance indicators (KPIs) which are agreed for the year. Each of the KPIs is monitored regularly at Directors' Team meetings and reported to the Board quarterly. Examples of KPIs monitored for 2019-20 are set out in the following table:

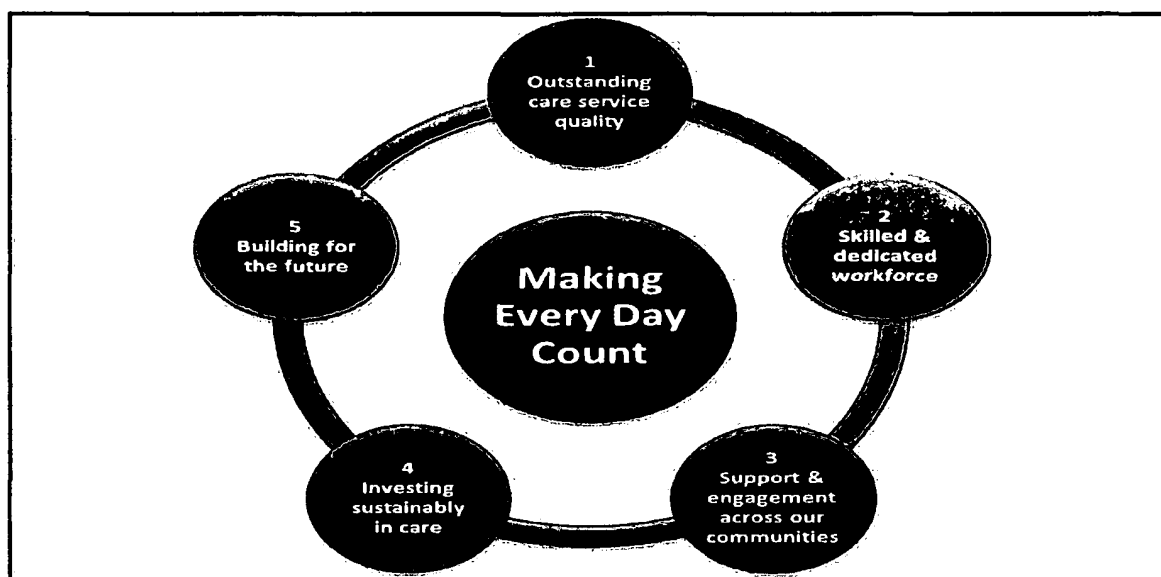
KPI	28 March 2020	30 March 2019
Total number of children and young people cared for during the reporting period (number)	821	882
Total number of families supported during the reporting period (number)	1,077	1,233
Increase/ (decrease) statutory income on previous year (£000)	896	(200)
Increase/ (decrease) in donations on previous year (£000)	981	(131)
Increase/ (decrease) retail income on previous year (£000)	697	287
Overall staff turnover rate (%)	23.4	24.5
Overall sickness absence rate (%)	5.2	4.7

The number of children we cared for and, consequently, the number of families we supported, decreased during the year. The number of discharges from Acorns services due to death thankfully remained low. Those discharged as no longer meeting our eligibility criteria increased, enabling us to focus our

resources on those most in need. The number of new referrals remained constant. One of our nurses now works with the Birmingham Women's and Children's Hospital to ensure as many children as possible who meet our eligibility criteria get the help from us that they and their family need.

Our plans

We launched our three-year strategy called *Making Every Day Count* in April 2018. It places the child at the heart of everything we do. We had five strategic goals for the period to March 2021 as shown in the following chart.



Our goals focused on what we wanted to achieve for children and families and what we needed to do as a charity to ensure the long-term affordability of our care services. The high-level measures of success for our Making Every Day Count strategy were as follows:

- We continue to meet the needs of children and families referred to us as far as we possibly can;
- Our Care Quality Commission rating for each hospice remains at or is improved to outstanding;
- We have maintained our financial stability by growing income in line with our plans;
- Turnover in our workforce (staff & volunteers) remains at target levels; and,
- Collaboration with statutory partners has increased and services to children improved as a result.

We drafted an operational plan for 2020-21 year setting out our priorities in support of each of our strategic goals ready for the Board's approval on 18 March 2020. However, it became clear in the run-up to that meeting that the UK was on the brink of an unprecedented public health crisis. We acted quickly substituting our draft operational plan for 2020-21 with an emergency plan that prioritised children's hospice care for the most vulnerable, whilst directly or indirectly supporting the wider emergency response of our NHS and social care system.

We rostered our Birmingham hospice clinical team for duty at our Walsall and Worcester hospices to ensure safe staffing levels at those two centres and offered our Birmingham hospice to the NHS in the event they needed additional in-patient facilities. We suspended our planned short breaks and day care services provided in the hospices and clinical support visits to children's homes recognising these services would

not be required by families shielding clinically extremely vulnerable children. We focused instead on meeting the changed needs of our children and their families by providing the following services:

- end of life care to any child or young person that needed it;
- safe and secure residential stays for children who could not be looked after at home;
- safe and secure residential stays for children transferred from local NHS hospitals;
- psychosocial (emotional and practical) support to Acorns' families;
- new virtual stay and play groups and sibling groups; and,
- delivery of donated food, hygiene and other household essentials to our families at home.

We updated and re-published our emergency plan on 1 June 2020 as the UK began to move into a different phase of the COVID-19 pandemic. We wanted and needed our children's hospice service to remain relevant for our children and their families. We set a provisional timeframe for our updated plan of four months, from June to the end of September 2020, which allowed us to communicate clearly and transparently to our families about the services we could offer them. Based on initial feedback from them, we extended our service provision to include:

- emergency short break stays provided by our Walsall and Worcester hospices;
- our Birmingham hospice re-opened as a wellbeing centre providing hydrotherapy, physiotherapy support and access to the gardens for all Acorns children and their families; and,
- clinical outreach from all three hospices based on demand.

We implemented emergency plans for all our other areas of activity with effect from late March. We furloughed just over 40 per cent of employees, mainly retail and fundraising staff, in order to protect the charity's finances and jobs. By mid-June we had plans in place to re-open shops on a phased basis in full compliance with social distancing guidance.

Looking forward, the significant improvement in financial performance delivered during 2019-20, coupled with the emergency COVID-19 funding provided by the Government, means we can undertake the triennial review of our strategy during the coming autumn/ winter period much as we would otherwise have done. We will begin by reviewing progress achieved under our *Making Every Day Count* strategy and capturing lessons learned. We will reflect on what we've learned about our organisational strengths and weaknesses as a result of the COVID-19 pandemic. We will consult our children and families to understand the longer-term impacts the pandemic has on their future needs. We will launch an independent review of our care services to consider how we can extend our reach and best meet the needs of our beneficiaries. This work will culminate in the publication of a new three-year strategy from April 2021.

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

Our administrative details

Charity number: 700859.

Company number: 2036103.

Registered Office: Drakes Court, 302 Alcester Road, Wythall, Birmingham, B47 6JR.

Our Advisors

Auditors: RSM UK Audit LLP; St Philips Point, Temple Row, Birmingham, B2 5AF.

Bankers: Barclays Bank PLC; One Snowhill, Snow Hill Queensway, Birmingham, B4 6GN.

Solicitors: Gateley PLC; One Eleven, Edmund Street, Birmingham, B3 2HJ.

Investment Managers: Barclays Wealth Management; address as for Barclays Bank PLC above.

Our Key People

Board of Trustees

Name	Role(s)	Changes in year
M T Hopton	Chairman, Board of Trustees Chairman, Chairs Committee	-
R D Judges	Vice Chairman, Board of Trustees Chairman, Board Development Committee	Retired 30 July 2019
J McCarthy	Vice Chairman, Board of Trustees Chairman, Board Development Committee	Existing Trustee appointed to these posts 30 July 2019
I S Araf	Trustee	-
Prof T Barrett	Chairman, Care Assurance Committee	-
D Butcher	Trustee	Retired 30 July 2019
A David	Chairman, Resources Assurance Committee	-
P Dison	Chairman, Retail Assurance Committee Chairman, Acorns Children's Hospice Trading Ltd	-
J Eminson	Trustee	-
B M Jones	Trustee	-
J Ladbrooke	Trustee	Appointed 20 May 2020
R Leonhardt	Trustee	-
K McNamara-Goodger	Trustee	-
G Muth	Trustee	-
P Riley	Chairman, Fundraising, Marketing & Comms Assurance Committee	-
C Sallnow	Trustee	-
C Turner-Collis	Trustee	Appointed 1 July 2019
A S Ubhi	Trustee	-

Key managers

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

Name	Role	Changes in year
T Porter	Chief Executive	
E Aspinall	Director of Care	
N Cramer	Director of Supporter Engagement	
C Hopkins	Director of Statutory Partnerships & Performance	Appointed 6 February 2020
S Rees	Finance Director & Company Secretary	
J Thomas	Director of Human Resources	

Structure, Governance and Management

Acorns Children's Hospice Trust

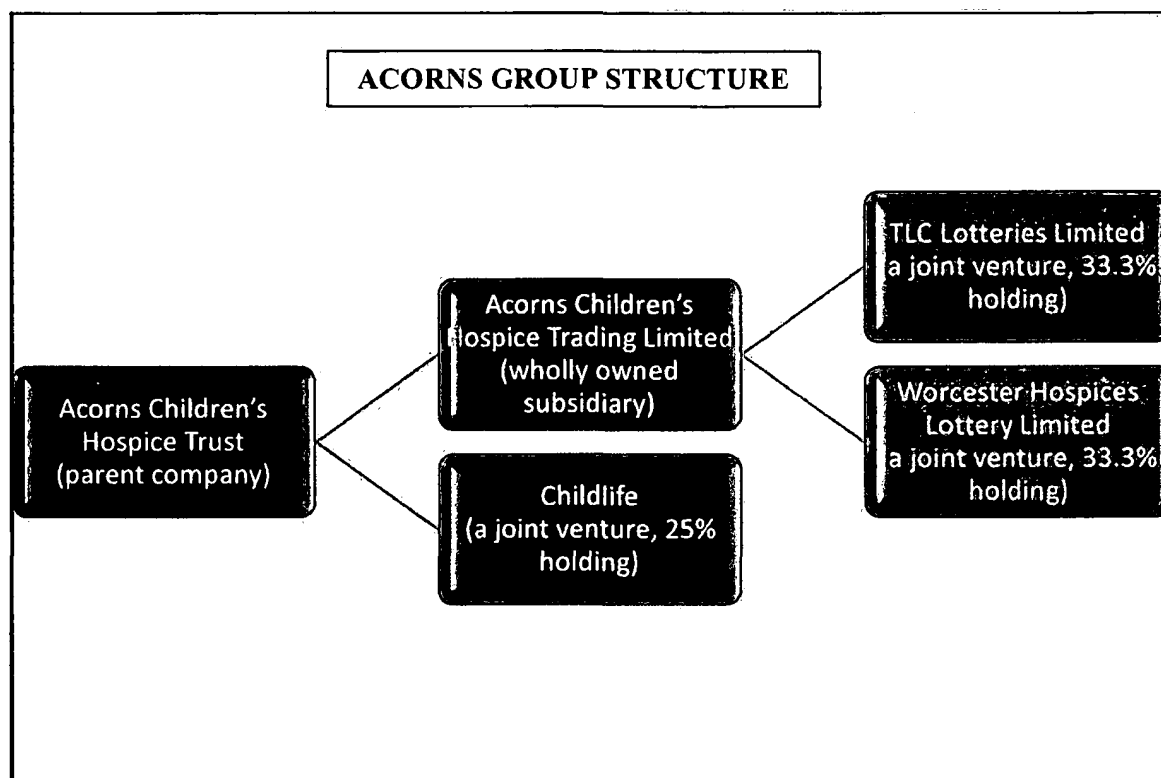
Acorns was incorporated on 10 July 1986 as a company limited by guarantee. It is a registered charity. The appointed directors of the company (our Trustees) also fulfil the role of company owners (our Members) during their tenure as a Trustee. Our Members are not shareholders because the Trust is a company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

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

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

Our Group Structure

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



Acorns Children's Hospice Trading Limited

The trading company is the charity's wholly owned trading subsidiary. Its purpose is to generate income to support the Charity's objectives by selling bought-in 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 46). In addition to these activities, the Board of the Trading Company also reviews the activities of the two joint venture lotteries.

Joint Ventures

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

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

The Board of Trustees

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

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

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

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

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

We began the year with 18 Trustees in post. Two long-serving Trustees retired during the year. Bob Judges joined the Board in October 2005 and served as a Vice Chairman of the Board before he retired in July 2019. David Butcher joined the Board in June 2006 and served as a Board Committee Chairman and previously served as Chairman of the Board until October 2017 before continuing as a Trustee with particular interest in national developments until July 2019. We are grateful to them both for the significant contributions they each made to Acorns. Cora Turner-Collis joined the Board in July 2019. We ended the year with 17 Trustees in post with one new addition – Jenny Ladbroke – taking the total to 18 in May 2020. We welcomed both warmly.

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

Acorns' Board of Trustees met six times during the year. All Trustees are unremunerated.

Assurance Committees

All Trustees serve on one or more of the Board's Assurance Committees. Any Trustee may attend any Assurance Committee meeting. The Committees are delegated specific responsibilities by the Board of Trustees. They provide advice, support, expertise and challenge to the Chief Executive and Directors' Team. A summary of each Assurance Committee's terms of reference is set out in the following table.

Assurance Committee	Activity Summary
Board Development	<ul style="list-style-type: none"> • Maintaining Acorns' Governance Framework. • Advising on the appointment of new Trustees. • Advising on Board Committee membership. • Advising on Trustee induction and training.
Care	<ul style="list-style-type: none"> • Scrutinising all care activities. • Overseeing the work of the Care Assurance Group.
Chairs	<ul style="list-style-type: none"> • Overseeing strategic risk management. • Advising on remuneration issues. • Co-ordinating development and review of strategy.
Fundraising, Marketing & Communications	<ul style="list-style-type: none"> • Scrutinising all fundraising, marketing and communications.
Resources	<ul style="list-style-type: none"> • Reviewing all aspects of financial management. • Overseeing investment fund performance. • Reviewing the draft annual report and accounts. • Scrutinising human resource (staff & volunteers) activities. • Scrutinising learning & development activities. • Overseeing the implementation of Acorns' digital strategy. • Monitoring GDPR compliance. • Overseeing the development of asset management plans.
Retail	<ul style="list-style-type: none"> • Scrutinising all retail activities relating to the sale of donated goods. • Monitoring Acorns' Children's Hospice Trading Limited.

Employment policies

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

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

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

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

Equality & Inclusion

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

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

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

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

Pay policies

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

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

We ensure that every member of paid staff receives a salary that is at least equivalent to the National Minimum Wage applicable to them. We do not operate a bonus scheme for any of our paid staff or volunteers. Details of our salary and pension costs can be found in note 7 to the financial statements (page 48 refers). Information regarding the number of employees with salaries over £60,000 is available in note 8 to the financial statements (page 49 refers). We are an equal pay employer. Please see our website for details of our gender pay ratios.

The Board of Trustees is responsible for defining Acorns' pay policy for its key managers (the Chief Executive and the Directors) and agreeing the annual cost of living award. The Board delegates this responsibility to the Chairs Committee which comprises the Chairman of the Board of Trustees and the Chairman of each Assurance Committee. The Chairs Committee meets with the Chief Executive to review and recommend changes to other key managers' pay.

Our Volunteers

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

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

By the end of this reporting period, a majority of our volunteers were shielding or self-isolating at home due to Covid-19 risk factors (age and/ or health conditions). We obviously hope the next year will see them feel confident about returning to the hospices and to the shops to which they give so generously and contribute so much.

Our Supporters

We pride ourselves on our high standards of ethical fundraising. We continually review how we contact the public to ask for their support. We aim to meet all the relevant legislation and exceed expectations of us.

Our Director of Supporter Engagement has delegated responsibility from the Chief Executive for our fundraising strategy, policies and procedures. We seek to generate income and donations from a diverse range of appropriate and sustainable sources to manage income risks. We maintain the highest standards of practice in its fundraising activities by:

- complying with all relevant law, regulations and codes of practice;
- registering with the Fundraising Regulator;
- employing suitably qualified and experienced fundraising staff;
- treating the information that supporters provide us with in line with our Privacy Policy;
- never selling or sharing supporters' personal information to a third party;
- maintaining clear governance and management controls for the legal, safe and transparent raising of funds from a diverse range of sources;
- providing policies and guidance for working with supporters who are in vulnerable circumstances;
- having clear rules for when donations may be returned to donors;
- seeking to engage with a diverse community of supporters; and,
- preparing a report for Fundraising & Marketing Assurance Committee meetings on fundraising activity, including a quarterly summary of complaints and action taken to address them.

A total of 9 complaints were dealt with during the year (2018-19: 23). One of the complaints related to a door-to-door fundraising campaign designed to increase the number of regular givers. Of the remainder, half were expressions of supporter preferences which we addressed, and half related to administrative errors which we resolved. We considered all the complaints carefully to ensure no opportunities for improvement were missed.

Our long-term financial projections for fundraising income are underpinned by clear plans for each area of activity. Performance for 2019-20 compared to last year is outlined in the financial review section of the Strategic Report (page 9). We formally assess our income risks in accordance with our risk management strategy and have designed our reserves policy to ensure enough liquidity in the event those risks materialise.

Risk Assessment

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

The Board of Trustees reviews and updates Acorns' risk management framework annually. The Board has identified nine strategic risk families as follows:

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

- Major incident.

Risks are identified within directorates and included on the risk register by the Directors within the appropriate strategic risk family. Acorns prioritises its risks according to their impact and likelihood and then designs and delivers appropriate controls and mitigating actions. The Board is satisfied that the Charity's risk management framework is appropriate and that the Chief Executive has put effective systems in place to control risk. The Directors' team reviews the risk register twice a year and updates the Board of Trustees using a dashboard report. The Board's assurance committees will conduct a 'deep dive' review of the strategic risk register at least annually. The Chairs Committee will consider the results of these reviews making its recommendations to the full Board. The review process conducted by Trustees is timed to support our annual strategic review and planning processes and includes a review of its appetite to risk for each of the nine strategic risk families.

Our major risks at reporting period end - those where the post-mitigation risk score exceeded the Board's stated risk appetite or were uncertain in future trajectory - are summarised in the following table:

Risk Family	Risk Appetite	Risk Assessment	Risk Trajectory	Actions
Care services delivery – maintaining our reputation for outstanding quality care services.	Low	Medium	Improving	<ul style="list-style-type: none"> • Our COVID-19 emergency response plans for care services considered available staffing resources as well as the changed needs of beneficiaries.
Governance & compliance – maintaining a robust overall framework for controlling and managing the charity.	Low	Medium	Improving	<ul style="list-style-type: none"> • We established the Statutory Partnerships & Performance Directorate in February 2020 to focus on improving the quality of non-financial management information to support decision making.
Income & reputation – establishing reliable sources of income (statutory, voluntary and legacies) to ensure continuity of and care services for the long-term.	Medium	Medium	Uncertain due to COVID-19	<ul style="list-style-type: none"> • Assess eligibility criteria and apply for all available Government COVID-19 emergency response funding. • Hold all non-essential expenditure and freeze vacancies where possible. • Develop new fundraising opportunities. • Prepare updated financial scenarios for 2020-21 including cash flow forecast and available reserves for each Board meeting.

Risk Family	Risk Appetite	Risk Assessment	Risk Trajectory	Actions
Major incident - an unplanned event that interrupts or has the potential to interrupt the provision of essential services. Examples include the following: power outages; lack of staff; cyber-crime; loss of access to part or all a facility; or, a national emergency such as the COVID-19 pandemic.	Medium	High	Uncertain due to COVID-19	<ul style="list-style-type: none"> • Review and update emergency response plans as the COVID-19 emergency progresses. • Adhere to Government guidance and instructions for businesses and employers. • Benchmark our plans and progress with other children's hospices • Develop recovery plan and implement.

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 year 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 year. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP) on financial reporting;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

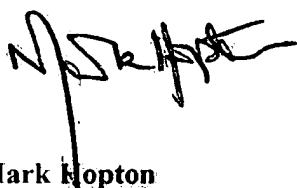
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charity's governing document.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

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

Disclosure of information to auditors

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

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



Mark Hopton

Chairman of Acorns' Board of Trustees

4 September 2020

INDEPENDENT AUDITORS 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 year ended 28 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated and Charity Statements of Financial Position, the Consolidated and Charity Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 28 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the 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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Trustees' 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 Trustees' 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 28, 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.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

KEITH WARD (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

08.09.2020

Consolidated statement of financial activities

31 March 2019 to 28 March 2020

	Note	Unrestricted Funds £000	Unrestricted Funds - Shops £000	Restricted Funds £000	Total Funds 2020 £000
Income from					
Donations and legacies					
Donations		2,795	-	1,277	4,072
Legacies		1,924	-	169	2,093
Charitable activities					
NHS England Children's Hospice Grant		-	-	1,234	1,234
Contract income		3,438	-	-	3,438
Training income		10	-	-	10
Other trading activities					
Sale of donated and bought-in goods		-	6,183	-	6,183
Events		239	-	-	239
Investments					
Dividends		9	-	-	9
Interest	5	9	-	-	9
Share of JVs' net profit	13	332	-	-	332
Other income		80	-	-	80
Total income		8,836	6,183	2,680	17,699
Expenditure on					
Raising funds					
Fundraising	4	1,449	-	-	1,449
Trading costs		-	4,380	-	4,380
Events costs	4	99	-	-	99
Charitable activities					
Residential care services	4	4,858	-	2,405	7,263
Community care services	4	2,281	-	137	2,418
Total expenditure		8,687	4,380	2,542	15,609
		149	1,803	138	2,090
Net losses on investments	12	(74)	-	-	(74)
Net income	9	75	1,803	138	2,016
Gross transfers between funds		3,970	(1,803)	(2,167)	-
Net movement in funds		4,045	-	(2,029)	2,016
Reconciliation of funds					
Total funds brought forward		11,159	-	2,257	13,416
Total funds carried forward	19	15,204	-	228	15,432

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 33.

Comparative consolidated statement of financial activities

1 April 2018 to 30 March 2019

	Note	Unrestricted Funds £000	Unrestricted Funds Shops £000	Restricted Funds £000	Total Funds 2019 £000
Income from					
Donations and legacies					
Donations		1,597	-	1,494	3,091
Legacies		1,590	-	289	1,879
Charitable activities					
NHS England Children's Hospice Grant		-	-	1,131	1,131
Contract income		2,642	-	-	2,642
Training income		13	-	-	13
Other trading activities					
Sale of donated and bought in goods		-	5,486	-	5,486
Events		274	-	-	274
Investments					
Dividends		48	-	-	48
Interest	5	6	-	-	6
Share of JVs' net profit		289	-	-	289
Other income		38	-	-	38
Total income		6,497	5,486	2,914	14,897
Expenditure on					
Raising funds					
Fundraising	4	1,498	-	-	1,498
Trading costs		-	4,906	-	4,906
Events costs	4	198	-	-	198
Charitable activities					
Residential care services	4	4,727	-	2,666	7,393
Community care services	4	3,249	-	156	3,405
Total expenditure		9,672	4,906	2,822	17,400
		(3,175)	580	92	(2,503)
Net gains on investments		76	-	-	76
Net (expenditure)/ income	9	(3,099)	580	92	(2,427)
Gross transfers between funds		722	(580)	(142)	-
Net movement in funds		(2,377)	-	(50)	(2,427)
Reconciliation of funds					
Total funds brought forward		13,536	-	2,307	15,843
Total funds carried forward	19	11,159	-	2,257	13,416

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

Statutory consolidated income and expenditure account
31 March 2019 to 28 March 2020 compared to 1 April 2018 to 30 March 2019

	2020	2019
	£000	£000
Income	17,243	14,450
Operating costs	(15,609)	(17,394)
Operating surplus/ (deficit)	1,634	(2,944)
Share of joint venture profits	332	289
Net (loss)/ gain on investments	(74)	76
Investment income	9	48
Interest receivable	9	6
Surplus/ (deficit) on ordinary activities for the period	1,910	(2,525)

- The summary income and expenditure account is derived from the Consolidated Statement of Financial Activities on page 32 which, together with the notes to the accounts on pages 39 to 63 provides full information on the movements during the period on all the funds of the group.
- All income and expenditure are derived from continuing activities.
- The income shown above differs from the Total Income shown in the Consolidated Statement of Financial Activities of £17,699,000 as it excludes restricted capital funds income of £106,000, the share of Joint venture profits of £332,000, investment income of £9,000 and interest receivable of £9,000 (note 5).
- The surplus on ordinary activities shown above differs from the Net Income shown in the Consolidated Statement of Financial Activities of £2,016,000 as it also includes restricted capital funds income of £106,000 (note 19).

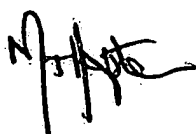
Consolidated statement of financial position

As at 28 March 2020 compared to as at 31 March 2019

Company Registration No. 2036103

	Note	2020	2019
		£000	£000
Fixed assets			
Intangible assets	11	217	274
Tangible assets	10	9,188	9,505
Investments	12	409	1,315
Investments in associated companies	13	143	92
		<u>9,957</u>	<u>11,186</u>
Current assets			
Inventories	14	8	20
Debtors	15	3,111	2,226
Cash held on deposit		3,698	751
Cash at bank and in hand		220	420
		<u>7,037</u>	<u>3,417</u>
Creditors: Amounts falling due within one year	17	(1,263)	(1,057)
		<u></u>	<u></u>
Net current assets		5,774	2,360
		<u></u>	<u></u>
Total assets less current liabilities		15,731	13,546
		<u></u>	<u></u>
Provision for liabilities	18	(299)	(130)
		<u></u>	<u></u>
Net assets		15,432	13,416
		<u><u></u></u>	<u><u></u></u>
Fund balances			
Restricted capital funds	19/20	162	2,223
Restricted income funds	19/20	66	34
Total restricted funds		228	2,257
Unrestricted funds	19/20	15,204	11,159
		<u>15,432</u>	<u>13,416</u>
		<u><u></u></u>	<u><u></u></u>

These financial statements were authorised for issue and approved by the Board of Trustees on 4 September 2020 and were signed on its behalf by:



Mark Hoplon
Chairman

Charity statement of financial position

As at 28 March 2020 compared to as at 31 March 2019

Company Registration No. 2036103

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	11	217	274
Tangible assets	10	9,188	9,505
Investments	12	409	1,315
		<u>9,814</u>	<u>11,094</u>
Current assets			
Debtors	15	3,211	2,276
Cash held on deposit		3,698	751
Cash at bank and in hand		140	379
		<u>7,049</u>	<u>3,406</u>
Creditors: Amounts falling due within one year	17	(1,275)	(1,084)
		<u></u>	<u></u>
Net current assets		<u>5,774</u>	<u>2,322</u>
Total assets less current liabilities		<u>15,588</u>	<u>13,416</u>
Provision for liabilities	18	(299)	(130)
		<u></u>	<u></u>
Net assets		<u>15,289</u>	<u>13,286</u>
Fund balances			
Restricted capital funds	21	162	2,223
Restricted income funds	21	66	34
		<u>228</u>	<u>2,257</u>
Unrestricted funds	21	15,061	11,029
		<u>15,289</u>	<u>13,286</u>

The net movement in funds for the parent charity was a net increase of funds of £2,003,000 (2019: net decrease of funds of £2,522,000).

These financial statements were authorised for issue and approved by the Board of Trustees on 4 September 2020 and were signed on its behalf by:


Mark Hopton
Chairman

Consolidated statement of cash flows

31 March 2019 to 28 March 2020 compared to 1 April 2018 to 30 March 2019

	2020 £000	2019 £000
Cash flows from operating activities:		
<i>Net cash (used in)/ provided by operating activities</i>	1,837	(1,273)
Cash flows from investing activities:		
Dividends and interest from investments	18	54
Gift aid receipts from joint ventures	281	293
Purchase of property, plant and equipment	(179)	(396)
Purchase of intangible assets	(42)	(86)
Proceeds from sale of investments	1,344	971
Purchase of investments	(512)	(377)
<i>Net cash provided by investing activities</i>	910	459
<i>Change in cash and cash equivalents in the reporting period</i>	2,747	(814)
<i>Cash and cash equivalents at the beginning of the reporting period</i>	1,171	1,985
<i>Cash and cash equivalents at the end of the reporting period</i>	3,918	1,171
Reconciliation of net income to net cash flow from operating activities		
	2020 £000	2019 £000
<i>Net income/ (expenditure) for the reporting period (as per the Statement of Financial Activities)</i>	2,016	(2,427)
Adjustments for:		
Depreciation charges	479	472
Amortisation	99	70
Losses on investments	74	(76)
Share of joint venture net profit	(332)	(289)
Dividends and interest from investments	(18)	(54)
Loss on sale of fixed assets	17	-
Decrease in stocks	12	22
(Increase)/ decrease in debtors	(885)	818
Increase in creditors	206	61
Increase in provisions	169	130
<i>Net cash provided by/ (used in) operating activities</i>	1,837	(1,273)
Analysis of cash and cash equivalents		
Cash at bank and in hand	220	420
Notice deposits (less than 3 months)	3,698	751
Total cash and cash equivalents	3,918	1,171

Charity statement of cash flows

31 March 2019 to 28 March 2020 compared to 1 April 2018 to 30 March 2019

	2020 £000	2019 £000
Cash flows from operating activities:		
<i>Net cash (used in)/ provided by operating activities</i>	2,079	(1,020)
Cash flows from investing activities:		
Dividends and interest from investments	18	54
Purchase of property, plant and equipment	(179)	(396)
Purchase of intangible assets	(42)	(86)
Proceeds from sale of investments	1,344	971
Purchase of investments	(512)	(377)
<i>Net cash provided by investing activities</i>	629	166
<i>Change in cash and cash equivalents in the reporting period</i>	2,708	(854)
Cash and cash equivalents at the beginning of the reporting period	1,130	1,984
Cash and cash equivalents at the end of the reporting period	3,838	1,130
Reconciliation of net income to net cash flow from operating activities		
	2020 £000	2019 £000
<i>Net income/ (expenditure) for the reporting period</i>	2,003	(2,522)
Adjustments for:		
Depreciation	479	472
Amortisation	99	70
Loss on investments	74	(76)
Dividends and interest from investments	(18)	(54)
Loss on sale of fixed assets	17	-
(Increase)/ decrease in debtors	(935)	972
Increase/ (decrease) in creditors	191	(12)
Increase in provisions	169	130
<i>Net cash (used in)/ provided by operating activities</i>	2,079	(1,020)
Analysis of cash and cash equivalents		
Cash at bank and in hand	140	379
Notice deposits (less than 3 months)	3,698	751
Total cash and cash equivalents	3,838	1,130

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 2015) – (Charities SORP (FRS 102)) and the Companies Act 2006.

The financial statements have also been prepared in accordance with revised version of FRS102 (effective 1 January 2016).

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 2020 financial year therefore covers the period from 31 March 2019 to 28 March 2020 and the 2019 financial year covers the period from 1 April 2018 to 30 March 2019. The 2020 and 2019 column headings used in the financial statements and in the tables and notes that follow cover these reporting periods.

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

Preparation of the accounts on a going concern basis

The key risk that emerged as the reporting period drew to a close in March 2020 was the COVID-19 pandemic and the lockdown measures the UK Government had to put in place to control its spread.

Available reserves, including £4.261 million of liquid assets, were at an all-time high of £5.818 million at the end of the reporting period. This was in the middle of the target range to ensure available reserves are at a suitable level to cover assessed income, expenditure and investment risks and a one-in-a-hundred-years major incident such as the COVID-19 pandemic. The initial financial impact of the COVID-19 pandemic was very worrying for Acorns as for all hospice charities. By the end of June, we were fortunate in securing our financial position and our financial modelling supported our view we remained a going concern for the foreseeable future. As a result, we began the triennial review of our organisational strategy in July 2020 with a view to implementing a fresh strategy for a post-COVID era in April 2021.

The financial scenario plans and supporting cash flow forecasts we had developed by June 2020 reflected the strong financial performance delivered during the first quarter of 2020-21 and best- and worst-case scenarios regarding the progress of the COVID-19 pandemic over the coming autumn/ winter period through to the conclusion of the 2021 calendar year.

We started the 18-month period from July 2020 with c£8 million cash, unprecedented in Acorns' history and almost double that held at the end of the 2019-20 reporting period. The increase in cash was due to early receipt of recurring grants (for example, Children's Hospice Grant) and one-off COVID-19 related grants that would support expenditure

during the remainder of the year. The key assumptions under-pinning our cash flow forecast to December 2021 are as follows:

- No change in statutory income as NHSE England instructed local Clinical Commissioning Groups to honour contract values agreed for 2020-21. We have continued this assumption through to December 2021 as NHS England has committed to increasing Children's Hospice Grant from £12 million to £25 million by 2024 in equal-sized increments for the children's hospice sector. Crucially for Acorns' financial resilience at this time, statutory income represents almost 50 per cent of charitable expenditure which reduces our exposure to risks relating to a decline in our other income streams.
- A reduction in total donations and events income of c40 per cent following a detailed review of prospects led by the Director of Supporter Engagement. The reduction is consistent with industry forecasts for the year and peer group feedback. Performance from April to June against this assumption is very encouraging. We have assumed a return to more normal levels of income from April 2021.
- Shops are closed for 13 weeks best case scenario, or 26 weeks worst case scenario. We will refine our modelling based on our trading experience as we roll out our phased shop re-opening programme which commenced on 18 June. The worst-case scenario allows for a reduction in trading hours for re-opened shops, fewer shoppers and lower stock density as shop floors are re-configured to be COVID-19 secure. It also allows for the possibility of individual shop or mass shop closures for COVID-19 related reasons through the coming months. We have assumed more normal levels of financial performance from April 2021.
- Operational and capital expenditure is reduced for 2020-21 as outlined in the table on page 15 relating to COVID-19 related financial risks. We have assumed more normal levels of expenditure from April 2021.

As our financial modelling indicates cash balances of approximately £5 million by December 2021, the Board has concluded that the charity is a going concern and these financial statements have been prepared as such.

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 period ended 28 March 2020. 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.

Notes (continued)

1 Principal accounting policies (continued)

Where the year-end of a joint venture is not consistent with that of the group, the results of the joint venture or subsidiary are included in the consolidated financial statements using management accounts prepared for the period ended 28 March 2020.

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. An excess of income over expenditure for the period of £2,003,000 (2019: deficit of income over expenditure of £2,522,000) 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 assets have been donated a cash equivalent is included. Where assistance is provided to meet costs which would otherwise be met by the group then an amount equivalent to these costs is included in the Consolidated Statement of Financial Activities as both income and matching expenditure.

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

Government Revenue Grants

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

Charitable activities

Revenue based grants are credited to the Statement of Financial Activities when the conditions for receipt have been complied with. Income is deferred only when the provider specifies that the grant must be used in future 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.

Notes (continued)

1 Principal accounting policies (continued)

Other costs

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

Irrecoverable VAT

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

Allocation of support and governance costs

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

Termination benefits

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

Volunteers

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

Tangible fixed assets and depreciation

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

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

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

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

Intangible fixed assets

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

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

Fixed asset investments

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

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 year.

Unrealised gains and losses are calculated as the difference between the fair value at the 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 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% (2019: 14.38%) of the employee's salary. The scheme is unfunded and as a result it is not possible for Acorns to identify its share of the underlying scheme liabilities. The scheme is therefore accounted for as a defined contribution scheme. The cost of the scheme to Acorns is the value of contributions payable to the NHS in the accounting period. The pension costs are allocated between activities based on the time spent by staff on each activity.

Contingent assets

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

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

Leased assets and obligations

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

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

Pension costs

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

Notes (continued)

1 Principal accounting policies (continued)

Inventories

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

Debtors and prepayments

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

Cash and cash equivalents

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

Creditors and provisions

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

Financial instruments

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Deferred taxation

In the subsidiary financial statements, the charge for taxation is based on the result for the 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

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

Restricted capital funds

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

Unrestricted funds

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

Fund transfers

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

Notes (continued)

1 Principal accounting policies (continued)

Liabilities

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

- value of the legacy accrual. The value depends on decisions regarding entitlement to the gift, probability of receipt and the ability to value it with sufficient accuracy;
- the value of provisions and which provisions are required. A dilapidations provision is held relating to the estimated cost of repairs to a number of leasehold premises at the end of their leases, where the anticipated future costs can be estimated reliably and the likelihood of the costs being incurred is considered probable. A dilapidations provision of £299,000 is held at the year end and the uncertainty surrounding this is disclosed in note 18;
- impairment of tangible and intangible fixed assets. Factors taken into consideration in reaching the decision include the availability of resources to continue service delivery in the future at previous levels; and,
- applicability of going concern. The main judgement was the assessment of the group's cash reserves and whether they were considered sufficient to meet operational commitments for the foreseeable future.

2 Status of the charitable company

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

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

3 Income and costs from trading activities of subsidiary

Acorns Children's Hospice Trading Limited

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

Notes (continued)

3 Income and costs from trading activities of subsidiary (continued)

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

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:

	2020 £000	2019 £000
Turnover	214	374
Cost of sales	(91)	(264)
	<hr/>	<hr/>
Gross profit	123	110
Administrative expenses	(16)	(16)
	<hr/>	<hr/>
Profit on ordinary activities before taxation	107	94
Taxation	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	107	94
	<hr/>	<hr/>

For an overview of the financial performance of the group's retail operation see the Consolidated Statement of Financial Activities on page 32.

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

	2020 £000	2019 £000
Total assets	122	120
Total liabilities	(15)	(26)
	<hr/>	<hr/>
Net funds	107	94
	<hr/>	<hr/>

Notes (continued)

4 Total expenditure (excluding shops)

	Direct costs	Support and Governance costs	2020 Total	2019 Total
	£000	£000	£000	£000
Raising funds:				
Fundraising	1,117	332	1,449	1,498
Event costs	76	23	99	198
Charitable activities:				
Residential care services	5,699	1,564	7,263	7,393
Community care services	1,865	553	2,418	3,405
	<u>8,757</u>	<u>2,472</u>	<u>11,229</u>	<u>12,494</u>

	2020 £000	2019 £000
Consisting of:		
Staff costs (including training and travel etc.)	8,942	9,768
General overheads	1,338	1,647
Depreciation and amortisation	427	409
Direct care service costs	401	411
Direct fundraising costs	121	259
	<u>11,229</u>	<u>12,494</u>

Support costs comprise:

	2020 £000	2019 £000
Communications	253	243
Head office and property	1,070	881
HR and project support	565	589
Finance and management	584	580
	<u>2,472</u>	<u>2,293</u>

	2020 £000	2019 £000
Governance costs (included in support costs above) comprise:		
Head office and property	260	222
Finance and management	44	44
Audit fees	22	22
	<u>326</u>	<u>288</u>

Notes (continued)

4 Total expenditure (excluding shops) (continued)

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 (2019: £187).

5 Interest

	2020 £000	2019 £000
Bank interest received	9	6

6 Government Grants

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

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

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

	Group Average number of FTE	
	2020	2019
Staff (excludes bank staff)	300	338

	Group Average number of Employees	
	2020	2019
Staff (includes bank staff)	447	494

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	9,278	10,275
Social security costs	792	891
Pension costs	717	787
	10,787	11,953

In addition to the above, redundancy and termination benefits amounted to £123,000 (2019: £245,000).

Notes (continued)

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

Pension costs	2020	2020	2019	2019
	Unrestricted £000	Restricted £000	Unrestricted £000	Restricted £000
Care	464	-	532	-
Retail	121	-	126	-
Administration	132	-	129	-
Total	717	-	787	-

Seventeen Trustees served during the period (2019: 18) and received no remuneration for their services. Where claimed, expenses for travel and subsistence are reimbursed. The amount claimed in the period was £Nil (2019: Nil).

The charity holds trustee indemnity insurance at a cost of £1,659 (2019: £1,505).

The number of volunteers who worked for the group part-time without pay during the period was 976. Hours donated totalled 229,665 with a theoretical value estimated, using the National Minimum Wage, of £1,885,550 (2019: 1,503 volunteers, hours donated 268,007 with a theoretical value estimated, using the National Minimum wage, of £2,098,495). Trustees donated time has not been included in the valuation.

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

8 Key management personnel remuneration

The key management personnel of the parent charity, the Trust, comprise the Trustees, the Chief Executive Officer, Director of Supporter Engagement, Director of Care, Director of Finance, Director of Statutory Partnerships and Performance and Director of Human Resources. The total employee benefits (including employer's pension contributions and NIC) of the key management personnel of the Trust were £524,945 (2019: £ 501,774).

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

	Group Number of employees	
	2020	2019
£60,001 - £70,000	-	-
£70,001 - £80,000	2	1
£80,001 - £90,000	2	2
£90,001 -£100,000	1	1

During February 2020, a Director of Statutory Partnerships and Performance joined the team of key management personnel. The individual did not earn above £60,000 for the period they were a Director in the financial year. In addition, in the prior year, during October 2018, the Director of Supporter Engagement resigned and was replaced. Again, neither individual earned above £60,000 for the period they were a Director in the financial year.

Pension contributions to defined contribution schemes on behalf of 5 (2019: 6) key management personnel were £29,757 (2019: £29,027).

Notes (continued)

8 Key management personnel remuneration (continued)

There are three (2019: four) additional employees whose total employee benefits (excluding employer pension contributions and NIC) were above £60,000 and are analysed as follows:

	Group Number of employees	
	2020	2019
£60,001 - £70,000	3	3
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1

9 Net group income

	Group	
	2020 £000	2019 £000
<i>Net group income is stated after charging/(crediting)</i>		
Depreciation of tangible assets	479	472
Amortisation of intangible assets	99	70
Operating lease charges:		
Buildings (including retail shops)	1,166	1,089
Plant and machinery	41	14
Operating lease income	(17)	(20)
Inventories recognised as an expense in the year	78	242
<i>Auditors' remuneration</i>		
Audit of these financial statements	22	22
Audit of financial statements of subsidiaries pursuant to legislation	2	2
Other services relating to taxation	2	2

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
Cost					
At beginning of period	11,615	702	164	894	13,375
Additions	26	20	-	133	179
Reclassification	-	101	-	(101)	-
Disposals	-	(50)	(19)	-	(69)
At end of period	11,641	773	145	926	13,485
Depreciation					
At beginning of period	3,005	269	103	493	3,870
Charge for the period	184	126	26	143	479
Reclassification	-	101	-	(101)	-
Disposals	-	(33)	(19)	-	(52)
At end of period	3,189	463	110	535	4,297
Net book value					
At 28 March 2020	8,452	310	35	391	9,188
At 31 March 2019	8,610	433	61	401	9,505

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

The gross amount of depreciable assets included within freehold land and buildings is £9,491,000 (2019: £9,465,000).

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

Use of assets:

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Care Services	8,842	9,214	8,842	9,214
Other, including shops, warehouse and administration	346	291	346	291
Net book value	9,188	9,505	9,188	9,505

Notes (continued)

11 Intangible fixed assets

Group and Charity	Application Software Enhancements £000
Cost	
At beginning of period	383
Additions	42
	<hr/>
At end of period	425
	<hr/>
Amortisation	
At beginning of period	109
Charge for the period	99
	<hr/>
At end of period	208
	<hr/>
Net book value	
At 28 March 2020	217
	<hr/>
At 31 March 2019	274
	<hr/>

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

12 Fixed asset investments

Equities – Listed				£000
Group and charity				
Fair value 31 March 2019				1,315
Additions at cost				512
Disposal proceeds				(1,344)
Net losses				(74)
				<hr/>
Fair value 28 March 2020				409
				<hr/>
	Fair value	Cost	Fair value	Cost
	2020	2020	2019	2019
	£000	£000	£000	£000
UK equities	409	500	1,315	1,310
Other listed investments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	409	500	1,315	1,310
	<hr/>	<hr/>	<hr/>	<hr/>

Investments are revalued at bid value at the period end, being fair value. No investments have a value of 5% or more of the portfolio.

Notes (continued)

13 Investments in associated companies

Investments in associated companies comprise the following:

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Investment in joint ventures	143	92	-	-

Investment in subsidiary undertakings

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

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

Investment in joint ventures

The group has investments in the following joint ventures:

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

TLC Lotteries Limited and Worcester Hospice Lottery Limited are trading companies incorporated in Great Britain and promote commercial lottery games which aim to generate profits for the benefit of their affiliated charities (see note 24). TLC Lotteries Limited period end is 27 December 2019. Worcester Hospice Lottery Limited period end is 31 March 2020.

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.

Notes (continued)

13 Investments in associated companies (continued)

Group		Share of net assets £000
At beginning of year		92
Profits:		
TLC Lotteries Limited	122	
Worcester Hospice Lottery	108	
Childlife	102	
	<hr/>	
Amounts withdrawn as gift aid:		332
TLC Lotteries Limited	(119)	
Worcester Hospice Lottery	(99)	
Childlife	(63)	
	<hr/>	(281)
		<hr/>
At end of year		143
		<hr/>

	TLC Lotteries Limited £000	Worcester Hospice Lottery Limited £000	Childlife £000	Total £000
Represented by:				
Share of gross assets	151	108	165	424
Share of gross liabilities	(119)	(99)	(63)	(281)
	<hr/>	<hr/>	<hr/>	<hr/>
	32	9	102	143
	<hr/>	<hr/>	<hr/>	<hr/>

14 Inventories

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Bought in goods for resale	8	20	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The amount of inventories recognised as an expense during the year was £77,929 (2019: £242,420).

Notes (continued)

15 Debtors

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Amounts owed by joint ventures (see note 24)	-	-	102	50
Income tax recoverable	484	392	484	392
Other debtors	797	570	795	570
Prepayments and accrued income	1,830	1,264	1,830	1,264
	<u>3,111</u>	<u>2,226</u>	<u>3,211</u>	<u>2,276</u>

16 Basic Financial Instruments

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Financial assets measured at amortised cost	797	570	897	620
Financial assets measured at fair value	409	1,315	409	1,315
	<u>1,206</u>	<u>1,885</u>	<u>1,306</u>	<u>1,935</u>

Financial liabilities at amortised cost:

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Creditors	419	604	431	631
	<u>419</u>	<u>604</u>	<u>431</u>	<u>631</u>

Notes (continued)

17 Creditors: Amounts falling due within one year

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Amounts owed to subsidiary undertaking (see note 24)	-	-	27	54
Trade creditors	23	167	23	163
Income tax and social security	208	241	208	241
Other creditors and accruals	305	337	290	314
Pension contributions	91	100	91	100
Deferred income	636	212	636	212
	<u>1,263</u>	<u>1,057</u>	<u>1,275</u>	<u>1,084</u>
			Group and Charity £000	
Deferred income				
Balance at 31 March 2019				212
Amount released to income				(212)
Amount deferred in the period				636
				<u>636</u>
Balance at 28 March 2020				<u>636</u>

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

18 Provision for liabilities

	Group		Charity	
	2020 £000	2019 £000	2020 £000	2019 £000
Dilapidations (see below)	299	130	299	130
	<u>299</u>	<u>130</u>	<u>299</u>	<u>130</u>

The movement in the dilapidations provision in the year was:

	2020 £000	2019 £000
At beginning of year	130	0
Additions in the current year	169	130
At end of year	<u>299</u>	<u>130</u>

The dilapidations provision is a 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 28 March 2020, group funds are analysed as follows:

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

Notes (continued)

19 Fund balances (continued)

At 31 March 2019, group funds are analysed as follows:

	At 1 April 2018 £000	Income £000	Revenue expenditure £000	Gains/ (losses) and transfers £000	At 30 March 2019 £000
Unrestricted income	13,536	11,983	(14,578)	218	11,159
Restricted income funds:					
Acorns Worcester	5	771	(776)	-	-
Worcester Children's Hospice Grant		377	(377)	-	-
Acorns Walsall	7	190	(197)	-	-
Walsall Children's Hospice Grant	-	377	(377)	-	-
Acorns Selly Oak	-	556	(556)	-	-
Selly Oak Children's Hospice Grant	-	377	(377)	-	-
Other projects	34	162	(162)	-	34
Total	46	2,810	(2,822)	-	34
Restricted capital funds:					
Acorns Walsall	61	15	-	(76)	-
Acorns Worcester	2,156	7	-	(9)	2,154
Acorns Selly Oak	39	82	-	(57)	64
Acorns Shops	5	-	-	-	5
	2,261	104	-	(142)	2,223
Total	15,843	14,897	(17,400)	76	13,416

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.

Notes (continued)

19 Fund balances (continued)

Worcester Children's Hospice Grant - this was a Department of Health grant awarded to assist with the running costs of 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 is a Department of Health grant awarded to assist with the running costs of 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 is a Department of Health grant awarded to assist with the running costs of the Selly Oak hospice.

Other projects

This fund relates to small amounts received in the 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

Donated land is no longer restricted following the passing of the donor.

Acorns Selly Oak

Funds were received that were specifically restricted for capital projects at Selly Oak.

Acorns Shops

Funds were received that were specifically restricted for a capital project at the Moseley shop.

Fund transfers

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

20 Analysis of group net assets

At 28 March 2020				2020	2019
	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	Total £000	Total £000
Tangible fixed assets	9,026	-	162	9,188	9,505
Intangible fixed assets	217	-	-	217	274
Fixed asset investments	552	-	-	552	1,407
Net current assets	5,708	66	-	5,774	2,360
Provisions	(299)	-	-	(299)	(130)
Total net assets	15,204	66	162	15,432	13,416

Notes (continued)

20 Analysis of group net assets (continued)

				2019	2018
At 31 March 2019	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	Total £000	Total £000
Tangible fixed assets	7,282	-	2,223	9,505	9,581
Intangible fixed assets	274	-	-	274	258
Fixed asset investments	1,407	-	-	1,407	1,929
Net current assets	2,326	34	-	2,360	4,075
Creditors greater than one year	(130)	-	-	(130)	-
Total net assets	11,159	34	2,223	13,416	15,843

21 Analysis of charity net assets

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

				2019	2018
At 31 March 2019	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	Total £000	Total £000
Tangible fixed assets	7,282	-	2,223	9,505	9,581
Intangible fixed assets	274	-	-	274	258
Fixed asset investments	1,315	-	-	1,315	1,833
Net current assets	2,288	34	-	2,322	4,136
Creditors greater than one year	(130)	-	-	(130)	-
Total net assets	11,029	34	2,223	13,286	15,808

Notes (continued)

22 Financial commitments

At 28 March 2020, the group and charity had total future commitments under non-cancellable operating leases, as set out below:

	2020		2019	
	Land and buildings £000	Plant and machinery £000	Land and buildings £000	Plant and machinery £000
Group and Charity				
Amounts payable:				
Not later than one year	995	26	952	34
Later than one year and not later than five years	2,025	8	2,437	33
Later than five years	119	3	241	4
	<u>3,139</u>	<u>37</u>	<u>3,630</u>	<u>71</u>

23 Pension costs

The group contributes, as part of an employee's contract of employment, amounts which are payable to defined contribution schemes or to an NHS defined benefit scheme where appropriate. During the period, employee and employer contributions totalled £717,000 (2019: £787,000). At 28 March 2020, the group owed employee and employer contributions of £91,000 (2019: £100,000). 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 year were 14.3% of pensionable pay plus 0.08% for an administration levy taking the total employer contribution to 14.38%. Following the most recent valuation (as at 31 March 2016) the employer contribution rates will increase to 20.6% of pensionable pay over an implementation period of 1 April 2019 to 31 March 2023, although they currently remain at 14.38%. At 31 March 2016, the notional value of the scheme assets was £278.1bn and the assessment of the liabilities of the scheme was £297.5bn. The most recent valuation can be viewed at the following.

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

24 Related party transactions

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

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

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

Notes *(continued)*

24 Related party transactions *(continued)*

Transactions in the period:

	Charity	
	2020 £000	2019 £000
TLC Lotteries Limited		
Balance Brought forward	59	59
Share of profits	122	138
Administration expenses recharge	14	13
Gift aid received	(119)	(138)
Repayment of administration expenses	(14)	(13)
	<u>62</u>	<u>59</u>
Worcester Hospices Lottery		
Balance Brought forward	(5)	6
Share of profits	108	94
Gift aid received	(100)	(105)
	<u>3</u>	<u>(5)</u>
Childlife		
Balance brought forward	(2)	(9)
Share of profits	102	57
Gift aid received	(63)	(50)
	<u>37</u>	<u>(2)</u>
Totals		
Balance brought forward	52	56
Share of profits	332	289
Administration expenses recharge	14	13
Gift aid received	(282)	(293)
Repayment of administration expenses	(14)	(13)
Amounts owing from joint ventures	<u>102</u>	<u>52</u>

Notes (continued)

24 Related party transactions (continued)

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

	2020	2019
	£000	£000
Amount owed to subsidiary undertaking	(27)	(54)
Gift aid due from subsidiary undertaking	-	-
Transactions during the period		
Gift aid commission to subsidiary	(30)	(25)
Gift aid distributions received from subsidiary	94	148

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

	2020	2019
	£	£
Amounts invoiced to TLC Lotteries Limited in respect of rent of office space	14,112	11,890
Balance due from TLC Lotteries Limited at end of year	-	-

25 Contingent assets – legacy income

As at 28 March 2020 (30 March 2019) the charity had been notified of a number of residuary legacies, the value of which is uncertain. As at 4 September 2020 no further information had been received that would enable an accurate valuation (1 August 2019: £Nil). As a result, these legacies have not been accrued for within the 28 March 2020 financial statements (30 March 2019: £Nil).

26 Impact and mitigation of COVID-19 since year end

The charity world has suffered total disruption since March 2020 and the outbreak of Covid-19. However, Acorns has received substantial support from NHS England, in addition the retail operations were immediately assisted with the Retail Hospitality and Leisure grants scheme, full business rate relief, and by being able to access the Government's Job Retention Scheme. The Government's various financial support packages have been highly successful in mitigating the overall impact of COVID-19 on the charity, hence there has been no need since the start of the crisis for Acorns to take hasty decisions on the long-term shape of the charity.

As a result of the government support packages Acorns has been able to pay all liabilities as they have fallen due, including rent and statutory payments, during the post balance sheet period. Consequently, repayment plans that defer liquidity problems have been avoided, as well as potential costly litigation regarding the recovery of debt.

Since our first shops re-opened in mid-June, our focus has been on the results of our and other charity retailers' return to trading and a planned series of approaches to landlords for rent reductions before re-opening more shops. Neither we nor any charity retailer at this stage would want to rule out the possibility of some stores being much later to re-open, or even not re-opening at all, but we are not expecting to make any such decisions until later in the year.

The COVID-19 pandemic inevitably had an impact on the care services we provided up to the date these accounts were signed. Families understandably took Government advice to shield their extremely clinically vulnerable children at home

and cancelled planned short-break respite stays at our hospices to reduce the risk of infection for themselves and for others. Our emergency plan pre-empted this.

At the start of the crisis, before the construction of the Nightingale hospital in Birmingham was completed, we offered our Birmingham hospice building and beds to the NHS in case they needed more intensive care beds. Happily, this was not needed. Our offer has therefore now been withdrawn, and our hospice in Birmingham has re-opened for some day services, as well as family support.

We focused our in-hospice services on caring for children who needed end of life care, or whose family was in crisis, or who had nowhere else to live. We provided these services from our Walsall and Worcester hospices. At the date these accounts were signed, occupancy at these two hospices had reached levels close to the overall average achieved in 2019-20.

We temporarily suspended our planned short-break service and increased our support to families in their homes using virtual means wherever possible. Since the reporting period ended, the number of outreach contacts was 270 per cent higher than the same period last year and the number of family team activities was 200 per cent higher.