



Your local children's hospice

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

Report and Financial Statements

For the financial year

2 April 2017 to 31 March 2018

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

Acorns provides high quality care services to an increasing number of life-limited and life-threatened babies, children, young people and their families. The demand for our help continues to grow and our children's health care needs get ever more complex.

It is my great pleasure to introduce the Annual Report and Financial Statements for Acorns Children's Hospice Trust, my first since becoming Chairman in November 2017. I would like to say a special thank you to my predecessor David Butcher for his exemplary dedication and achievements as Chairman over the past seven years.

2018 is a very special year for Acorns as we celebrate the 30th anniversary of our first hospice in Birmingham being opened by the late Diana, Princess of Wales. Thanks to the twin constants of the professionalism of our staff and the generosity of our volunteers and supporters, Acorns has grown over the past three decades to become the UK's largest children's hospice charity, as measured both by the number of children we support and our annual charitable expenditure.

I am therefore proud to be able to report on a year where Acorns has again provided quality care for more than 870 children and over 1,140 families across the West Midlands region from our three hospices in Birmingham, Walsall and Worcester. The feedback on our services from the children and families that use them, and from our partners, remains very positive.

We continue to develop highly strategic and cost-effective partnerships with NHS England, local Clinical Commissioning Groups, Birmingham Women's & Children's Hospital, and other statutory care providers. Strong collaboration between charities and the statutory sector is more important than ever given the well-publicised and very real resource constraints on public expenditure over recent years, which we expect to continue.

Financially, it has been a positive year for the charity. Strong financial management and exceptional legacies income allowed us to increase reserves to our target in line with Charity Commission advice and to repay a bank loan early.

At the same time, in the community, we continue to see growing need for our services at Acorns. The past year has seen increased demand for many of our core services delivered both in our hospices and in the homes of our children and their families. On the fundraising side, the past year has seen new legislative and regulatory requirements placed on all charities, specifically data protection and fundraising. There have also been well-publicised incidents that threaten to undermine public trust in UK charities, and growing risks in areas like cyber security that need to be taken seriously.

The challenge for us at Acorns is how to plan to meet some of the unmet need in the future, while maintaining the quality of the care we provide. We must each year raise large amounts of money for our care work and ensure the overall financial stability of the charity, while meeting new data protection requirements. We must embrace the opportunities and face the challenges associated with the digital age. We must keep our network of over 50 charity shops profitable and welcoming, in a fast-changing and often tricky high street environment. Above all, as such a well-known and well-loved local charity enjoying such high levels of volunteering and financial support, Acorns must preserve our excellent reputation in the community at a time when trust in charities at a national level is likely to be declining.

I am confident Acorns will meet all those challenges. How we plan to do so is set out in our new Making Every Day Count strategic plan for 2018-2021, which you can download from our website. We have set

five ambitious goals for our new strategy that we hope to achieve, with your support, over the next three years. Success will enable us to continue to provide high-quality, specialised care and support for the children and families that need us, while maintaining the financial stability that is crucial to safeguard our services long into the future.

We launched our 30th Anniversary celebrations in February by saying thank you to everyone who had supported us along the way. I repeat those thanks here to our supporters, as well as to our staff, volunteers and my fellow Trustees for everything you have done for Acorns over the past year. The history of Acorns is above all a story of a compassionate and generous community, each year digging deep to support our staff and volunteers in their endeavour to make every day count for children and their families, ensuring they get the care and support they need.



Mark Hopton

Chairman of Acorns' Board of Trustees

1 August 2018

About Acorns Children's Hospice

Our charitable purpose

We care for babies, children and young people 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 from 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 child's life-limiting or life-threatening condition. 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 have a life-limiting or life-threatening illness in one of the four categories defined as follows by Together for Short Lives:

- 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;
- outreach services (care and support provided in people's homes); and,
- hospice at home, a specially commissioned service.

Our three hospices are purpose built, bungalow-style buildings, 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.

Where we work

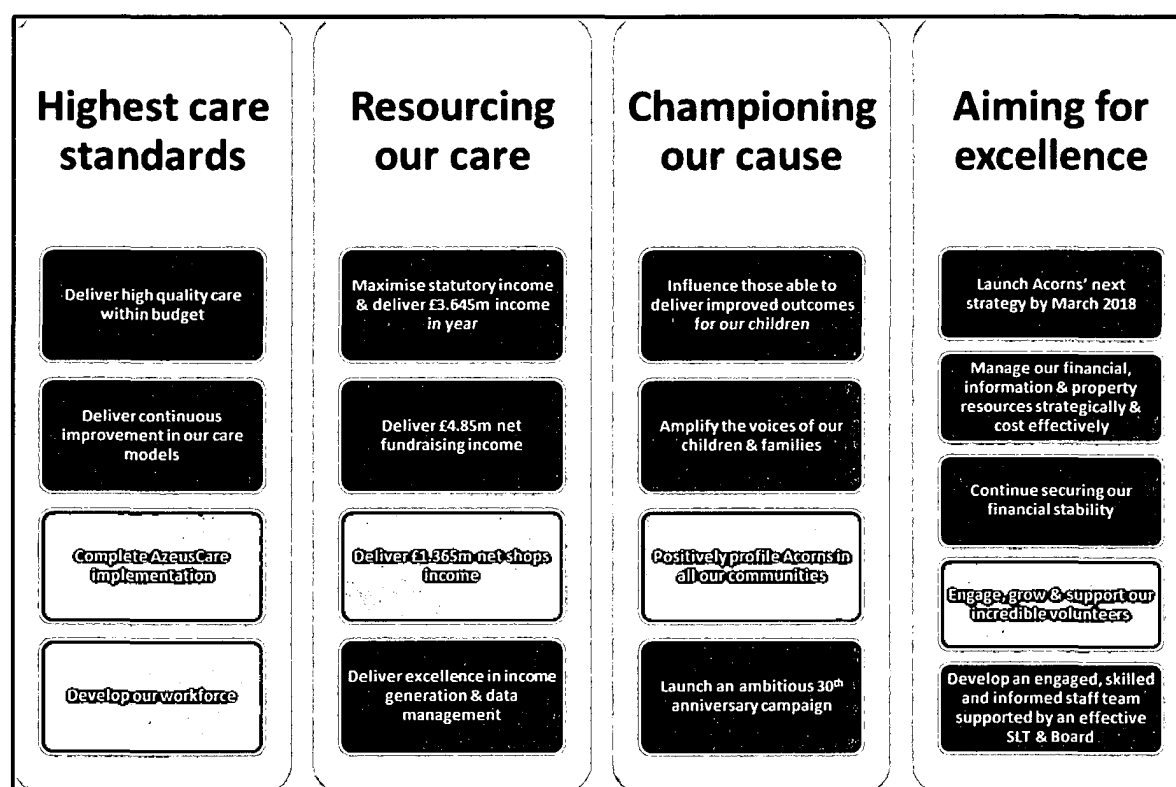
Since we opened in 1988, we have grown to become the UK's largest children's hospice charity. We provide vital care for more than 870 children and over 1,140 families including those who are bereaved, in Birmingham, Gloucestershire, Herefordshire, Shropshire, Staffordshire, Warwickshire and Worcestershire.

STRATEGIC REPORT

Achievements and performance

Our dedicated staff, supporters and volunteers were key to the successful delivery of our plans for the year.

This was the last year of our current five-year strategy entitled '*Realising the Vision*'. The Board of Trustees approved an operational plan that co-ordinated all our activities in support of the four strategic goals set out in the strategy. We agreed 17 objectives for 2017-18 with the Chief Executive and Directors and held them to account for their progress throughout the year. We received quarterly monitoring reports from the Directors' team that summarised progress using a red, amber, green 'traffic light' system. The following chart summarises performance for the year in respect of our four goals.



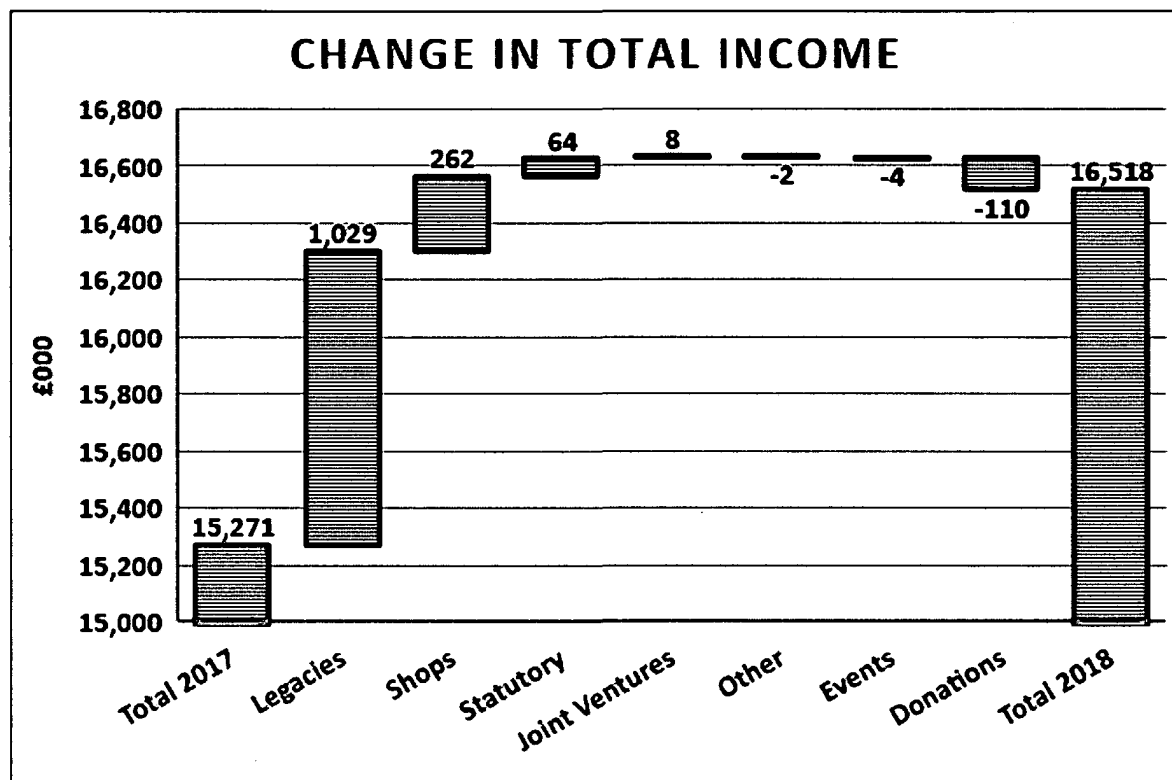
We delivered 12 of our objectives for the year in full and very narrowly missed achieving five. Those we did not achieve in full form part of next year's implementation plan for our new, three-year strategy entitled '*Making Every Day Count*'. The overall result for the year was continued delivery of high quality care services to over 870 children and more than 1,140 families and a strengthened financial position.

Financial performance

The generosity of our supporters enabled us to increase reserves of cash and investments by almost £700,000 during the year providing a firm foundation for the launch of our new strategy.

Total Income

Total income for the year was £16.518 million (2016-17: £15.271 million). The increase of £1.247 million was almost entirely due to an exceptional year for legacies income as the following chart shows.

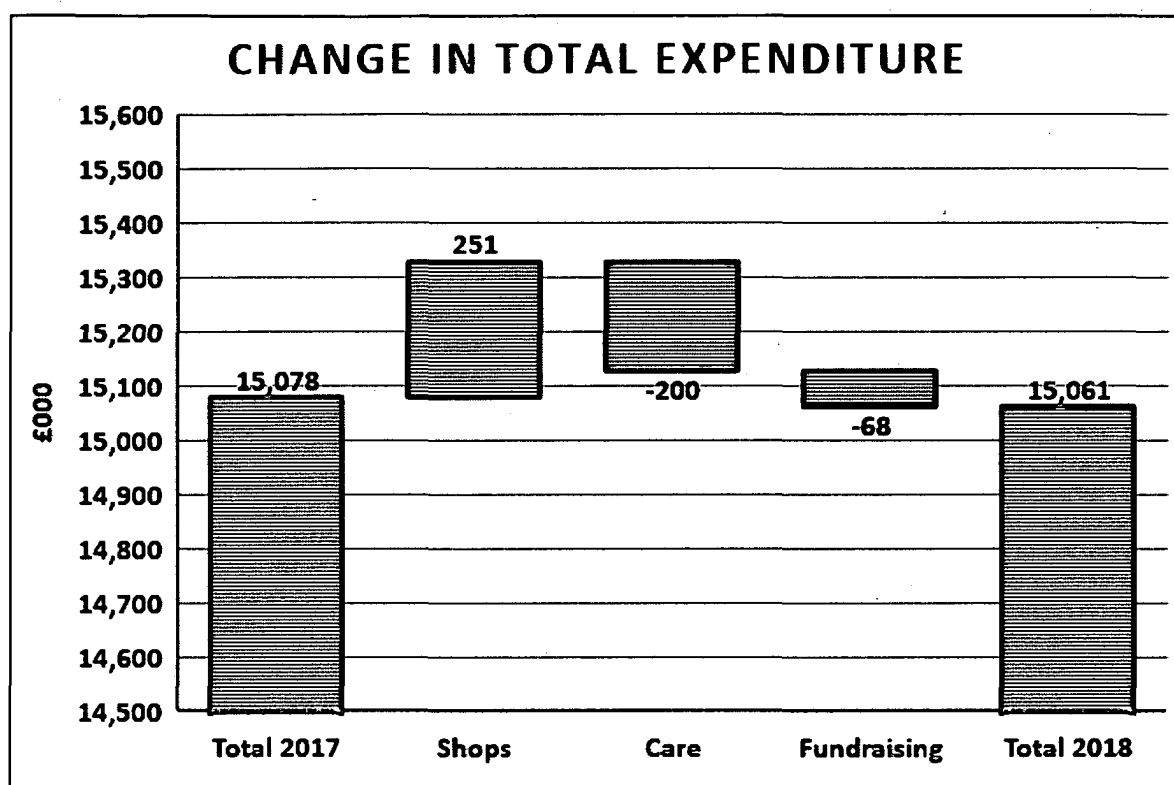


We are very grateful to all those who supported our work by leaving a bequest to the charity. Legacies are a source of income that by nature varies considerably one year to the next. We used this year's exceptional legacies income to strengthen our reserves position to target levels and to repay a bank loan early thus protecting our plans for sustainable investment in care services. Staff shortages and a stiff competition for charitable giving, particularly in the community sector, led to the slight reduction in donations income of £110,000 highlighted by the above chart.

Our income from donations, legacies and events amounted to £6.931 million for the year (2016-17: £6.016 million). We spent £1.208 million on fundraising and events to generate this income (2016-17: £1.276 million). For every £1 spent, we generated £5.74 of income (2016-17: £4.71). The main reason for the improved rate of return is the increase in legacies income.

Total Expenditure

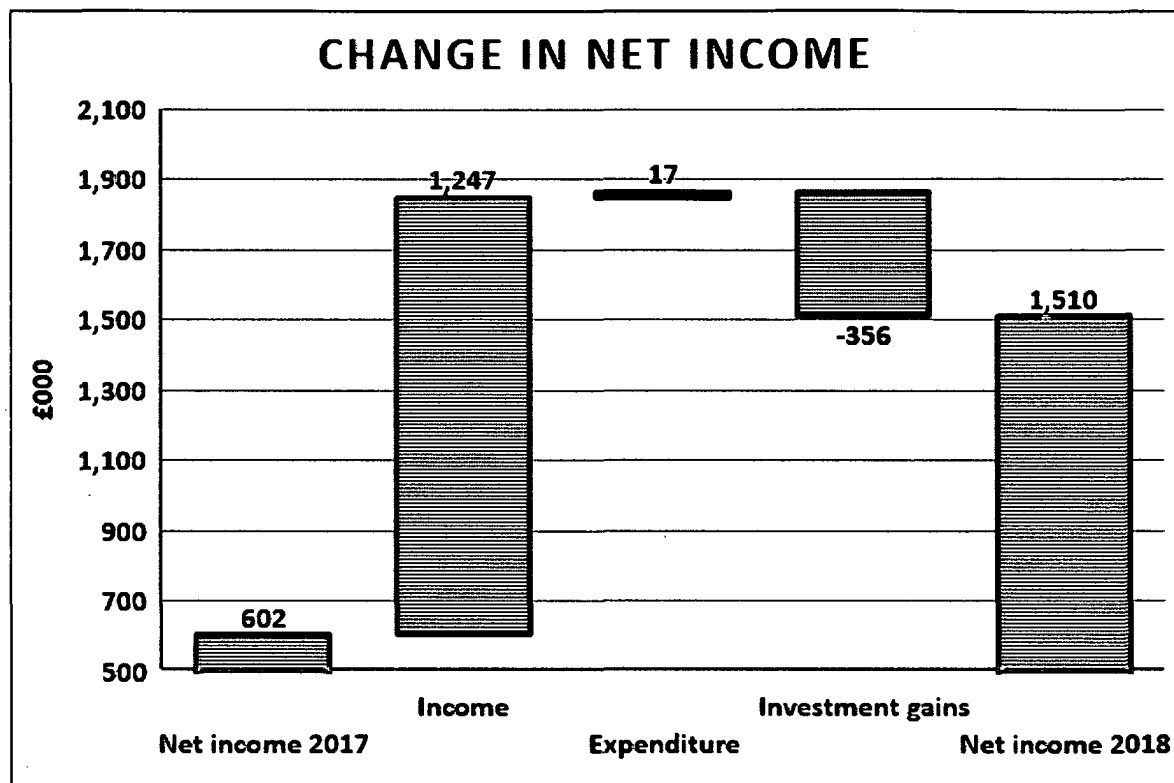
Expenditure for the year totalled £15.061 million and was £17,000 lower than last year (2016-17: £15.078 million). The following chart shows how this year's expenditure compared to the previous year.



The increase in shops expenditure reflected our long-term investment plans and was offset by increased income. Staff shortages meant we spent less on our charitable care services. We increased recruitment activity towards the end of the year to address this issue. Due to the commitment and professionalism of our Care staff and volunteers we nevertheless supported 871 children (2016-17: 876) and 1,141 families including those bereaved during the year (2016-17: 1,097). The decrease in fundraising expenditure highlighted by the above chart partially offset the reduction in our donations income. We maintained our track record for targeting spending on care services. Setting shop running costs to one side, we spent 89 pence in every £1 on care services (2016-17: 89 pence).

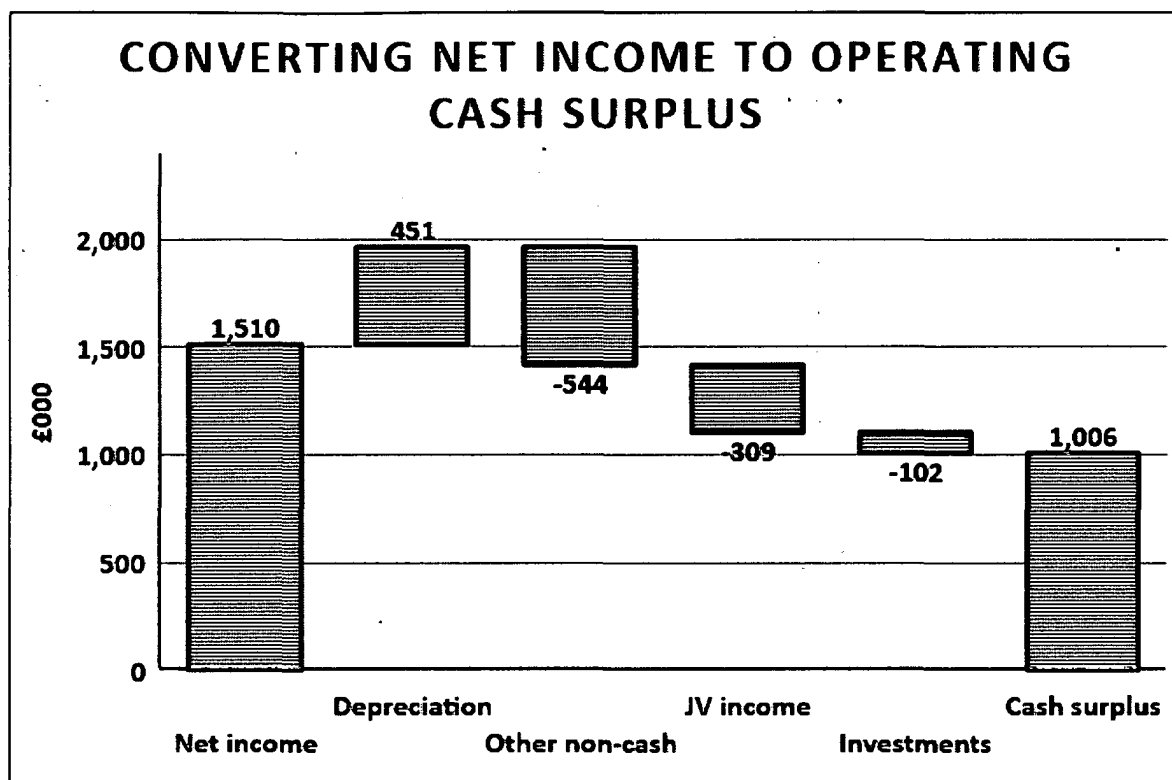
Net Income

Net income for the year was £1.510 million, an increase of £908,000 on last year (2017: net income £602,000). The following chart shows that the main reason for the increase in net income was higher levels of income, mainly legacies income. Total expenditure was slightly lower than last year. Net gains on investments of £53,000 were £356,000 lower than the £409,000 achieved last year due to stock market conditions.



Cash Generated by Operating Activities

Net income includes the accounting adjustments to the movements in cash at bank and on deposit needed to comply with the relevant financial reporting standards for charities. We achieved an operating cash surplus due to exceptional legacies income using the excess to increase reserves to target level at year-end and to repay a bank loan early thus protecting services for beneficiaries for the long-term. The following chart shows an underlying cash surplus for the year from ordinary operating activities of £1.006 million (2017: £159,000 deficit). The chart reflects the increase/decrease in creditors, debtors and stocks as other non-cash items.



Total Funds Carried Forward

After allowing for gains and losses on our investments and fund transfers, our total funds carried forward increased by £1.510 million (2016-17: £0.602 million increase). As a result, total funds carried forward at the end of the year stood at £15.843 million (2016-17: £14.333million).

Our income is made up of restricted income that we must use for the purpose specified by the donor and unrestricted income which we can use for general purposes in support of our charitable objectives.

Total funds carried forward at the end of the year included £2.307 million of restricted funds (2016-17: £2.407 million). Unrestricted funds as at the end of the year amounted to £13.536 million (2016-17: £11.926 million), most of which is represented by unrestricted tangible assets including the freehold over our three hospices.

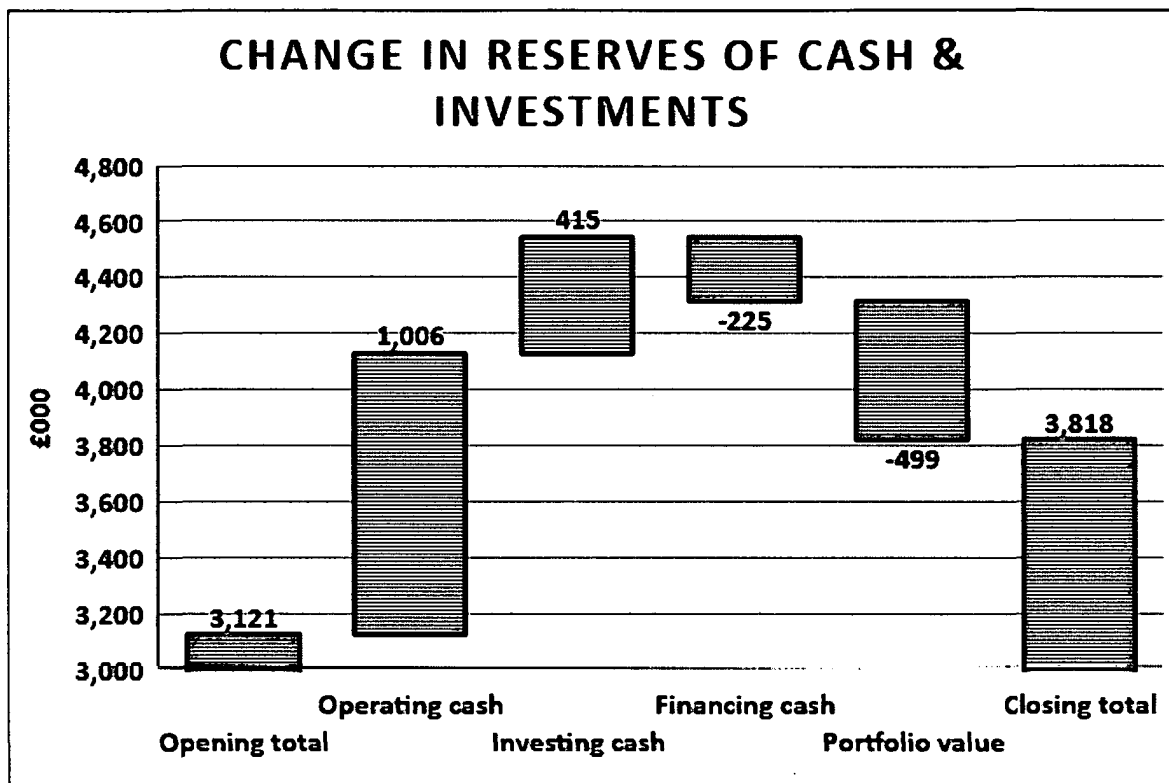
Reserves policy and financial risks

We hold reserves of cash and investments to provide cover for unexpected changes in our income and spending. This allows us to continue key activities whilst we adjust to changes in income or spending, to implement new strategic priorities or to invest in new opportunities that help us achieve our goals.

Our year-end target for reserves of cash and investments was £3.8 million based on a review of the financial risks associated with our income and expenditure plans for the year. The target was consistent with Charity Commission advice to hold a prudent but not excessive level of readily available cash reserves.

An exceptional year for legacies income enabled us to boost our reserves of cash and investments and to repay a bank loan early providing a solid financial foundation for the launch of our new strategy. Our reserves of cash and investments grew by almost £700,000 to £3.818 million (2016-17: £3.121 million). The following chart outlines the movement in total reserves of cash and the value of our investment

portfolio. We switched investments to cash during the year to cover operational cash flow needs due to later than anticipated receipt of our NHS England Children's Hospice Grant.



Looking to future financial risks, significant uncertainty over the UK's future economic prospects including the impact of departing the European Union continues. Constraint in public spending continues. Social attitudes towards charities have and will continue to change as governance and management weaknesses are exposed. 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 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. We take a long-term view on our investments, aiming to ensure they maintain their capital value in real terms. Acorns' investment manager for 2017-18 was Smith & Williamson. We moved our investment fund to Barclays Wealth Management in April 2018. We will use the Barclays Charity Fund for longer-term investments and a low risk GBP income fund.

We grant our investment manager the power to invest our funds at their discretion within the parameters agreed with them regarding asset allocation in pursuit of agreed targets. Our ethical investment statement excludes investment in tobacco manufacturing companies or any company whose objectives may directly conflict with ours. The investment manager uses services provided by Ethical Investment Research and Information Services (EIRIS) to produce ethical investment screening reports.

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

% Performance Return	1 Year	3 Years	5 Years	Since Inception
Fund	4.26	6.84	7.66	10.01
Benchmark	2.00	6.44	7.26	9.73
FTSE All Share	1.25	5.86	6.58	10.51
<i>Source: Smith & Williamson report dated 31 March 2018.</i>				

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 include:

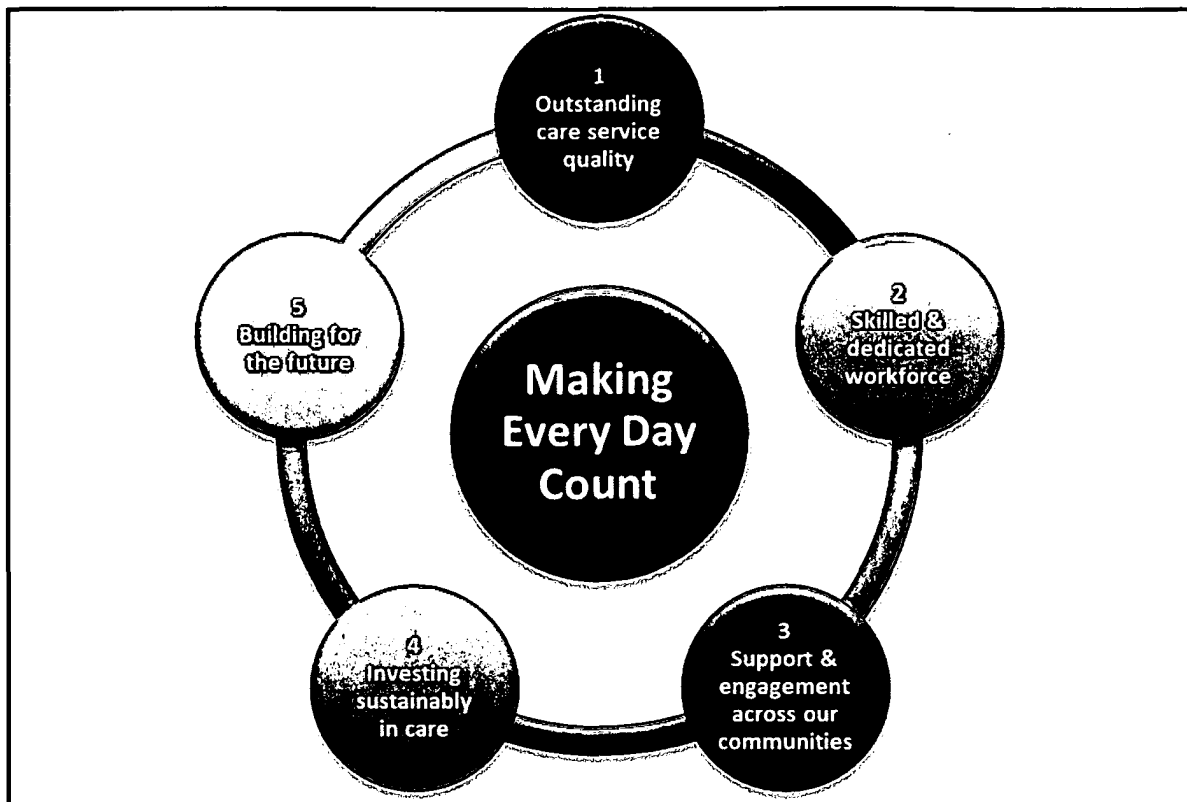
- the total number of children and young people cared for in the previous twelve months;
- the total number of current and bereaved families supported in the previous twelve months;
- delivery of fundraising, statutory and net retail income budgets; and,
- staff turnover and sickness absence.

Going concern

We have outlined our financial performance for the year and our closing cash and investments position in this section of our annual report. We have adequate financial resources to manage our financial and operational risks. Our planning processes, including financial planning, reflect the current economic climate and its potential impact on our various sources of income and planned expenditure. We have a reasonable expectation that our resources are adequate for us to continue in operational existence for the foreseeable future. We have therefore prepared our accounts on the basis that Acorns is a going concern as we believe there are no material uncertainties that call into doubt Acorns' ability to continue in operation.

Our plans

We launched our new, three-year strategy in April 2018. It's called Making Every Day Count and it places the child at the heart of everything we do. We have set five strategic goals for the next three years as shown below. Our goals focus on what we want to achieve for children and families and what we will need to do as a charity to be able to afford the care they need.



We plan to diversify and strengthen our fundraising and retail operations over the next three years, increasing income by 15 per cent. This will allow us to invest more in our care services each year to meet some of the unmet need we have identified.

The high-level measures of success for our Making Every Day Count strategy are 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 have approved an implementation plan for next year that sets out our priorities in support of the five new strategic goals. The plan also includes a detailed set of performance indicators for the year. We will hold the Chief Executive and Directors to account for delivering the plan through our well-established performance monitoring arrangements (page 13 refers).

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:

To 3 June 2018 Co-operative Bank PLC, 118 Colmore Row, Birmingham, B3 3BA.
From 4 June 2018 Barclays Bank PLC, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GN.

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

Investment Managers:

To 31 March 2018 Smith & Williamson, 3rd Floor, 9 Colmore Row, Birmingham, B3 2BJ.
From 1 April 2018 Barclays Wealth Management, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GN.

Our Key People

Trustees

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

Name	Changes in year
M T Hopton (Chairman)	Chairman from 16 November 2017
R D Judges (Vice Chairman)	-
J McCarthy (Treasurer)	Treasurer to 31 January 2018
A David (Treasurer)	Appointed 26 July 2017, Treasurer from 1 February 2018
Professor T Barrett	-
D Butcher	Chairman to 15 November 2017
V Cooper	-
P Dison	-
J Eminson	Appointed 31 January 2018
R Foster	Retired 26 July 2017
A Hitchman	Retired 26 July 2017
A Kennaugh	-
R Leonhardt	-
G Muth	-
P Riley	-
Dr. Sarindar Singh Sahota OBE	-
C Sallnow	-
N Tailor	-
D Watts	-
D Widdas	-

Key managers

Membership of the Directors' Team did not change during the year and was as follows:

Name	Role
T Porter	Chief Executive
L Arnold	Director of Supporter Engagement
E Aspinall	Director of Care
S Rees	Finance Director & Company Secretary
J Thomas	Director of Human Resources

Structure, Governance and Management

Acorns Children's Hospice Trust

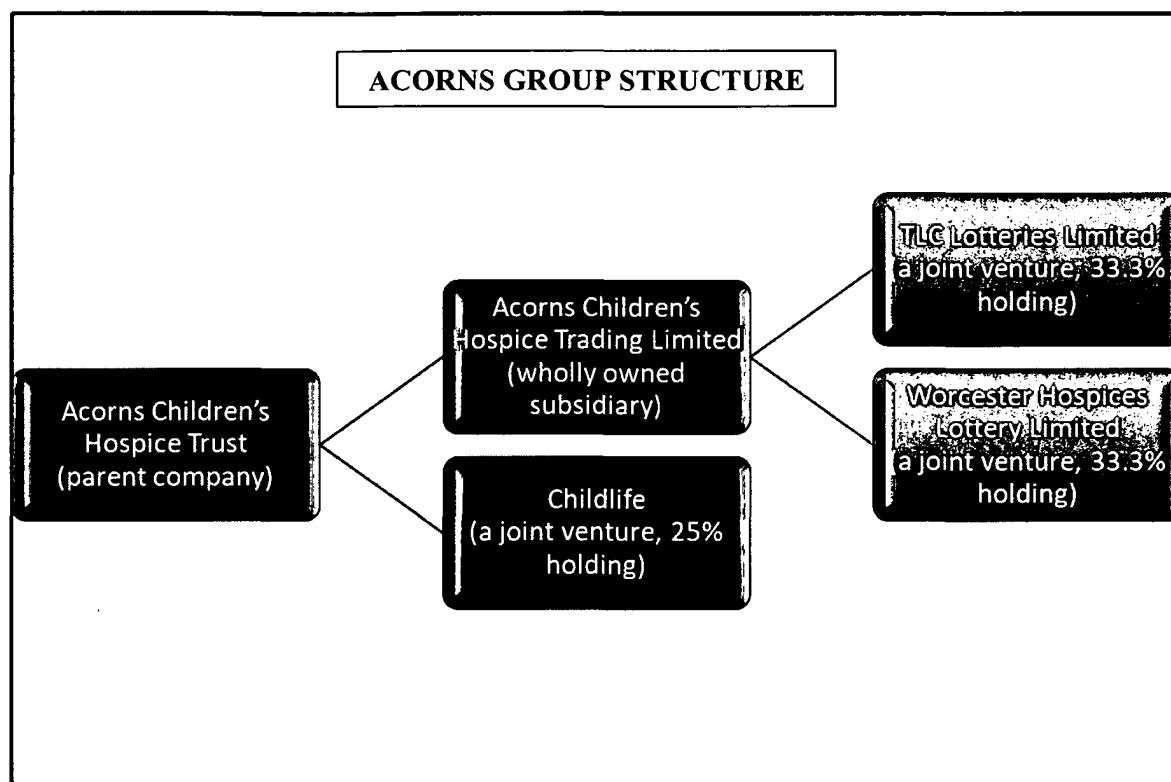
Acorns was incorporated on 10 July 1986 as a company limited by guarantee. It is a registered charity. The appointed directors of the company (our Trustees) also fulfil the role of company owners (our Members) during their tenure as a Trustee. Our Members are not shareholders because the Trust is a company 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 4 November 2015) 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 39). 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 four Directors, other staff and volunteers. The Board also supports the Chief Executive with advice and guidance on an on-going basis.

The Board has a Trustee Recruitment & Retention Policy to ensure it has the diverse range of skills, experience and knowledge needed to run the charity effectively and that Trustees receive the induction and training they need to discharge their duties. The Chairman oversees the Trustee recruitment process. 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 Director 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.

As at 31 March 2018, Acorns had 18 Trustees who together have the broad range of skills and expertise needed to govern the charity effectively. Some of our Trustees also have personal experience of the impact of having a child with palliative care needs. Two trustees retired during the year with the Board's grateful thanks for their service.

Alastair David was appointed as a Trustee on 26 July 2017 and became Treasurer on 1 February 2018. He is a Qualified Chartered Accountant having worked as a Finance Director in the manufacturing sector. Alastair retired in 2016 and joined Acorns so he could use his skills to help others in his local community that were less fortunate than himself.

Jane Eminson was appointed as a Trustee on 31 January 2018. Jane has many years' experience as a senior NHS manager. She set up the West Midlands Quality Review Service which develops standards and monitors the quality of health services. Jane spent much of her working life before retiring from the NHS improving the quality of care for children, including those needing palliative care. She plans to continue this work as an Acorns Trustee.

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 below.

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 activities.
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, 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.

Disabled Persons

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;
- proportionate to the complexity of each role; and,
- consistent with the need to make best use of supporters' donations.

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 or staff or volunteers. Details of our salary and pension costs can be found in note 7 to the financial statements (page 42 refers). Information regarding the number of employees with salaries over £60,000 is available in note 8 to the financial statements (page 43 refers). 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 the over 1,630 dedicated and skilled volunteers who regularly give their time and talents and do so much to help look after an increasing number of children and families.

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

Our Supporters

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;
- 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 other than to Acorns two joint venture lotteries or its wholly owned trading subsidiary and will then only do so with the express permission of each supporter;
- maintaining clear governance and management controls for the legal, safe and transparent raising of funds from a diverse range of sources;

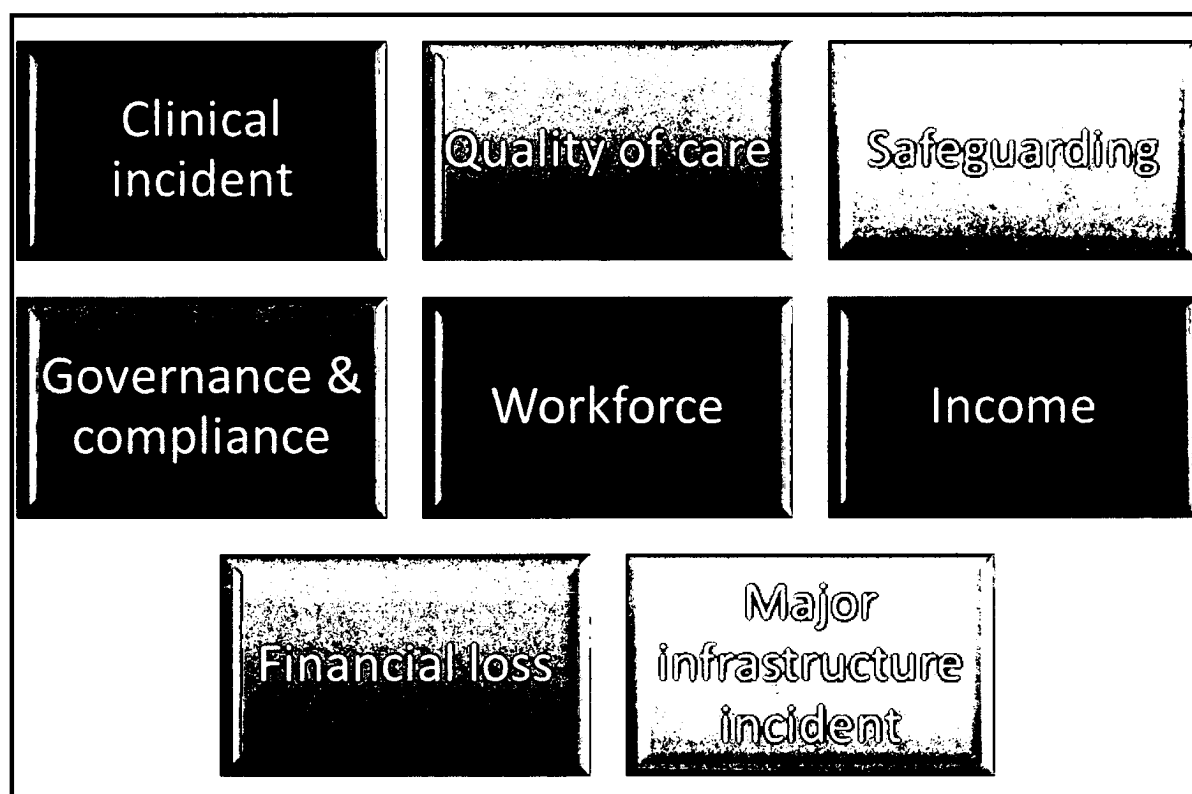
- providing policies and guidance for working with supporters who are in vulnerable circumstances;
- having clear rules for when donations may be returned to donors;
- seeking to engage with a diverse community of supporters; and,
- preparing a report for Fundraising & Marketing Assurance Committee meetings on fundraising activity, including an annual summary of complaints and action taken to address them. A total of 3 complaints were received during the year (2017: 8).

Our long-term financial projections for fundraising income are underpinned by clear plans for each area of activity thus ensuring the affordability of future spending plans. We formally assess our income risks in accordance with our risk management strategy and have designed our reserves policy to ensure sufficient liquidity in the event those risks materialise.

Strategic Risk Management

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. Eight strategic risk families were identified following their last review conducted as alongside the development of our new strategy and implementation plan. The following chart outlines our eight strategic risk families.



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 will be reviewing the risk register quarterly and updating the Board of Trustees using a dashboard report accordingly. The Board's assurance committees will conduct a 'deep dive' review of the strategic risk register annually. The Chairs Committee will consider the results of that review making its recommendations to the full Board. The annual review process conducted by Trustees is timed to support our annual planning cycle.

The major risks – those where post-mitigation risk score exceeds the Board's stated risk tolerance level or risk has increased since last review - are summarised in the following tables:

Strategic Risk Family	Mitigations
Quality of care – maintaining our reputation for outstanding care quality.	<ul style="list-style-type: none"> • Regular reviews of the Azeus project plan, risk register and benefits log. • Service users involved in Holistic Needs Assessment and outcome reviews. • Service user feedback and involvement mechanisms. • Care policies and procedures including Duty of Candour. • Staff empowered and supported to raise concerns immediately. • Robust care governance arrangements.
Safeguarding - protecting every person we have contact with from harm, regardless of their age, gender, religion or ethnicity.	<ul style="list-style-type: none"> • Staff training in line with government standards. • Accessing training provided by local Children's Safeguarding Boards. • Membership of the Child Death Overview Panel (Worcester). • Safeguarding policies.
Workforce (staff and volunteers) – valuing the contribution our dedicated and skilled workforce makes and pursuing best practice in all our human resource, wellbeing, learning and development policies to recruit and retain the best people.	<ul style="list-style-type: none"> • Recruiting paid staff and volunteers efficiently and effectively. • Providing competitive terms and conditions for paid staff. • Promoting a safe and positive culture. • Providing effective learning and development programmes. • Supporting placements for student nurses on degree courses. • Recruiting and retaining an effective bank of care staff. • Delivering continuous improvement in volunteer management.

Strategic Risk Family	Mitigations
<p>Major infrastructure incident - any unplanned event that interrupts or has the potential to interrupt the provision of essential services. Examples include power outages, a cyber-attack or loss of access to all or part of a facility.</p>	<ul style="list-style-type: none"> • Incident and near miss reporting processes. • Appropriate investment in IT security measures (anti-virus, encryption etc.) overseen by the Digital Steering Group including increased budget provision given heightened cyber risks. • Plans for anti-virus, encryption, application systems updates in place. • Digital training for staff and volunteers. • IT Disaster Recovery Plan. • Directorate Business Continuity Plans.

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

1 August 2018

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 31 March 2018 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 31 March 2018 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 and the incorporated Strategic Report prepared for the purpose 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 incorporated Strategic 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 and the incorporated Strategic 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 24, 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

28/8/2018

Consolidated statement of financial activities

2 April 2017 to 31 March 2018

	<i>Note</i>	Unrestricted Funds	Unrestricted Funds - Shops	Restricted Funds	Total Funds 2018
		£000	£000	£000	£000
Income from					
Donations and legacies					
Donations		2,053	-	1,169	3,222
Legacies		3,356	-	125	3,481
Charitable activities					
NHS England Children's Hospice Grant		-	-	1,131	1,131
Contract income		2,849	-	-	2,849
Training income		6	-	-	6
Other trading activities					
Sale of donated and bought-in goods		-	5,199	-	5,199
Events		228	-	-	228
Investments					
Dividends		49	-	-	49
Interest	5	-	-	-	-
Share of JVs' net profit	13	309	-	-	309
Other income		44	-	-	44
Total income		8,894	5,199	2,425	16,518
Expenditure on					
Raising funds					
Fundraising	4	1,095	-	-	1,095
Trading costs		-	4,120	-	4,120
Events costs	4	113	-	-	113
Charitable activities					
Residential care services	4	4,708	-	2,253	6,961
Community care services	4	2,702	-	70	2,772
Total expenditure		8,618	4,120	2,323	15,061
		276	1,079	102	1,457
Net gains on investments	12	53	-	-	53
Net income	9	329	1,079	102	1,510
Gross transfers between funds		1,281	(1,079)	(202)	-
Net movement in funds		1,610	-	(100)	1,510
Reconciliation of funds					
Total funds brought forward		11,926	-	2,407	14,333
Total funds carried forward	20	13,536	-	2,307	15,843

All of 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 28.

Comparative consolidated statement of financial activities

3 April 2016 to 1 April 2017

	<i>Note</i>	Unrestricted Funds £000	Unrestricted Funds Shops £000	Restricted Funds £000	Total Funds 2017 £000
Income from					
Donations and legacies					
Donations		2,365	-	967	3,332
Legacies		2,412	-	40	2,452
Charitable activities					
NHS England Children's Hospice Grant		-	-	1,131	1,131
Contract income		2,790	-	-	2,790
Training income		1	-	-	1
Other trading activities					
Sale of donated and bought in goods		-	4,937	-	4,937
Events		232	-	-	232
Investments					
Dividends		49	-	-	49
Interest	5	-	-	-	-
Share of JVs' net profit		301	-	-	301
Other income		46	-	-	46
Total income		8,196	4,937	2,138	15,271
Expenditure on					
Raising funds					
Fundraising	4	1,130	-	-	1,130
Trading costs		-	3,869	-	3,869
Events costs	4	146	-	-	146
Charitable activities					
Residential care services	4	5,528	-	1,870	7,398
Community care services	4	2,450	-	85	2,535
Total expenditure		9,254	3,869	1,955	15,078
		(1,058)	1,068	183	193
Net gains on investments		409	-	-	409
Net (expenditure)/ income	9	(649)	1,068	183	602
Gross transfers between funds		1,145	(1,068)	(77)	-
Net movement in funds		496	-	106	602
Reconciliation of funds					
Total funds brought forward		11,430	-	2,301	13,731
Total funds carried forward	20	11,926	-	2,407	14,333

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

Statutory consolidated income and expenditure account

2 April 2017 to 31 March 2018 compared to 3 April 2016 to 1 April 2017

	2018 £000	2017 £000
Income	16,006	14,686
Operating costs	(15,058)	(15,417)
Operating surplus/(deficit)	948	(731)
Share of joint venture profits	309	301
Net gains on investments	53	409
Investment income	49	49
Interest receivable	-	-
Interest payable	(3)	(12)
Surplus on ordinary activities for the period	1,356	16

- The summary income and expenditure account is derived from the Consolidated Statement of Financial Activities on page 27 which, together with the notes to the accounts on pages 34 to 58 provides full information on the movements during the period on all the funds of the group.
- All income and expenditure derives from continuing activities.
- Surplus on ordinary activities shown above differs from the Net Income shown in the Consolidated Statement of Financial Activities (£1,510,000) by excluding restricted capital funds income of £154,000 (note 20) (£1,356,000 plus £154,000).
- Income differs from the Total Income shown in the Consolidated Statement of Financial Activities (£16,518,000) by excluding restricted capital funds income of £154,000 investment income (dividends) of £49,000 and share of joint venture £309,000 (£16,006,000 plus £154,000 plus £49,000 plus £309,000 = £16,518,000).
- Operating costs differ from the total expenditure shown in the Consolidated Statement of Financial Activities (£15,061,000) by excluding interest payable of £3,000 (£15,058,000 plus £3,000 = £15,061,000).

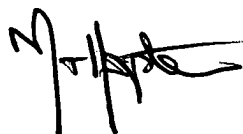
Consolidated statement of financial position

As at 31 March 2018 compared to as at 1 April 2017

Company Registration No. 2036103

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	11	258	219
Tangible assets	10	9,581	9,588
Investments	12	1,833	2,332
Investments in associated companies	13	96	84
		<hr/> 11,768	<hr/> 12,223
Current assets			
Inventories	14	42	7
Debtors	15	3,044	2,446
Cash held on deposit		109	529
Cash at bank and in hand		1,876	260
		<hr/> 5,071	<hr/> 3,242
Creditors: Amounts falling due within one year	17	(996)	(1,007)
		<hr/>	<hr/>
Net current assets		4,075	2,235
		<hr/>	<hr/>
Total assets less current liabilities		15,843	14,458
		<hr/>	<hr/>
Creditors: Amounts falling due after more than one year	18	-	(125)
		<hr/>	<hr/>
Net assets		15,843	14,333
		<hr/>	<hr/>
Fund balances			
Restricted capital funds	20/21	2,209	2,309
Restricted income funds	20/21	98	98
Total restricted funds	20/21	2,307	2,307
Unrestricted funds	20/21	13,536	11,926
		<hr/> 15,843	<hr/> 14,333
		<hr/>	<hr/>

These financial statements were authorised for issue and approved by the Board of Trustees on 1 August 2018 and were signed on its behalf by:



Mark Hopton
Chairman

Charity statement of financial position

As at 31 March 2018 compared to as at 1 April 2017

Company Registration No. 2036103

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	11	258	219
Tangible assets	10	9,581	9,588
Investments	12	1,833	2,332
		<u>11,672</u>	<u>12,139</u>
Current assets			
Debtors	15	3,248	2,590
Cash held on deposit		109	529
Cash at bank and in hand		1,875	201
		<u>5,232</u>	<u>3,320</u>
Creditors: Amounts falling due within one year	17	(1,096)	(1,036)
		<u></u>	<u></u>
Net current assets		4,136	2,284
		<u></u>	<u></u>
Total assets less current liabilities		15,808	14,423
Creditors: Amounts falling due after more than one year	18	-	(125)
		<u></u>	<u></u>
Net assets		15,808	14,298
		<u></u>	<u></u>
Fund balances			
Restricted capital funds	20/22	2,209	2,309
Restricted income funds	20/22	98	98
		2,307	2,407
Unrestricted funds	20/22	13,501	11,891
		<u>15,808</u>	<u>14,298</u>

The net movement in funds for the parent charity was a net increase of funds of £1,510,000 (2017: net increase of funds of £602,000).

These financial statements were authorised for issue and approved by the Board of Trustees on 1 August 2018 and were signed on its behalf by:


Mark Hopton
Chairman

Consolidated statement of cash flows

2 April 2017 to 31 March 2018 compared to 3 April 2016 to 1 April 2017

	2018 £000	2017 £000
Cash flows from operating activities:		
<i>Net cash provided by/ (used in) operating activities</i>	1,006	(159)
Cash flows from investing activities:		
Dividends and interest from investments	49	49
Gift aid receipts from joint ventures	297	319
Purchase of property, plant and equipment	(424)	(337)
Purchase of intangible assets	(59)	(153)
Proceeds from sale of investments	665	735
Purchase of investments	(113)	(419)
<i>Net cash provided by investing activities</i>	415	194
Cash flows from financing activities:		
Repayments of borrowing	(225)	(100)
<i>Net cash (used in) financing activities</i>	(225)	(100)
<i>Change in cash and cash equivalents in the reporting period</i>	1,196	(65)
<i>Cash and cash equivalents at the beginning of the reporting period</i>	789	854
<i>Cash and cash equivalents at the end of the reporting period</i>	1,985	789
Reconciliation of net income to net cash flow from operating activities		
	2018 £000	2017 £000
<i>Net income for the reporting period (as per the Statement of Financial Activities)</i>	1,510	602
Adjustments for:		
Depreciation charges	431	427
Amortisation	20	13
Gains on investments	(53)	(409)
Share of joint venture net profit	(309)	(301)
Dividends and interest from investments	(49)	(49)
Increase in stocks	(35)	(2)
Increase in debtors	(598)	(679)
Increase in creditors	89	239
<i>Net cash provided by/ (used in) operating activities</i>	1,006	(159)
Analysis of cash and cash equivalents		
Cash at bank and in hand	1,876	260
Notice deposits (less than 3 months)	109	529
Total cash and cash equivalents	1,985	789

Charity statement of cash flows

2 April 2017 to 31 March 2018 compared to 3 April 2016 to 1 April 2017

	2018 £000	2017 £000
Cash flows from operating activities:		
<i>Net cash provided by operating activities</i>	1,361	246
Cash flows from investing activities:		
Dividends and interest from investments	49	49
Purchase of property, plant and equipment	(424)	(337)
Purchase of intangible assets	(59)	(153)
Proceeds from sale of investments	665	735
Purchase of investments	(113)	(419)
<i>Net cash provided by/ (used in) investing activities</i>	118	(125)
Cash flows from financing activities:		
Repayments of borrowing	(225)	(100)
<i>Net cash (used in) financing activities</i>	(225)	(100)
<i>Change in cash and cash equivalents in the reporting period</i>	1,254	21
Cash and cash equivalents at the beginning of the reporting period	730	709
Cash and cash equivalents at the end of the reporting period	1,984	730
Reconciliation of net income to net cash flow from operating activities		
	2018 £000	2017 £000
<i>Net income for the reporting period</i>	1,510	602
Adjustments for:		
Depreciation	431	427
Amortisation	20	13
Gain on investments	(53)	(409)
Dividends and interest from investments	(49)	(49)
Increase in debtors	(658)	(316)
Increase/ (decrease) in creditors	160	(22)
<i>Net cash provided by operating activities</i>	1,361	246
Analysis of cash and cash equivalents		
Cash at bank and in hand	1,875	201
Notice deposits (less than 3 months)	109	529
Total cash and cash equivalents	1,984	730

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 2018 financial year therefore covers the period from 2 April 2017 to 31 March 2018 and the 2017 financial year covers the period from 3 April 2016 to 1 April 2017. The 2018 and 2017 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 group has investment and bank balances of some £3.8m (2017: £3.1m), which the Trustees consider adequate to meet future operational commitments. On that basis the Trustees consider the Charity is a going concern and the financial statements have been prepared on that basis.

The Trustees are not aware of any material uncertainties which would affect going concern.

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 31 March 2018. 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 31 March 2018.

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 £1,510,000 (2017 excess of income over expenditure of £602,000) 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, 'final salary' 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 defined benefit scheme is a final salary scheme. Employee contributions are based on a percentage of their earnings depending on how much they earn. Employer contributions are 14.38% (2017 -14.3%) 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.

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 if 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 24).

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.

Notes (continued)

1 Principal accounting policies (continued)

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 includes 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.

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.

Notes (continued)

1 Principal accounting policies (continued)

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to legacies income and the judgements the directors need to make in applying the prescribed recognition criteria.

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 also pays interest on loans from the charity. A summary of the audited results is shown below:

	2018 £000	2017 £000
Turnover	276	182
Cost of sales	(108)	(64)
	<hr/>	<hr/>
Gross profit	168	118
Administrative expenses	(20)	(18)
	<hr/>	<hr/>
Profit on ordinary activities before taxation	148	100
Taxation	-	1
	<hr/>	<hr/>
Total comprehensive income for the year	148	101
	<hr/>	<hr/>

For an overview of the financial performance of the group's retail operation see the Consolidated Statement of Financial Activities on page 27.

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

	2018 £000	2017 £000
Total assets	170	129
Total Liabilities	(170)	(129)
	<hr/>	<hr/>
Net funds	-	-
	<hr/>	<hr/>

Notes (continued)

4 Total expenditure (excluding shops)

	Direct costs	Support and Governance costs	2018 Total	2017 Total
	£000	£000	£000	£000
Raising funds:				
Fundraising	886	209	1,095	1,130
Event costs	91	22	113	146
Charitable activities:				
Residential care services	5,694	1,267	6,961	7,398
Community care services	2,244	528	2,772	2,535
	<u>8,915</u>	<u>2,026</u>	<u>10,941</u>	<u>11,209</u>

	2018 £000	2017 £000
Consisting of:		
Payroll costs	8,903	9,483
General overheads	1,095	926
Depreciation	311	328
Direct care service costs	323	349
Direct fundraising costs	309	123
	<u>10,941</u>	<u>11,209</u>

Support costs comprise:

	2018 £000	2017 £000
Communications	232	124
Head office and property	781	508
HR and project support	477	429
Finance and management	536	1,062
	<u>2,026</u>	<u>2,123</u>

	2018 £000	2017 £000
Governance costs (included in support costs above) comprise:		
Head office and property	211	289
Finance and management	40	60
Audit fees	22	24
Additional one off audit fees under accrued in prior year	-	18
	<u>273</u>	<u>391</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 £3,000 (2017: £12,000).

5 Interest

	2018 £000	2017 £000
Bank interest received	-	-

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	
	2018	2017
Staff	319	326

	Group Average number of Employees	
	2018	2017
Staff	463	481

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	9,401	9,501
Social security costs	804	832
Pension costs	739	791
	10,944	11,124

In addition to the above, redundancy and termination benefits amounted to £31,000 (2017: £181,000).

Notes (continued)

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

Pension costs	2018 Unrestricted £000	2018 Restricted £000	2017 Unrestricted £000	2017 Restricted £000
Care	510	-	546	-
Retail	111	-	107	-
Administration	118	-	138	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	739	-	791	-
	<hr/>	<hr/>	<hr/>	<hr/>

Wages and salaries noted above includes reorganisation and restructure costs of £30,976 (2017: £180,548). 18 Trustees served during the period (2017: 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 (2017: Nil).

The charity holds trustee indemnity insurance at a cost of £1,478 (2017: £1,253).

The number of volunteers who worked for the group part-time without pay during the period was 1,634. Hours donated totalled 296,618 with a theoretical value estimated, using the National Minimum Wage, of £2,224,635 (2017: 1,713 volunteers, hours donated 307,689 with a theoretical value estimated, using the National Minimum wage, of £2,104,000). Trustees donated time has not been included in the valuation.

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

8 Key management personnel remuneration

The key management personnel of the parent charity, the Trust, comprise the Trustees, the Chief Executive Officer, Director of Supporter Engagement, Director of Care, Director of Finance and Director of Human Resources. The total employee benefits (including employer's pension contributions and NIC) of the key management personnel of the Trust were £481,966 (2017: £ 518,959).

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	
	2018	2017
£60,001 - £70,000	1	1
£70,001 - £80,000	1	2
£80,001 - £90,000	2	2
£90,001 - £100,000	1	-
	<hr/>	<hr/>

Pension contributions to defined contribution schemes on behalf of 5 (2017: 5) higher paid employees were £28,137 (2017: £34,742).

Notes (continued)

8 Key management personnel remuneration (continued)

There are 4 (2017:4) 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	
	2018	2017
£60,001 - £70,000	3	3
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1

9 Net group income

	Group	
	2018 £000	2017 £000
<i>Net group income is stated after charging/(crediting)</i>		
Depreciation of tangible assets	431	427
Amortisation of intangible assets	20	13
Operating lease charges:		
Buildings (including retail shops)	1,075	1,043
Plant and machinery	17	23
Operating lease income	(18)	(18)
Inventories recognised as an expense in the year	142	63
<i>Auditors' remuneration</i>		
Audit of these financial statements	22	24
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	11,520	927	151	2,546	15,144
Reclassification	-	305	-	(305)	-
Additions	5	175	23	221	424
Disposals	-	-	(12)	-	(12)
At end of period	11,525	1,407	162	2,462	15,556
Depreciation					
At beginning of period	2,664	879	109	1,904	5,556
Charge for the period	192	93	9	137	431
Reclassification	-	103	-	(103)	-
Disposals	-	-	(12)	-	(12)
At end of period	2,856	1,075	106	1,938	5,975
Net book value					
At 31 March 2018	8,669	332	56	524	9,581
At 1 April 2017	8,856	48	42	642	9,588

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 £9,374,000 (2017: £9,370,000).

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

Use of assets:

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Care Services	9,396	9,498	9,396	9,498
Other, including shops, warehouse and administration	185	90	185	90
Net book value	9,581	9,588	9,581	9,588

Notes (continued)

11 Intangible fixed assets

Group and Charity

	Application Software Enhancements £000
Cost	
At beginning of period	238
Additions	59
	<hr/>
At end of period	297
	<hr/> <hr/>
Amortisation	
At beginning of period	19
Charge for the period	20
	<hr/>
At end of period	39
	<hr/> <hr/>
Net book value	
At 31 March 2018	258
	<hr/> <hr/>
At 1 April 2017	219
	<hr/> <hr/>

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

Notes (continued)

12 Fixed asset investments

Equities – Listed				£000
Group and charity				
Fair value 1 April 2017				2,332
Additions at cost				113
Disposal proceeds				(665)
Net gains				53
				<hr/>
Fair value 31 March 2018				1,833
				<hr/>
	Fair value	Cost	Fair value	Cost
	2018	2018	2017	2017
	£000	£000	£000	£000
UK equities	1,172	925	1,604	1,288
Other listed investments	661	422	728	502
	<hr/>	<hr/>	<hr/>	<hr/>
	1,833	1,347	2,332	1,790
	<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.

13 Investments in associated companies

Investments in associated companies comprise the following:

	Group		Charity	
	2018	2017	2018	2017
	£000	£000	£000	£000
Investment in joint ventures	96	84	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Investment in subsidiary undertakings

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

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

Investment in joint ventures

The group has investments in the following joint ventures:

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

* Held indirectly

TLC Lotteries Limited and Worcester Hospice Lottery Limited are trading companies incorporated in Great Britain and promote commercial lottery games which aim to generate profits for the benefit of their affiliated charities (see

Notes (continued)

13 Investments in associated companies (continued)

note 25). TLC Lotteries Limited period end is 29 December 2017. Worcester Hospice Lottery Limited period end is 31 March 2018.

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

Group

		Share of net assets £000
At beginning of year		84
Profits:		
TLC Lotteries Limited	167	
Worcester Hospice Lottery	81	
Childlife	61	
	<hr/>	
Amounts withdrawn as gift aid:		309
TLC Lotteries Limited	(152)	
Worcester Hospice Lottery	(95)	
Childlife	(50)	
	<hr/>	(297)
		<hr/>
At end of year		96
		<hr/>

	TLC Lotteries Limited £000	Worcester Hospice Lottery Limited £000	Childlife £000	Total £000
Represented by:				
Share of gross assets	59	51	81	191
Share of gross liabilities	(30)	(39)	(25)	(95)
	<hr/>	<hr/>	<hr/>	<hr/>
	29	12	56	96
	<hr/>	<hr/>	<hr/>	<hr/>

14 Inventories

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Bought in goods for resale	42	7	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The amount of inventories recognised as an expense during the year was £141,705 (2017: £63,316).

Notes (continued)

15 Debtors

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Gift aid due from subsidiary undertaking (see note 25)	-	-	148	101
Amounts owed by joint ventures (see note 25)	-	-	56	43
Income tax recoverable	411	436	411	436
Other debtors	821	424	821	424
Prepayments and accrued income	1,812	1,586	1,812	1,586
	<u>3,044</u>	<u>2,446</u>	<u>3,248</u>	<u>2,590</u>

16 Basic Financial Instruments

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Financial assets measured at amortised cost	821	424	1,025	568
Financial assets measured at fair value	1,833	2,332	1,833	2,332
	<u>2,654</u>	<u>2,756</u>	<u>2,858</u>	<u>2,900</u>

Financial liabilities at amortised cost

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Creditors	571	631	671	660
Long term bank loan	-	125	-	125
	<u>571</u>	<u>756</u>	<u>671</u>	<u>785</u>

Notes (continued)

17 Creditors: Amounts falling due within one year

	Group		Charity	
	2018	2017	2018	2017
	£000	£000	£000	£000
Amounts owed to subsidiary undertaking (see note 25)	-	-	123	57
Bank loans (see note 19)	-	100	-	100
Trade creditors	233	184	230	180
Income tax and social security	212	203	212	203
Other creditors and accruals	245	252	225	228
Pension contributions	93	95	93	95
Deferred income	213	173	213	173
	<u>996</u>	<u>1,007</u>	<u>1,096</u>	<u>1,036</u>
				Group and Charity £000
Deferred income				
Balance at 1 April 2017				173
Amount released to income				(173)
Amount deferred in the period				213
				<u>213</u>
Balance at 31 March 2018				<u>213</u>

18 Creditors: Amounts falling due after more than one year

	Group		Charity	
	2018	2017	2018	2017
	£000	£000	£000	£000
Long term bank loans (see note 19)	-	125	-	125
	<u>-</u>	<u>125</u>	<u>-</u>	<u>125</u>

The loan was repayable by equal instalments of £25,000 per quarter, was due for repayment on 30 June 2018 and was secured upon land and buildings owned by the Trust. Interest was charged at 2.0% above LIBOR. The loan was repaid in full on 3 November 2017.

Notes (continued)

19 Analysis of debt maturity

	Loans Group and Charity	
	2018 £000	2017 £000
Amounts payable:		
In one year or less	-	100
In more than one year but not more than two years	-	100
In more than two years but not more than five years	-	25
In five years or more	-	-
	<hr/>	<hr/>
	-	225
	<hr/>	<hr/>
Less amounts due in one year or less	-	(100)
	<hr/>	<hr/>
	-	125
	<hr/>	<hr/>

The finance lease creditor was secured on the related assets.

Notes (continued)

20 Fund balances

At 31 March 2018, group funds are analysed as follows:

	At 1 April 2017 £000	Income £000	Revenue expenditure £000	Gains/ (losses) and transfers £000	At 31 March 2018 £000
Unrestricted income	11,926	14,093	(12,738)	255	13,536
Restricted income funds:					
Acorns Worcester	5	487	(487)	-	5
Worcester Children's Hospice Grant	-	377	(377)	-	-
Acorns Walsall	7	194	(194)	-	7
Walsall Children's Hospice Grant	-	377	(377)	-	-
Acorns Selly Oak	-	389	(389)	-	-
Selly Oak Children's Hospice Grant	-	377	(377)	-	-
Other projects	86	70	(122)	-	34
Total	98	2,271	(2,323)	-	46
Restricted capital funds:					
Acorns Walsall	12	63	-	(14)	61
Acorns Worcester	2,203	52	-	(99)	2,156
Acorns Selly Oak	89	39	-	(89)	39
Acorns Shops	5	-	-	-	5
	2,309	154	-	(202)	2,261
Total	14,333	16,518	(15,061)	53	15,843

Notes (continued)

20 Fund balances (continued)

At 1 April 2017, group funds are analysed as follows:

	At 2 April 2016 £000	Income £000	Revenue expenditure £000	Gains/ (losses) and transfers £000	At 1 April 2017 £000
Unrestricted income	11,430	13,133	(13,123)	486	11,926
Restricted income funds:					
Acorns Worcester	134	323	(452)	-	5
Worcester Children's Hospice Grant	-	377	(377)	-	-
Acorns Walsall	-	55	(48)	-	7
Walsall Children's Hospice Grant	-	377	(377)	-	-
Acorns Selly Oak	-	149	(149)	-	-
Selly Oak Children's Hospice Grant	-	377	(377)	-	-
Other projects	17	244	(175)	-	86
Total	151	1,902	(1,955)	-	98
	At 2 April 2016 £000	Income £000	Revenue Expenditure £000	Gains/ (losses) and transfers £000	At 1 April 2017 £000
Restricted capital funds:					
Acorns Walsall	-	28	-	(16)	12
Acorns Worcester	2,150	112	-	(59)	2,204
Acorns Selly Oak	-	91	-	(2)	89
Acorns Shops	-	5	-	-	5
	2,150	236	-	(77)	2,309
Total	13,731	15,271	(15,078)	409	14,333

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)

20 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 remains in restricted funds due to a restrictive covenant in place over the use of the land. Additional capital was used to create and equip the multisensory room.

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.

21 Analysis of group assets

				2018	2017
At 31 March 2018	Unrestricted funds	Restricted income funds	Restricted capital funds	Total	Total
	£000	£000	£000	£000	£000
Tangible fixed assets	7,372	-	2,209	9,581	9,588
Intangible fixed assets	258	-	-	258	219
Fixed asset investments	1,929	-	-	1,929	2,416
Net current assets	3,977	98	-	4,075	2,235
Creditors greater than one year	-	-	-	-	(125)
Total net assets	13,536	98	2,209	15,843	14,333

Notes (continued)

21 Analysis of group assets (continued)

				2017	2016
At 1 April 2017	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	Total £000	Total £000
Tangible fixed assets	7,279	-	2,309	9,588	9,678
Intangible fixed assets	219	-	-	219	79
Fixed asset investments	2,416	-	-	2,416	2,341
Net current assets	2,137	98	-	2,235	1,858
Creditors greater than one year	(125)	-	-	(125)	(225)
Total net assets	11,926	98	2,309	14,333	13,731

22 Analysis of charity assets

				2018	2017
At 31 March 2018	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	Total £000	Total £000
Tangible fixed assets	7,372	-	2,209	9,581	9,588
Intangible fixed assets	258	-	-	258	219
Fixed asset investments	1,833	-	-	1,833	2,332
Net current assets	4,038	98	-	4,136	2,284
Creditors greater than one year	-	-	-	-	(125)
Total net assets	13,501	98	2,209	15,808	14,298

				2017	2016
At 1 April 2017	Unrestricted funds £000	Restricted income funds £000	Restricted capital funds £000	Total £000	Total £000
Tangible fixed assets	7,279	-	2,309	9,588	9,678
Intangible fixed assets	219	-	-	219	79
Fixed asset investments	2,332	-	-	2,332	2,239
Net current assets	2,186	98	-	2,284	1,925
Creditors greater than one year	(125)	-	-	(125)	(225)
Total net assets	11,891	98	2,309	14,298	13,696

Notes (continued)

23 Financial commitments

At 31 March 2018, the group and charity had total future commitments under non-cancellable operating leases, as set out below:

	2018		2017	
	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	959	34	993	17
Later than one year and not later than five years	2,084	61	2,040	17
Later than five years	383	-	555	1
	<hr/>	<hr/>	<hr/>	<hr/>
	3,426	95	3,588	35
	<hr/>	<hr/>	<hr/>	<hr/>

24 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, contributions totalled £739,000 (2017: £791,000). At 31 March 2018, the group owed contributions of £93,000 (2017: £95,000). 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. As a consequence 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.

Following the most recent valuation (as at 31 March 2012), the employer contribution rates remained at 14% of pensionable pay until 1 April 2015 when rates increased to 14.3% of pensionable pay. On 1 April 2017 rates increased by 0.08% for an administration levy taking the total employer contribution to 14.38%. At 31 March 2012, the notional value of the scheme assets was £230.1bn and the assessment of the liabilities of the scheme was £240.4bn. The most recent valuation can be viewed at the following.

<https://www.gov.uk/government/publications/nhs-pension-scheme-actuarial-valuation>

25 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 Mrs L Arnold (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 L Carter (Senior Officer) are also directors of Worcester 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)

26 Related party transactions (continued)

Transactions in the period:

	Charity	
	2018	2017
	£000	£000
TLC Lotteries Limited		
Balance Brought forward	43	47
Share of profits	167	149
Administration expenses recharge	13	13
Gift aid received	(152)	(152)
Repayment of administration expenses	(12)	(13)
Deficit	-	(1)
	59	43
Worcester Hospices Lottery		
Balance Brought forward	20	18
Share of profits	81	69
Gift aid received	(95)	(67)
	6	20
Childlife		
Balance brought forward	(20)	(3)
Share of profits	61	83
Gift aid received	(50)	(100)
	(9)	(20)
	2018	Charity
	£000	2017
		£000
Totals		
Balance brought forward	43	62
Share of profits	309	301
Administration expenses recharge	13	13
Gift aid received	(297)	(319)
Repayment of administration expenses	(12)	(13)
Deficit	-	(1)
	56	43
Amounts owing from joint ventures		

Notes (continued)

26 Related party transactions (continued)

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

	2018	2017
	£000	£000
Amount owed to subsidiary undertaking	(123)	(57)
Gift aid due from subsidiary undertaking	148	101
Transactions during the period		
Gift aid commission to subsidiary	(27)	(28)
Gift aid distributions received from subsidiary	101	444

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

	2018	2017
	£	£
Amounts invoiced to TLC Lotteries Limited in respect of rent of office space	14,112	-
Balance due from TLC Lotteries Limited at end of year	-	-

27 Contingent assets – legacy income

As at 31 March 2018 the charity had been notified of a number of residuary legacies, the value of which is uncertain. As at 1 August 2018 no further information had been received that would enable an accurate valuation. As a result these legacies have not been accrued for within the 31 March 2018 financial statements.