

Registered company number: 3360545
Registered charity number: 1063589

ACORN RECOVERY PROJECTS

(a company limited by guarantee)

Report and Financial Statements

Year ended 31 March 2017

ACORN RECOVERY PROJECTS
(a company limited by guarantee number 3360545)

Report and financial statements for the year ended 31 March 2017

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Report and financial statements for the year ended 31 March 2017

CHAIRMAN'S FOREWORD

As I reflect on the previous year, at the forefront of my mind is the challenging financial environment that charities such as Acorn are now operating in. The last two years have seen reductions in Local Authority funding hit vital substance misuse services with budgets being cut by half in some areas. As a result, fewer people are able to access rehabilitation services, which form a key part of Acorn's service offer, and there is also added pressure on local community substance misuse services. This supposed saving is producing an enormous amount of pressure and added costs for the various local Health Services and Prisons as fewer people are receiving the level of support they need and successfully recovering from their illnesses. Hopefully, the national debate around austerity measures and the new and emerging Drug Strategy will highlight this to the appropriate Government Departments.

Adapting to a changing financial landscape can be challenging, however, with the strength of the Calico Group, it is something which Acorn are tackling well, whilst retaining all important focus on future growth and diversity of services. Acorn has responded to these challenges during 2016/17 by adapting and reconfiguring its services, growing in different geographical areas such as Lancashire with the support of partners from the Calico Group and focusing on enhancing the quality of its services and programmes. I am pleased to be reporting that Delphi Medical, one of the leading providers of recovery focused, clinical drug and alcohol treatment has joined the Calico Group during 2016 and is now working alongside Acorn to provide an 'end to end' suite of recovery based services. Delphi have worked with Acorn for many years in different ways and I am delighted that they are now like Acorn, building a stronger future together as part of the Calico Group with a strong focus on providing high quality services to those seeking our support to re-build their lives.

The various programmes, that Acorn delivers, continue to achieve very positive results, which are well above national averages, helping individuals and their families break free from addiction and achieve whole life recovery. During 2016/17, Acorn was able to take these services to new areas such as Blackpool and also into Manchester and Buckley Hall prisons, working with Delphi Medical. Delphi are now the lead provider of integrated substance misuse services in Blackpool and in both of the prisons mentioned above.

Working with and being part of the Calico Group has also enabled Acorn to provide much needed support to charities such as SafeNet Domestic Abuse and Support Services in developing a 'Recovery Refuge' in Lancashire which will support clients with a range of complex needs including substance misuse and mental health.

Partnership working has been and will continue to be a strength for Acorn, where it has continued to develop strong relationships with a range of partners delivering excellent community services in Cheshire, Manchester and Oldham. Working in collaboration has enabled a wider variety of services to be offered to individuals in the community, Acorn will strive to develop further relationships, widening the reach of its programmes further across the North West and Yorkshire.

Acorn's staff remain one of its most important assets and are a vital part of Acorn's future success. Approximately 80% of staff within Acorn have lived experience of addiction and are in recovery themselves, some having been previous clients. Acorn has always placed great emphasis on developing and supporting a wide network of volunteers who can develop their skills and hopefully with the support of the Calico Group and it's partners, find training and employment opportunities which can only seek to aid their long term recovery.

Despite having a challenging and constantly changing few years, staff engagement and positivity about the future is at an all time high, which demonstrates well the passion and commitment that staff at Acorn have to its cause in tackling addiction and supporting individuals to transform their lives. On behalf of Acorn's Trustees, I would like to thank all of the Acorn staff team, wider colleagues in the Calico Group and the many beneficiary supporters of the work we do, without your support we cannot succeed in our challenge to free people from the grasps of addiction and enable them to have a 'Life Worth Living'.

Grahame N Elliott CBE FCA
Chairman
15 September 2017

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Report and financial statements for the year ended 31 March 2017
Legal and administrative information for the year ended 31 March 2017

Status The Charity was incorporated as a company limited by guarantee on 25 April 1997 and commenced activities on 1 October 1997. During the recent years the Charity has operated principally under the name of Acorn Treatment & Housing and to a lesser extent its incorporated name Alcohol & Drug Abstinence Services (ADAS). On 1 November 2013, the charity changed its name to Acorn Recovery Projects and adopted new governing documents.

These documents establish its objects and powers. Under those Articles, the members of the Association are determined and the Board may from time to time register an increase of members without any upper limit. On 1 November 2013, the charity became a subsidiary of The Calico Group Limited, a company registered in England and Wales.

Trustees Grahame N Elliott CBE FCA
Jonathan Foster
Dr Keith Hyde
Andrea Dixon
Stewart Higgins
Helen Robertshaw

Trustees are not remunerated but are able to claim reasonable expenses incurred in connection with their trustee responsibilities.

Company Secretary

Anthony Duerden (appointed 1 April 2017)
Tracy Woods (resigned 31 March 2017)

Management Committee

The operational management of the Charity is delegated to the Management Committee which comprised during the period and to date of signing:

Sarah Hanson	Executive Director Health, Support and Social Care (appointed 1 April 2017) (formerly the Managing Director)
Nicola Crompton-Hill	Director - Acorn Recovery Projects (appointed 1 April 2017) (formerly the Head of Rehabilitation and Residential Services)
Billy Reid	Head of Community and Prison Projects (resigned 31 January 2017)
Stephen Pattinson	Head of Treatment Programmes and Training

Registered office

Acorn Recovery Projects
Centenary Court
Croft Street
Burnley
BB11 2ED

Registered number

3360545

Registered charity number

1063589

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Report and financial statements for the year ended 31 March 2017
Legal and administrative information (continued)

External auditors

Beever and Struthers
Chartered Accountants and Statutory Auditor
St George's House
215-219 Chester Road
Manchester, M15 4JE.

Bankers

Barclays Bank Plc
198 Ashley Road
Hale
Cheshire, WA15 9SW

Solicitors

DWF Solicitors
Centurion House
129 Deansgate
Manchester, M3 3AA

Slater Heelis Solicitors
Dovecote House
Off Old Hall Road
Sale Moor
Cheshire, M33 2GS

ACORN RECOVERY PROJECTS

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Report and financial statements for the year ended 31 March 2017

Report of the Trustees

The Board of Trustees submits its report and the audited financial statements of the charity for the year ended 31 March 2017.

Aims

Acorn's charitable objectives are to:

- Relieve persons with an alcoholic or drug problem by advising and assisting such persons.
- Help the families and dependents of such persons.
- To encourage and equip the recovered alcoholic or drug addict to take a useful and responsible part in society.

Acorn supports people through their recovery journey in a passionate way – going 'One Step Further' with them to help them achieve a life worth living.

Acorn's core values are centred around achieving abstinence based recovery – our staff team of around 80 includes around 80% of staff who are in recovery themselves and can share their experiences with others going through their recovery journey.

Our extensive range of recovery programmes include:

- **RAMP (Reduction and Motivation Programme)**
Offers clear goals, focus and structure, helping clients to make the first steps towards recovery.
- **Ummah RAMP**
Is based on traditional RAMP principals and helps individuals to overcome the barriers and stigma around addiction within minority communities.
- **Family RAMP**
Helps relatives of clients in recovery understand the issues and provide effective support.
- **DEAP (Dependency, Emotional, Attachment Programme)**
Explores addiction at a personal level for motivation for long-term recovery.
- **STEP (a 12 step recovery programme)**
To develop a new set of skills for those committed to abstinence.
- **STAR (Skills training for people in recovery)**
A structured post-treatment programme to gain new skills and regain their independence.
- **HEART (Healthy Eating and Responsible Thinking)**
Focuses on the underlying psychological factors of obesity and weight management, the programme improves self-confidence, emotional intelligence, self-esteem and reduce stress levels

As part of the wider Calico Group, Acorn is now able to widen the available support to its customers, particularly around services such as supported housing and employment opportunities where we are working with our internal partners in Calico Homes and Enterprise.

In the last twelve months, Acorn has worked with SafeNet who are also part of the Calico Group to develop a recovery refuge in Burnley. The scheme offers fully independent living for women who are fleeing domestic violence with on site specialist support with substance misuse and other complex needs. Acorn will be providing training for staff, RAMP and other Group work interventions.

Volunteering

Volunteers are an integral part of our work, and we value immensely their dedication and support. In return for their commitment, volunteers are given the opportunity to experience a working environment, alongside caring and dedicated professionals who share their wealth of experience and knowledge with them each and every day.

Our current team of volunteers work over nine locations, across the whole of the North West. Volunteers provide over 470 volunteer days each and every month. Volunteers are supported and encouraged to access a wide variety of training provided by Acorn Academy and also external training organisations.

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Report and financial statements for the year ended 31 March 2017 Report of the Trustees (continued)

Volunteering (continued)

Ben Pesticcio – DEAP Volunteer

“I don’t believe I could pay money for what I am learning as a volunteer. The new skills and experience gained has also helped my recovery.”

The knowledge, experience, certified qualifications and support that volunteers receive is fundamental to volunteers obtaining employment; within the last six months 10 volunteers achieved employment as a result of their volunteering and achieving recovery.

Social Enterprise

Acorn has always supported social enterprises as a way of further extending volunteering and employment opportunities for the clients it works with. Acorn and the Calico Group have a range of social enterprises offering services from Coffee Shops to waste recycling and bulky waste collection.

Badkamra is a film and media production company and was set up by Acorn to promote recovery and to inspire others to achieve it. Badkamra has a number of volunteers who have come through recovery with us and continue to inspire others each and every day.

A range of film productions created by Badkamra can be seen by visiting: www.badkamra.co.uk

The Bean Good Coffee Shop started life in Oldham as part of a recovery hub operated by Acorn. Whilst the service in Oldham has now closed, the social enterprise as a brand has now grown and developed and now runs two cafes in East Lancashire as part of wider community centre activities. Bean Good operates an innovative ‘pay one on’ concept supporting those most vulnerable in our society and encouraging them to eat well and gain a wider array of support services.

Acorn Academy

The Acorn Academy provides specialist training in a range of areas for our customers, staff, professionals and organisations. The Academy is recognised as a centre for learning by the National Open College Network, and is able to develop bespoke training packages upon request.

Current courses include:

- Combination Learning Programme: provides specific training around the major theories and practices associated with modern counselling, alongside an understanding of group facilitation and management.
- Counselling Concepts: explores the main theories and practices of modern counselling, and is useful for students thinking of embarking on a certified counselling qualification.
- Group Work Facilitation: enables students to learn about the efficient management and facilitation of group sessions, e.g. counselling, recovery and group work.
- Peer Mentoring: develops the required skills involved in forming relationships and the supporting ethos, including aspects such as healthy boundaries.
- Recovery Coaching: is designed for those who are interested in volunteering within recovery services.
- Domestic Violence Perpetrators Course: a pioneering new course provided in conjunction with SafeNet Domestic Abuse and Support Services.
- Well-being RAMP: based on the ‘5 Ways to Well-Being,’ this programme introduces ideas around personal development, and techniques which promote positive well-being and personal growth.
- Personal Development Programme (PDP) is a four week personal development programme focussing on behaviour, self-awareness, resilience and emotional intelligence.
- Right Start Programme: the programme, developed by the Academy in partnership with Sir John Thursby School in Burnley and Calico Careers, focuses on emotional intelligence, confidence and motivation to help the students understand themselves as individuals.

The personal progression results for the first cohort of students have shown 57% increase in self-confidence, 57% increase in self-esteem, 71% increase in motivation.

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Report of the Trustees (continued)

Supported Housing

During 2016/17, Acorn extended the offer of support it provides to those in recovery with a range of supported housing options for people who have either completed our programmes or are in recovery and in need of extra support. The projects are facilitated by highly skilled housing support staff, boasting many years' experience of working with customers with complex needs.

Whilst customers reside in our supported housing properties, there is a requirement for them to undertake voluntary work or further education and training, as our long term aim is to promote resettlement and help individuals to live fully independent lives.

Prison in reach and outreach support

Acorn is experienced in delivering motivational group work within prison settings. We have delivered services in prisons including HMP Manchester, HMP Buckley Hall, HMP Styal, HMP Preston and Forest Bank Prison and continue to deliver services in some of them.

In 2016/17, we took our innovative Routes to Rehab programme into HMP Preston, which helps to motivate and prepare people leaving prison for future rehabilitation programmes.

During 2016/17, across all our prison services, 144 prisoners started our RAMP programme with 132 successfully completing (92% successful completion rate).

Exciting times are ahead as we now partner with lead provider Delphi Medical, who is part of The Calico Group. We are delighted to be delivering new integrated substance misuse services for HMP Manchester and HMP Buckley Hall prisons. This new service will help our customers move from Dependence to Freedom.

Social Profit

Acorn Recovery Projects is a registered charity and part of The Calico Group. The various companies within the Group focus on creating social profit rather than financial profit. Social profit is our way of accounting for the social impact and value that we create for our customers, their families, communities and society as a whole. Every year, we monitor and evaluate our progress using our robust social profit calculation tool to create a value for our outcomes. As part of calculating social profit, we identify where savings are made across public services, and the outcomes that we deliver to create social value.

In 2015/16, 1,553 people were referred to Acorn Recovery Projects, and of those, 925 customers completed a recovery programme and stayed within the service to become abstinent or reduce their usage.

Acorn created a total of £7,755,762* efficiency savings across the Criminal Justice System, Health Services, Mental Health Services, Housing Providers, Social Services and Department of Work and Pensions. It cost £3,500,000 for Acorn to provide its services in 2015/16, which means that, for every £1 spent on delivering Acorn's services, there is a total of £2.21 savings to public services.

Acorn created a total of £14,316,849* of Social Value in terms of changing addictive behaviour, improving mental wellbeing, physical health, and quality of life, creating employability skills, enabling people to live independently, improving family relationships, and changing offending behaviour. It cost £3,507,043 for Acorn to provide its services, which means that, for every £1 spent on delivering Acorn's services, there is a total of £4.08 of Social Value created.

** Figures supplied by Social Value Calculator Limited, a community interest company*

Structure, Governance and Management

Acorn Recovery Projects is a subsidiary of the Calico Group and is a registered charity (Charity No. 1063589), incorporated and limited by guarantee (Company No. 3360545). The organisation has been successfully providing abstinence based drug and alcohol treatment since 1997, originally trading as ADAS (Alcohol and Drug Abstinence Service). The organisation changed its legal and operating name formally to Acorn Recovery Projects on the 1 November 2013, when it joined the Calico Group. Its registered office is Centenary Court, Croft Street, Burnley, BB11 2ED.

Acorn has its own Board of Trustees who meet every 8 weeks with the Directors and key staff to review performance, new business opportunities, risks to the organisation and operational practice generally. All meetings are minuted and approved by the Board. The Chair of Acorn's Board also sits on the Calico Group Board.

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Report of the Trustees (continued)

Group structure

A review of the Group's company and governance structures has taken place over the past year to ensure they can best support our purpose by ensuring there is adequate leadership capacity and that the Group continues to grow and develop.

A number of options relating to changes in structure of the Group to help with these objectives were considered by all Boards. It has been agreed to establish a new 'social enterprise' holding company with a common board for each of the legal entities which are Calico Enterprise, Acorn, Safenet and Delphi. This holding company will sit between the legal entities and the Group Board. A 'transitional' advisory board has been established to progress the new arrangements which is expected to be established by March 2018. This new arrangement will enhance continued growth by integrating service and company offers and allowing competition with larger scale 'lead' providers.

Appointment of Trustees

The charity may by ordinary resolution appoint a person who has been approved by The Calico Group Limited. The minimum number of Trustees per the Articles of Association is 3 and there is no maximum number.

Induction, training and development of Trustees

Upon appointment new Trustees receive the following:

- A copy of the Statutory Information of the Incorporated Company;
- A copy of the most recent Annual Report and Accounts;
- Access to the Policy and Procedures manual;
- A copy of the Charity Commissioners Guide to the responsibilities of a Charity Trustee;
- Copies of the previous minutes of Trustee Meetings.

A programme has been established to continuously develop professional and effective boards of trustees throughout the Calico Group so that they can manage business successfully. The main objectives of the programme are to:

- Strengthen the role of the boards.
- Equip Trustees to make considered decisions and address challenging problems.
- Ensure boards work within legal frameworks and comply with regulatory standards.
- Establish boards as leaders with the vision to determine strategic direction.

Risk Management

The Trustees are committed to an on going policy of identifying, monitoring and managing risks that might adversely affect the operation and reputation of the Charity, assessing the likelihood of occurrence and means of mitigating them.

The Trustees are satisfied that appropriate structures are in place to identify and manage the major risks facing the Charity.

Audit Committee

The Calico Group have a single Audit Committee to oversee the Group. The Audit Committee meets a minimum of three times a year. It considers the appointment of internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the Group's internal financial control arrangements. The Committee is made up of Directors and Trustees from across the Group.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commissions general guidance on public benefit when reviewing the Charity's aims and objectives.

The programmes delivered by the Charity are available to anyone suffering from alcohol or drug addiction problems. Clients are referred by the judicial system or because of their own willingness to recover from addiction. The impact on the general society at large is significant if individuals abstain from their addiction as there is a clear linkage between drug and alcohol addiction and crime. Therefore by helping people achieve and sustain abstinence society benefits. The trustees confirm that all activities deliver public benefit.

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Report of the Trustees (continued)

Financial Review and Results for the year

Unrestricted Funds

The full accounts and the auditor's report start on page 10. The Statement of Recommended Practice for Charities (SORP) 2015 has been adopted in preparing this Report and Financial Statements.

The unrestricted income for the year was £2,691,045 (2016: £3,231,524). The total charitable support unrestricted expenditure was £3,070,871 (2016: £3,507,043) and this resulted in net incoming resources for unrestricted income of a deficit of £379,826 (2016: deficit of £275,519).

The surplus of unrestricted funds carried forward is £8,553 (2016: £369,232).

Restricted Funds

Restricted Funds relating to support for specific expenditure was expended in the year in accordance with the relevant agreements.

Total Funds as at 31 March 2017

These amounted to £554,234 compared to £934,060 as at 31 March 2016.

Financial Management Policies

The free reserves, being Unrestricted Funds, amounted to the above mentioned £8,553 (2016: £369,232).

Budget for 2017/18

Budgets have been prepared which demonstrate a healthy position for the forthcoming year. The Trustees are confident that the charity has sufficient resources available to be able to continue to meet its commitments and deliver upon its aims and objectives.

Investment strategy

Any surplus funds are placed on interest bearing deposits with the Charity's bankers. No other investment activity is undertaken.

Trustees' responsibilities statement

The trustees (who are also the directors of Acorn Recovery Projects for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and its incoming resources and application of resources, including its income and expenditure for the year.

In preparing those financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Charities Act 1993 and the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence 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.

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Report and financial statements for the year ended 31 March 2017
Report of the Trustees (continued)

Trustees' responsibilities statement (continued)

Auditors

All of the current trustees have taken all steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information.

The trustees are not aware of any relevant audit information of which the auditors are unaware.

Beever and Struthers, Chartered Accountants and Statutory Auditor, have indicated their willingness to continue in office. A resolution to reappoint them as External Auditors will be proposed at the forthcoming annual general meeting.

The report of the trustees has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

By order of the Board

Grahame N Elliott CBE FCA

Chairman

15 September 2017

For the year ended 31 March 2017

ACORN RECOVERY PROJECTS
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Independent Auditor's report to the members of Acorn Recovery Projects

We have audited the financial statements of Acorn Recovery Projects for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Statement of Financial Position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and the auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's ("FRC's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended; and
- 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

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

Maria Hallows, Senior Statutory Auditor

For and on behalf of **BEEVER AND STRUTHERS**, Statutory Auditor

St George's House
215-219 Chester Road
Manchester, M15 4JE

Date: 15 September 2017

ACORN RECOVERY PROJECTS
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Statement of Financial Activities
for the year ended 31 March 2017

	Note	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Income					
Donations and legacies	2	80,383	-	80,383	144,458
Rent receivable		969,659	-	969,659	929,407
Income from charitable activities	3	1,641,003	16,455	1,657,458	2,189,301
Total income		<u>2,691,045</u>	<u>16,455</u>	<u>2,707,500</u>	<u>3,263,166</u>
Expenditure					
Expenditure on charitable activities	4	3,070,871	16,455	3,087,326	3,538,685
Total expenditure		<u>3,070,871</u>	<u>16,455</u>	<u>3,087,326</u>	<u>3,538,685</u>
Net (expenditure)/income for the year		(379,826)	-	(379,826)	(275,519)
Transfers between funds		19,147	(19,147)	-	-
Net movement in funds		(360,679)	(19,147)	(379,826)	(275,519)
Reconciliation of funds					
Total funds brought forward		369,232	564,828	934,060	1,209,579
Total funds carried forward	16 & 17	<u>8,553</u>	<u>545,681</u>	<u>554,234</u>	<u>934,060</u>

All of the activities in the financial period are derived from continuing operations.

All recognised gains and losses are included in the statement of financial activities.

The notes on pages 13 to 22 form part of these financial statements

ACORN RECOVERY PROJECTS
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Statement of Financial Position
at 31 March 2017

	Note	31 March 2017 £	31 March 2016 £
Fixed assets			
Tangible assets	9	1,229,102	1,247,675
Intangible assets	10	226,045	-
Investments in subsidiaries	11 & 12	37,599	1
		<u> </u>	<u> </u>
Total fixed assets		1,492,746	1,247,676
Current assets			
Debtors	13	434,347	489,122
Cash and bank balances		53,156	104,786
		<u> </u>	<u> </u>
		487,503	593,908
Creditors: amounts falling due within one year	14	1,077,354	500,427
		<u> </u>	<u> </u>
Net current (liabilities)/assets		(589,851)	93,481
Total assets less current liabilities		<u> </u>	<u> </u>
		902,895	1,341,157
Creditors: amounts falling due after more than one year	15	348,661	407,097
Net assets		<u> </u>	<u> </u>
		554,234	934,060
		<u> </u>	<u> </u>
Funds			
Unrestricted funds			
General fund	16 & 17	8,553	369,232
Restricted fund			
Restricted	16 & 17	545,681	564,828
Total charity funds		<u> </u>	<u> </u>
		554,234	934,060
		<u> </u>	<u> </u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small company's regime.

The notes on pages 13 to 22 form part of these financial statements.

The financial statements were approved by the trustees and authorised for issue on 15 September 2017 and signed on their behalf by:

Grahame N Elliott CBE FCA
Chairman
15 September 2017

ACORN RECOVERY PROJECTS

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Notes forming part of the financial statements for the year ended 31 March 2017

Acorn Recovery Projects is a company limited by guarantee, registered with the Charities Commission, incorporated in England and Wales. The registered office is Centenary Court, Croft Street, Burnley, Lancashire, BB11 2ED.

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty 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)"), the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

The charity 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).

Reduced disclosure exemptions

The charity meets the definition of a qualifying entity under FRS 102 and has taken advantage of the disclosure exemptions available to it in respect of presentation of a statement of cash flows and financial instruments.

Basis of consolidation

The financial statements of the charity are consolidated in the financial statements of The Calico Group Limited, see note 21. The charity has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. These financial statements present information about the charity as an individual entity and not about its group.

Going concern basis

After consideration of subsequent events involving secured debt restructuring and planned operating cost reductions, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. They have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the charity to continue as a going concern.

Fees

Fees in respect of service level agreements are recognised within the statement of financial activities on an accruals basis. Income received in advance of services being performed is deferred.

Donations, legacies and other voluntary income

Donations, legacies and any other form of voluntary income or benefit to the charity are recognised within the statement of financial activities when received.

Grants

Grants receivable are recognised within the statement of financial activities in the year that they relate to.

Grants received to fund the purchase of fixed assets are recognised as incoming resources on entitlement of the grant.

Rent receivable

Rental income is accounted for on an accruals basis.

Restricted and unrestricted funds

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs.

ACORN RECOVERY PROJECTS

(a company limited by guarantee number 3360545)

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

1 Accounting policies (continued)

Restricted and unrestricted funds (continued)

Unrestricted funds are donations and other incoming resources receivable or generated for the object of the charity without further specified purpose and are available as general funds. This includes the funding received for the main projects from local authorities.

Expenditure allocation and apportionment

Expenditure is recognised on an accruals basis as a liability is incurred. Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, certain other expenses which are not wholly attributable to unrestricted funds are apportioned to restricted funds on a time spent basis.

Cost of generating funds comprises the costs associated with attracting voluntary income.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the charity.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated losses. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful life of the property.

Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its estimated useful economic life, as follows:

Motor vehicles	-	25% pa
Computer equipment	-	25% pa
Fixtures, fittings and equipment	-	20% pa
Leasehold improvements	-	20% pa
Freehold improvement	-	20% pa
Freehold property	-	Over 75 years
Leasehold property	-	Over 75 years
Freehold land	-	not depreciated

Intangible assets

Goodwill arising on the acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Subsequently, goodwill is carried at cost less accumulated amortisation and any impairment losses.

Amortisation is calculated on a straight line basis over the useful economic life.

Taxation

The company is non profit making and as a charity is exempt from Corporation Tax.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Financial Activities over the term of the lease.

Financial instruments

Financial assets and liabilities are initially measured at the transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

ACORN RECOVERY PROJECTS
(a company limited by guarantee number 3360545)

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Donations and similar incoming resources	80,383	-	80,383	144,458

A donation totalling £50,000 (2016: £100,000) was received from the Michael Bishop Foundation during the period.

3 Income from charitable activities

	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £
Reduction & motivational programmes	681,689	-	681,689	850,730
Tier 4 treatment SLA	-	-	-	205,600
Tier 4 treatment SPOT	695,673	-	695,673	393,249
Combined treatment	-	-	-	586,970
Supporting people services	182,328	-	182,328	86,932
<u>Social Enterprises</u>				
Education/training & employment	80,714	16,455	97,169	60,299
VAT partial exemption	599	-	599	5,521
Total income from charitable activities	<u>1,641,003</u>	<u>16,455</u>	<u>1,657,458</u>	<u>2,189,301</u>
Contract income	864,017	-	864,017	1,693,202
Activities from generating funds	776,387	16,455	792,842	490,578
VAT partial exemption	599	-	599	5,521
	<u>1,641,003</u>	<u>16,455</u>	<u>1,657,458</u>	<u>2,189,301</u>

ACORN RECOVERY PROJECTS
(a company limited by guarantee number 3360545)

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

4 Expenditure on charitable activities

	Therapy	Housing	Admin	2017 Total	2016 Total
	£	£	£	£	£
Employee costs	1,004,036	553,682	306,739	1,864,457	2,035,107
Client and volunteer expenses	60,324	28,772	342	89,438	70,966
Rent, rates, insurance and utilities	97,359	369,851	12,085	479,295	557,776
Building repairs, motor and renewals	33,835	66,666	2,405	102,906	157,788
Other staff costs	62,866	19,694	45,999	128,559	178,334
Printing, stationery and postage	19,668	12,314	3,362	35,344	25,484
Bank charges & interest	-	16,885	3,898	20,783	22,360
Legal and professional fees	25,328	2,081	42,931	70,340	143,051
Depreciation & profit/loss on disposal	48,329	15,853	-	64,182	59,123
Maintenance and cleaning	27,113	40,018	-	67,131	40,433
H&S, fire & security	13,394	30,880	1,640	45,914	15,029
Recharges and write offs	-	-	112,793	112,793	226,616
Board training	-	-	-	-	1,293
<u>Governance costs</u>					
Audit fees	-	-	6,184	6,184	5,325
	1,392,252	1,156,696	538,378	3,087,326	3,538,685

5 Net (expenditure)/income

	2017 £	2016 £
This is after charging:-		
Auditor's remuneration	6,184	5,325
Depreciation of tangible fixed assets	38,954	54,298
Amortisation of intangible fixed assets	25,228	-

ACORN RECOVERY PROJECTS
(a company limited by guarantee number 3360545)

Notes forming part of the financial statements
for the year ended 31 March 2017 (continued)

6 Employees

The average monthly number of employees during the year, analysed by function, was as follows:

	2017	2016
	Number	Number
Counselling and therapy	39	46
Finance and administration	12	12
Business Development	4	4
Housing Support Staff	24	27
	<u>79</u>	<u>89</u>

Staff costs consist of:	£	£
Salaries	1,661,928	1,836,752
Social security costs	146,536	159,517
Termination payments	37,522	21,561
Pension contributions	18,471	17,277
	<u>1,864,457</u>	<u>2,035,107</u>

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:	2017	2016
	Number	Number
Between £90,000 - £99,999	1	1

7 Board members and executive officers

	2017	2016
	£	£
The aggregate emoluments paid to or receivable by trustees	-	-
The aggregate emoluments paid to or receivable by executive officers	227,690	222,968
The emoluments paid to the highest paid officer excluding pension contributions	88,748	81,034
Pension cost for executive officers	1,376	1,021
The aggregate amount of any consideration payable to / (receivable from) third parties for making available the services of executive officers	(46,002)	-
Total key management personnel remuneration	<u>227,690</u>	<u>222,968</u>

Trustees' emoluments

The members of the board of trustees do not receive any remuneration there was a small reimbursement to one of the trustees for mileage and parking at £122 (2016: £Nil).

8 Interest payable

	2017	2016
	£	£
Bank mortgages	16,885	20,042
Other bank	-	17
	<u>16,885</u>	<u>20,059</u>

ACORN RECOVERY PROJECTS
(a company limited by guarantee number 3360545)

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

9 Tangible Fixed assets

	Leasehold property £	Freehold property £	Motor vehicles £	Computer equip fixtures and fittings £	Freehold improvements £	Total £
<i>Cost or Valuation</i>						
At 31 March 2016	485,000	762,962	14,274	250,482	127,512	1,640,230
Additions	-	-	-	20,806	-	20,806
Disposals	-	-	-	(175,978)	-	(175,978)
	<u>485,000</u>	<u>762,962</u>	<u>14,274</u>	<u>95,310</u>	<u>127,512</u>	<u>1,485,058</u>
At 31 March 2017	485,000	762,962	14,274	95,310	127,512	1,485,058
<i>Depreciation</i>						
At 31 March 2016	9,700	42,571	14,102	210,699	115,483	392,555
Charge for period	4,850	7,630	172	22,928	3,799	39,379
Disposals	-	-	-	(175,978)	-	(175,978)
At 31 March 2016	<u>14,550</u>	<u>50,201</u>	<u>14,274</u>	<u>57,649</u>	<u>119,282</u>	<u>255,956</u>
<i>Net Book Value</i>						
31 March 2017	<u>470,450</u>	<u>712,761</u>	<u>-</u>	<u>37,661</u>	<u>8,230</u>	<u>1,229,102</u>
31 March 2016	<u>475,300</u>	<u>720,391</u>	<u>172</u>	<u>39,783</u>	<u>12,029</u>	<u>1,247,675</u>

All assets are held for direct charitable purposes.

The freehold relating to the leasehold property is owned by the subsidiary Alcohol and Drug Abstinence Service (Management) Limited (see note 12).

The freehold property at Magda Road and Newton Place acquired in 2009 are subject to a fixed charge. Further details are disclosed in note 18.

10 Intangible Fixed assets

	Goodwill £	Total £
<i>Cost or Valuation</i>		
Additions (see note 12)	251,273	251,273
At 31 March 2017	<u>251,273</u>	<u>251,273</u>
<i>Amortisation</i>		
Charge for period	25,228	25,228
At 31 March 2017	<u>25,228</u>	<u>25,228</u>
<i>Net Book Value</i>		
31 March 2017	<u>226,045</u>	<u>226,045</u>
31 March 2016	<u>Nil</u>	<u>Nil</u>

The goodwill relates to Delphi acquisition (Note 12) and is being amortised over 5 years.

ACORN RECOVERY PROJECTS
(a company limited by guarantee number 3360545)

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

11 Investments in subsidiaries

	2017	2016
	£	£
ADAS	1	1
Delphi	<u>37,598</u>	<u>-</u>
	<u>37,599</u>	<u>1</u>

ADAS

The charity owns 100% of the issued share capital of Alcohol and Drug Abstinence Service (Management) Limited, a company incorporated in England and Wales (Company No. 6545855). This company was formed to hold the freehold interest in one of the leasehold properties occupied by the charity. At 31 March 2017, the non-trading company had net assets of £1 (2016: £1) and allotted share capital of £1 (1 £1 ordinary share).

The freehold interest in the property occupied by the charity was assigned to Alcohol and Drug Abstinence Service (Management) Limited during April 2008 when a lease back to the charity was put in place at a peppercorn rent.

Delphi

During the year, Acorn acquired 100% of the issued share capital of Delphi Medical Consultants Limited (Company No. 6944767) and Delphi Medical Limited (Company No. 69014150), both companies incorporated in England and Wales. The companies provide medical treatment for drug and alcohol abstinence. The fair value on acquisition was £37,598 as shown in note 13.

At 31 March 2017, Delphi had net liabilities £229k (2016: net assets £192k) following a loss for the year £420,871 (2016: profit £188,926) and allotted share capital of £1,004 (1,004 £1 ordinary shares).

12 Acquisition of subsidiary undertakings

On 15 October 2016, the charity acquired 100% of the issued share capital of Delphi Medical Limited and Delphi Medical Consultants Limited for cash consideration.

	Total
	£
Tangible fixed assets	25,044
Debtors	398,680
Cash	83,332
Creditors	(463,964)
Provisions	(5,494)
Net assets	37,598
Goodwill	<u>251,273</u>
	<u>288,871</u>
	<u>288,871</u>
Satisfied by cash	<u>288,871</u>

13 Debtors

	2017	2016
	£	£
Trade debtors	226,546	366,118
Intercompany balance	183,067	-
Prepayments	21,559	117,740
Staff loans & deposits	<u>3,175</u>	<u>5,264</u>
	<u>434,347</u>	<u>489,122</u>

All amounts shown under debtors fall due for payment within one year.

ACORN RECOVERY PROJECTS
(a company limited by guarantee number 3360545)

Notes forming part of the financial statements
for the year ended 31 March 2017 (continued)

14 Creditors: amounts due within one year

	2017 £	2016 £
Bank loans (secured)	75,296	75,296
Trade creditors	9,101	150,385
Taxation and social security	-	45,832
Obligations under finance leases	-	1,730
Other creditors	10,882	5,161
Accruals and deferred income	154,884	155,130
Intercompany balances	827,191	66,893
	1,077,354	500,427

15 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans (secured)	348,661	407,097
	348,661	407,097
Bank loans payable by instalments as follows:-		
Between two and five years	194,238	227,908
After five years	154,423	179,189
	348,661	407,097

Loan account no.	Expiry	Interest Rate %	Legal charge	Balance £
04862684	June 2019	3.5%	Elliott House	80,301
44461770	April 2028	3.7%	Rosemary Court	343,656

The total bank loans of £423,957 (2016: £482,393) are secured by legal charges on Elliott House freehold property and Rosemary Court leasehold property. At 31 March 2017, these properties have a net book value of £697,536 (2016: £708,485).

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Total funds £
Fixed assets	947,065	545,681	1,492,746
Current assets	487,503	-	487,503
Current liabilities	(1,077,354)	-	(1,077,354)
Long term liabilities	(348,661)	-	(348,661)
Net assets at 31 March 2017	8,553	545,681	554,234

ACORN RECOVERY PROJECTS
(a company limited by guarantee number 3360545)

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

17 Movement in funds

	At 31 March 2016 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2017 £
Restricted funds					
NHS National	564,828	-	-	(19,147)	545,681
NHS Psychologist	-	16,455	(16,455)	-	-
Acquisition of Delphi	-	51,722	(51,722)	-	-
Total restricted funds	564,828	68,177	(68,177)	(19,147)	545,681
Unrestricted funds	369,232	2,691,045	(3,070,871)	19,147	8,553
Total funds	934,060	2,759,222	(3,139,048)	-	554,234

Purposes of restricted funds

NHS National Treatment Agency for Substance Misuse - During the year ended 30 September 2010 the charity was awarded and received two grants totalling £670,135, under the Department for Health 2009–2010 Capital Funding Scheme, to acquire two further houses for accommodation. These grants are repayable on a pro-rata basis over 35 years from acquisition date if the charity ceases to provide Recovery Community Services in accordance with those currently offered within those two properties. The potential repayment is secured by a fixed charge on these properties and is restricted to the pro-rata proceeds on the sale of either property.

The grant is being transferred to unrestricted funds over the 35 year period on a pro-rata basis.

18 Financial commitments

The company had remaining commitments under non-cancellable operating leases as set out below:

	2017 Land and buildings £	2016 Land and buildings £
Expiry date:		
In less than one year	27,800	76,136
In two to five years	-	27,800
	=====	=====
	Equipment £	Equipment £
Expiry date:		
In less than one year	14,248	20,951
In two to five years	6,547	4,608
	=====	=====

19 Company exempt from requirement to use the word “Limited”

The company complies with section 30(3) of the Companies Act 2006 and is therefore exempt from using the word “Limited” in its title.

ACORN RECOVERY PROJECTS

(a company limited by guarantee number 3360545)

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

20 Company limited by guarantee

The company has no share capital. The liability to the members in respect of the guarantee as set out in the company's memorandum of association is limited to £1 per member. The number of members at the year end was 4 (2016: 4).

21 Parent undertaking

The Company is a subsidiary of The Calico Group Limited, a Company registered in England and Wales.

The Group's principal activity is that of the provision of social housing and care activities and the consolidated accounts which include the results of the charity can be obtained from:

- Company Secretary, The Calico Group Limited, Centenary Court, Croft Street, Burnley, BB11 2ED

No other accounts include the results of this charity.

The trustees consider The Calico Group Limited to be the ultimate parent entity.

22 Related party transactions

GN Elliott, a Trustee, is also Trustee of the Michael Bishop Foundation which donated £50,000 to the Charity during the year ended 31 March 2017 (2016: £100,000).

Dr K Hyde, a Trustee, is also a Trustee of CRH Charitable Trust who part funded the clinical psychologist £16,455 during the year ended 31 March 2017 (2016: £Nil).

Sales and purchases of goods and services between related parties are at an arm's length basis at normal market prices. Any outstanding balances are unsecured and interest free, unless stated otherwise.

The Calico Group Limited ("Group"), the parent company
There were no transactions during the year (2016: £Nil).

At 31 March 2017, the company owed to Group £Nil (2016: £14,000).

Calico Homes Limited ("Homes"), a fellow subsidiary of Group
During the year, Homes recharged office costs and rents amounting to £128,000 (2016: £115,000) and Acorn recharged professional fees amounting to £54,000 (2016: £Nil).

At 31 March 2017, the company owed Homes £625,000 (2016: £31,000).

Calico Enterprise Limited ("Enterprise"), a fellow subsidiary of Group
During the year, Enterprise supplied catering, cleaning, painting & decorating services amounting to £48,000 (2016: £3,000) and Acorn recharged training costs amounting to £4,000 (2016: £Nil).

At 31 March 2017, the company owed Enterprise £1,000 (2016: £Nil).

SafeNet Domestic Abuse and Support Services Ltd ("Safenet"), a fellow subsidiary of Group
(formerly SafeNet Domestic Abuse Service)
During the year, Safenet lent Acorn £200,000 at an interest rate of base rate plus 1% and repayable by 31 March 2018.

At 31 March 2017, the company owed Safenet £200,000 (2016: £Nil).

Delphi Medical Consultants Limited ("DMC"), a subsidiary of Acorn
During the year, Acorn supplied treatment services amounting to £60,000 (2016: £Nil).

At 31 March 2017, DMC owed the company £13,000 (2016: £Nil).

Delphi Medical Limited ("Delphi"), a subsidiary of Acorn
During the year, Acorn lent Delphi £170,000 at an interest rate of base rate plus 1% and repayable by 30 November 2017.

At 31 March 2017, Delphi owed the company £170,000 (2016: £Nil).