

Registered number: 05641704
Charity number: 1113969

FIVE TALENTS U.K. LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

FIVE TALENTS U.K. LIMITED
(A company limited by guarantee)

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FIVE TALENTS U.K. LIMITED
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Trustees	Neil Sandy, Chair Rt Revd Peter Hill Rachel Hubbard (resigned 20 March 2019) Charlotte Hutchinson (resigned 20 March 2019) Andrew Maclay, Treasurer Grant Masom Gill Miller Trevor Smith Canon John Libby Gordon Seabright Sietske Van Der Ploeg (appointed 20 March 2019) Beverley Jullien (appointed 20 March 2019) Agnes Gitau (appointed 20 March 2019) Michelle Ruddle (appointed 20 March 2019)
Company registered number	05641704
Charity registered number	1113969
Registered office	St Bride Foundation Bride Lane London EC4Y 8EQ
Company secretary	Rachel Lindley
Chief executive officer	Rachel Lindley
Independent auditors	MHA MacIntyre Hudson Chartered Accountants 71 New Dover Road Canterbury Kent CT1 3DZ
Bankers	Metro Bank One Southampton Row London WC1B 5HA

FIVE TALENTS U.K. LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees present their annual report together with the audited financial statements of the Company for the year 1 January 2019 to 31 December 2019. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective January 2015).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

"To relieve financial hardship among people living in Developing Countries by partnering with the indigenous Anglican Churches and other partners to operate quality Micro-Enterprise Development programmes, through provision of training and capital grants, and other charitable activities consistent with this objective."

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

b. Activities undertaken to achieve objectives

Working through a network of local partners, Five Talents establishes savings and loans group and delivers literacy, financial literacy and business skills training in rural communities in East Africa. Members of our programmes can access a safe place to save, small loans to invest in their businesses, and the skills to use them well, often for the first time. The increased profits they generate enable them to feed and educate their families and improve their standard of living, sustainably.

Five Talents collects regular data, both quantitative and qualitative, to measure the impact of our programmes. As part of working more closely with our sister offices in the USA and Kenya, in 2019 we began work to standardise our Monitoring and Evaluation ("M&E") frameworks. We held two M&E workshops in East Africa with our local programme leaders to ensure we gather the same data across the six eastern African countries where we work. Programme leaders identified the outcomes Five Talents seeks as:

- Community empowerment - well-being of communities.
- Access to healing, education, nutrition, housing.
- Social inclusion, confidence, sense of worth.
- Reconciliation of relationships.
- Building the capacity of the local Church.
- Leadership.
- Female Empowerment.
- Resilience.

The participants discussed and agreed to indicators which could measure those outcomes, as well as defining the characteristics of the charity's central programme models.

FIVE TALENTS U.K. LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Objectives and activities (continued)

c. Grant-making policies

Five Talents UK works with Five Talents International to identify suitable micro-enterprise partners to work with in developing countries. A Memorandum of Understanding is signed with each partner annually. Grants are made quarterly according to an annual budget and are only released once satisfactory reports on financial and social performance during the previous quarter have been received and approved by the UK office. The Memoranda of Understanding include requirements for partners to comply with anti-bribery and safeguarding policies.

d. Volunteers

The work of Five Talents is greatly enhanced by the efforts of a number of enthusiastic and dedicated volunteers who mainly work in the UK, for example speaking at events for us in their local region.

e. Main activities undertaken to further the Company's purposes for the public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aim and objectives and in planning future activities. The Trustees believe that the activities undertaken in the year for achieving the objectives of the charity have met the public benefit requirement.

Achievements and performance

a. Key performance indicators

In 2019, Five Talents approved the following 4 Strategic Priorities:

- Growth - Because we know what we do works, and the need is immense.
- One Five Talents - Because working as one enhances programme quality, operational efficiency and fundraising potential.
- Accelerate capacity in implementing partners - Because locally-owned solutions, both programme management and fundraising, are more sustainable.
- Tell the world! - Because we need more champions to support us, and we can inspire others to replicate our success.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Strategic report (continued)

Achievements and performance (continued)

b. Review of activities

In 2019 Five Talents (FT) continued to expand, reaching a new total record income and sending more grants to our programmes than previously in our history. We measure success, however, by looking at the figures on the ground: more members joining our Savings Groups; more women completing the training schemes that empower them to become entrepreneurs; and more families eating well in households that are more robust.

In 2019 we agreed to a strategic plan whose first pillar is growth - of income and of programmes. In 2020, we will explore new partnerships and opportunities to deliver this growth.

In 2019 the Five Talents "family" of organisations (USA, UK and Kenya) were active in eight countries: Bolivia, Burundi, Democratic Republic of Congo, Kenya, Myanmar, South Sudan, Tanzania and Uganda.

c. Factors relevant to achieve objectives

In 2019, we began new programmes in the Dioceses of Baringo (Kenya) and (with FT USA) in Renk (South Sudan), as well as forming new groups across all the regions where we currently work. We also continued to bring our programmes together under the 'One Five Talents' banner, sharing programme learning and expertise. This helps us to meet our charitable objectives.

d. Fundraising activities

2019 was another record year for fundraising; total income and total grants made to programmes were both at peak levels of £823,794 and £629,322 respectively (2018: £797,855 and £478,024 respectively). This is particularly pleasing given the political uncertainty in the UK in 2019 which made for a challenging climate for fundraising. The amount of funding sent to programme partners for the delivery of our charitable programmes is the most important figure, as it is this which enables Five Talents to achieve its charitable objectives.

We continue to enjoy a strong diversification across our income streams, with growth across individual, trusts and foundations, and church and sponsorship income. The popularity of our 'giving groups' of supporters pledging to support 5 year programmes is encouraging, and we remain incredibly grateful to all our loyal donors whose generous giving enabled us to send more money to our programmes than ever before. The charity does not work with professional fundraisers. The charity's fundraising was not bound by any voluntary regulating scheme or standard during the year. No complaints were received in respect of the charity's fundraising activities. The charity has taken reasonable steps to ensure that the public was protected from behaviour which may be unreasonably intrusive, persistent or have placed undue pressure on a person to give money.

Financial review

a. Financial review and going concern

The total incoming resources for the year were £823,794 (2018: £797,855). Total resources expended were £898,378 (2018: £703,967). At 31 December the charity held fund balances of £398,920 (2018: £473,504) which was made up of restricted funds of £291,076 (2018: £375,953) and unrestricted funds of £107,844 (2018: £97,551).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Strategic report (continued)

Financial review (continued)

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Reserves policy

The Trustees' reserves policy is to maintain between 3 and 6 months' non-grant expenditure in unrestricted reserves, in order to cover the charity for unexpected monthly fluctuations in income.

The level of unrestricted reserves at the year end was in line with our policy.

c. Principal risks and uncertainties

The Trustees assess the principal risks on the 2019 register, which are largely unchanged from those of prior years, are an inability to raise sufficient income to finance planned activities; compliance with regulatory requirements in the UK and by partners in East Africa, political unrest or instability in our operational areas, and bad practices and/or bad press coverage in other parts of the charity sector which negatively affect Five Talents.

We are conscious of the impact of Covid19 on the UK and globally and are taking appropriate measures. For the UK, we have sufficient reserves to cover UK staffing and overhead costs for 3-6 months and we will take appropriate action if the need arises. In relation to our funding for overseas programmes, we are in touch with all partners and wish to continue to support them based upon the income we receive.

d. Financial risk management objectives and policies

The Trustees have considered the risks associated with operating Five Talents in the UK and taken steps to mitigate them. The Risk Assessment is reviewed at Trustee meetings. The assessment identifies different risks to which the charity is exposed at any point. The Risk Assessment for UK risks was reviewed at a Board meeting in February 2020 and the Programme Risk Register will be reviewed by the Programme Quality Committee in May 2020.

e. Principal funding

In 2019, the largest percentage of our income came from individual giving, including regular giving, gifts to our Christmas appeal, gifts to our 5 year programmes, and Gift Aid. We also received a range of grants from trusts and foundations, some gifts from churches and fundraising from our marathon in Cornwall.

FIVE TALENTS U.K. LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Structure, governance and management

a. Constitution

Five Talents U.K. Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 14/11/2005.

The company is constituted under a Memorandum of Association dated 14/11/2005 and is a registered charity number 1113969.

The company was incorporated on 1 December 2005 and commenced trading on that date.

b. Methods of appointment or election of Trustees

The process of recruitment, appointment and induction is outlined below:

1. The skills and experience required of any potential new candidates are identified and agreed by the existing Trustees in consultation with the CEO / Exec team.
2. Current Trustees nominate individuals for consideration.
3. Prospective Trustees are invited to meet existing Trustees and the Exec team to explore the appointment. They are given documents outlining the responsibilities of charity Trustees and the activities and plans of the charity.
4. Nominees are discussed at a Trustee meeting and a vote held to appoint or not.

Successful candidates are invited to the office for induction and to make an overseas visit (at their own expense) to one of the micro-enterprise programmes as appropriate.

c. Policies adopted for the induction and training of Trustees

There is a trustee induction programme covering roles and responsibilities of the Board and the exec team, background information about the charity, policies and procedures, aims and objectives for the current period etc.

d. Charity's wider network

Five Talents UK is a member of BOND, the Financial Inclusion Forum and Partners for World Mission. BOND is a source of best practice and peer networking within the international development sector whilst the Financial Inclusion Forum allows sharing of learning on microfinance and Partners for World Mission helps Five Talents network with other Christian development charities.

e. Related party relationships

This is disclosed in the Related Parties note in the accounts.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Structure, governance and management (continued)

f. Governance

The Trustees of the charity take all decisions at Quarterly Board meetings. The CEO has regular meetings with the Chair for strategic guidance between meetings, and the Treasurer and Chair receive monthly management accounts in draft form before a summary is shared with the Trustees in a monthly update.

The Board has an Operations and Governance sub-Committee which reviews all HR, risk and governance matters in detail before these come to the full Board. This Committee also reviews the charities policies annually. The Board is forming a Fundraising sub-Committee in 2020.

Throughout much of 2019, the Board also had a Programmes sub-Committee which reviews all programme management questions. In 2020, this role will fall to the Programme Quality Committee, a sub-Committee of Five Talents International.

g. Remuneration of key management personnel

Five Talents operates a relatively flat pay structure, with pay for all 6 staff falling between £25,000 and £34,000 per annum. The Operations and Governance Group reviews pay proposals annually before approval by the full Board. A small increment to reflect increased cost of living is often awarded annually. Each staff member has an annual appraisal which may also inform any salary increase decisions. However, with just 6 staff, the team sees its successes and challenges as shared by the whole team.

Plans for future periods

For 2020, we will begin programmes in Marsabit (Kenya), Terekeka (South Sudan) and hopefully begin supporting work in 14 new dioceses across Tanzania through the Mothers' Union. We will also be working with FTUS and FTK to explore a Texan church Giving Group to fund a 5-year programme in Mombasa for 2021.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company 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. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with 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.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

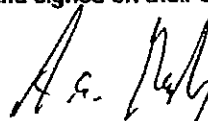
The auditors, MHA MacIntyre Hudson, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:



Neil Sandy
Chair

Date: 30 March 2020



Andrew Maclay
Treasurer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIVE TALENTS U.K. LIMITED

Opinion

We have audited the financial statements of Five Talents U.K. Limited (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, 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 Financial Reporting Standard 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 charitable company's affairs as at 31 December 2019 and of its 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 Charities Act 2011.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.

FIVE TALENTS U.K. LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIVE TALENTS U.K. LIMITED
(CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

FIVE TALENTS U.K. LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIVE TALENTS U.K. LIMITED
(CONTINUED)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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 located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
71 New Dover Road
Canterbury
Kent
CT1 3DZ

Date: 17 April 2020.

MHA MacIntyre Hudson are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

FIVE TALENTS U.K. LIMITED
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:					
Donations and legacies	2	322,221	499,656	821,877	796,552
Investments	3	1,917	-	1,917	1,303
Total income		324,138	499,656	823,794	797,855
Expenditure on:					
Raising funds	4	102,141	-	102,141	86,249
Charitable activities	6	211,704	584,533	796,237	617,718
Total expenditure		313,845	584,533	898,378	703,967
Net income/(expenditure) before taxation		10,293	(84,877)	(74,584)	93,888
Net movement in funds		10,293	(84,877)	(74,584)	93,888
Reconciliation of funds:					
Total funds brought forward		97,551	375,953	473,504	379,616
Net movement in funds		10,293	(84,877)	(74,584)	93,888
Total funds carried forward		107,844	291,076	398,920	473,504

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 16 to 30 form part of these financial statements.

FIVE TALENTS U.K. LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 05641704

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Current assets			
Stocks	14	-	101
Debtors	15	53,160	34,890
Cash at bank and in hand		354,410	446,013
		<u>407,570</u>	<u>481,004</u>
Creditors: amounts falling due within one year	16	(8,650)	(7,500)
Net current assets		<u>398,920</u>	<u>473,504</u>
Total assets less current liabilities		<u>398,920</u>	<u>473,504</u>
Net assets excluding pension asset		<u>398,920</u>	<u>473,504</u>
Total net assets		<u><u>398,920</u></u>	<u><u>473,504</u></u>
Charity funds			
Restricted funds	17	291,076	375,953
Unrestricted funds	17	107,844	97,551
Total funds		<u><u>398,920</u></u>	<u><u>473,504</u></u>

FIVE TALENTS U.K. LIMITED
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BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The charitable company was entitled to exemption from audit under section 477 of the Companies Act 2006 and was also not required to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

While the charitable company was exempt from the requirement for an audit under section 144 of the Charities Act 2011, the Trustees have voluntarily opted to have an audit under the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

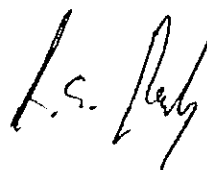
The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Neil Sandy
Chair

Date: 30 March 2020



Andrew Maclay
Treasurer

The notes on pages 16 to 30 form part of these financial statements.

FIVE TALENTS U.K. LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Net cash used in operating activities	(93,520)	77,741
	<hr/>	<hr/>
Cash flows from investing activities		
Dividends, interest and rents from investments	1,917	1,303
	<hr/>	<hr/>
Net cash provided by investing activities	1,917	1,303
	<hr/>	<hr/>
Cash flows from financing activities		
	<hr/>	<hr/>
Net cash provided by financing activities	-	-
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	(91,603)	79,044
Cash and cash equivalents at the beginning of the year	446,013	366,969
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>354,410</u>	<u>446,013</u>

The notes on pages 16 to 30 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Company has elected to apply all amendments to FRS 102, as set out in the Financial Reporting Council's triennial review published in December 2017, and included in Update Bulletin 2 to the Charities SORP (FRS 102), prior to mandatory adoption for accounting periods beginning on or after 1 January 2019.

Five Talents U.K. Limited 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.

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

We are conscious of the impact of Covid19 on the UK and globally and are taking appropriate measures. For the UK, we have sufficient reserves to cover UK staffing and overhead costs for 3-6 months and we will take appropriate action if the need arises. In relation to our funding for overseas programmes, we are in touch with all partners and wish to continue to support them based upon the income we receive.

FIVE TALENTS U.K. LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

1.3 Income

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

For legacies, entitlement is taken as the earlier of the date on which: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the company where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the Company to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of financial activities.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Fixtures and fittings - 3 years straight line basis

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

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

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

1.12 Financial Instruments

The Company 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.14 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Income from donations and legacies

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	322,041	499,656	821,697	796,083
Miscellaneous income	180	-	180	469
Total 2019	<u>322,221</u>	<u>499,656</u>	<u>821,877</u>	<u>796,552</u>
<i>Total 2018</i>	<u>323,030</u>	<u>473,522</u>	<u>796,552</u>	

3. Investment Income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Interest receivable	1,917	1,917	1,303
	<u>1,917</u>	<u>1,917</u>	<u>1,303</u>

4. Expenditure on raising funds

Fundraising expenses

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Conference and event costs	17,037	17,037	16,124
Fundraising freelancers	3,970	3,970	13,919
Wages and salaries	76,556	76,556	48,737
Administrative fees	4,578	4,578	7,469
Total 2019	<u>102,141</u>	<u>102,141</u>	<u>86,249</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. Grants to institutions

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Five Talents US - designated to South Sudan and Burundi Programmes	20,786	27,033	47,819	<i>50,000</i>
Democratic Republic of Congo - Aru Holistic Development Project	-	99,956	99,956	<i>26,524</i>
East Africa Staff Training Workshops	7,370	16,609	23,979	<i>12,095</i>
Kenya - Five Talents Kenya, Embu, Nakuru, Kericho, Butere and Baringo Community Development Trusts	75,208	259,668	334,876	<i>247,734</i>
Tanzania - Organisation Matumaini Communities	2,148	64,895	67,043	<i>61,930</i>
Uganda - Karamoja CDT	-	55,649	55,649	<i>79,741</i>
Total 2019	<u>105,512</u>	<u>523,810</u>	<u>629,322</u>	<u><i>478,024</i></u>
<i>Total 2018</i>	<u>120,192</u>	<u>357,832</u>	<u>478,024</u>	

6. Analysis of expenditure on charitable activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Charitable activities	<u>211,704</u>	<u>584,533</u>	<u>796,237</u>	<u><i>617,718</i></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Analysis of expenditure on charitable activities (continued)

The figure of £584,533 shown above under Restricted funds includes the Grants figure of £523,810 shown in Note 5 together with UK programme management costs of £60,723.

7. Analysis of expenditure by activities

	Direct costs 2019 £	Grants to institutions 2019 £	Support costs 2019 £	Total funds 2019 £	<i>Total</i> <i>funds</i> 2018 £
Charitable activities	<u>126,332</u>	<u>629,321</u>	<u>40,584</u>	<u>796,237</u>	<u>617,718</u>
<i>Total 2018</i>	<u>102,085</u>	<u>478,026</u>	<u>37,607</u>	<u>617,718</u>	

Analysis of direct costs

	Activities 2019 £	Total funds 2019 £	<i>Total</i> <i>funds</i> 2018 £
Staff costs	85,875	85,875	83,863
Consultancy	15,241	15,241	3,038
International travel costs	25,216	25,216	15,184
	<u>126,332</u>	<u>126,332</u>	<u>102,085</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities	Total	Total
	2019	funds	funds
	£	2019	2018
		£	£
Payroll and pension administration costs	1,727	1,727	-
Accountancy fees	1,200	1,200	2,328
Equipment	205	205	56
Transport and mileage	917	917	886
Stationery and postage	892	892	472
Telephone and internet	1,204	1,204	987
Training and conference fees	855	855	739
Books, journals and subscriptions	3,666	3,666	2,593
Rent	11,488	11,488	13,415
Bank charges	280	280	298
Miscellaneous expenditure	1,055	1,055	1,040
Depreciation	-	-	193
Internal meetings and entertainment	647	647	301
Insurance	250	250	229
Governance costs (see note below)	16,198	16,198	14,070
	<u>40,584</u>	<u>40,584</u>	<u>37,607</u>

8. Governance costs

	Unrestricted	Total	Total
	funds	funds	funds
	2019	2019	2018
	£	£	£
Support costs	6,276	6,276	5,947
Wages and salaries	9,922	9,922	8,123
Total 2019	<u>16,198</u>	<u>16,198</u>	<u>14,070</u>
<i>Total 2018</i>	<u>14,070</u>	<u>14,070</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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9. Auditors' remuneration

The Auditor's remuneration amounts to an Audit fee of £5,586 (2018: £5,802), and other non audit services of £1,200 (2018: £2,328).

10. Staff costs

	2019 £	2018 £
Wages and salaries	147,197	121,460
Social security costs	10,436	7,276
Contribution to defined contribution pension schemes	14,720	11,987
Payroll and pension administration costs	1,727	-
	<u>174,080</u>	<u>140,723</u>

The average number of persons employed by the Company during the year was as follows:

	2019 No.	2018 No.
Fundraising	3	2
Charitable operations	3	2
	<u>6</u>	<u>4</u>

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Fundraising	2	2
Charitable operations	3	2
	<u>5</u>	<u>4</u>

No employee received remuneration amounting to more than £60,000 in either year.

The total amount of employee benefits received by key management personnel is £62,999 (2018: £62,317). The Charity considers its key management personnel to comprise persons having authority and responsibility for planning, directing and controlling the activities of the Charity.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL-).

During the year ended 31 December 2019, expenses totalling £399 were reimbursed or paid directly to 2 Trustees (2018 - £145 to 1 Trustee) for travel and hospitality.

12. Taxation

Corporation tax

Factors affecting tax charge for the year

Five Talents U.K. Limited is a registered charity and all of its activities fall within the exemptions afforded to charities under taxation legislation. Therefore, no charge to taxation arises.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 January 2019	1,781
Disposals	(1,781)
	<hr/>
At 31 December 2019	-
	<hr/>
Depreciation	
At 1 January 2019	1,781
On disposals	(1,781)
	<hr/>
At 31 December 2019	-
	<hr/>
Net book value	
At 31 December 2019	<hr/> <hr/> -
At 31 December 2018	<hr/> <hr/> -

FIVE TALENTS U.K. LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Stocks

	2019 £	2018 £
Finished goods and goods for resale	<u>-</u>	<u>101</u>

15. Debtors

	2019 £	2018 £
Due within one year		
Prepayments and accrued income	53,160	34,890
	<u>53,160</u>	<u>34,890</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Accruals and deferred income	<u>8,650</u>	<u>7,500</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

17. Statement of funds

Statement of funds - current year

	Balance at 1 January 2019 £	Income £	Expenditure £	Balance at 31 December 2019 £
Unrestricted funds				
General Funds - all funds	97,551	324,138	(313,845)	107,844
Restricted funds				
Kenya	176,174	355,048	(303,604)	227,618
Tanzania	34,164	47,500	(74,981)	6,683
Uganda	45,875	48,099	(72,103)	21,871
Democratic Republic of Congo	119,740	21,976	(106,812)	34,904
Burundi	-	15,500	(15,500)	-
South Sudan	-	11,533	(11,533)	-
	<u>375,953</u>	<u>499,656</u>	<u>(584,533)</u>	<u>291,076</u>
Total of funds	<u><u>473,504</u></u>	<u><u>823,794</u></u>	<u><u>(898,378)</u></u>	<u><u>398,920</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

17. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 January 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 December 2018 £</i>
Unrestricted funds					
Designated funds					
Grant for FTUS Programmes	-	-	(50,000)	50,000	-
General funds					
General Funds	69,352	324,333	(296,134)	-	97,551
Total Unrestricted funds	69,352	324,333	(346,134)	50,000	97,551
Restricted funds					
Kenya	180,697	245,653	(200,176)	(50,000)	176,174
Tanzania	38,677	50,500	(55,013)	-	34,164
Uganda	50,890	71,105	(76,120)	-	45,875
Democratic Republic of Congo	40,000	106,264	(26,524)	-	119,740
	<u>310,264</u>	<u>473,522</u>	<u>(357,833)</u>	<u>(50,000)</u>	<u>375,953</u>
Total of funds	<u>379,616</u>	<u>797,855</u>	<u>(703,967)</u>	<u>-</u>	<u>473,504</u>

Designated funds

The designated fund related to grants for the FTUS Programmes for projects in South Sudan and Burundi.

General funds

These represent the free funds of the charity which are available to meet its policies and objectives as set out in the Trustees Report and are not designated for particular purposes.

Restricted funds

Donations restricted for funding the cost of specific Five Talents programmes in the countries listed above.

FIVE TALENTS U.K. LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	(74,584)	93,888
Adjustments for:		
Depreciation charges	-	193
Dividends, interests and rents from Investments	(1,917)	(1,303)
Decrease in stocks	101	-
Increase in debtors	(18,270)	(15,336)
Increase in creditors	1,150	299
Net cash provided by/(used in) operating activities	(93,520)	77,741

19. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	354,410	446,013
Total cash and cash equivalents	354,410	446,013

20. Analysis of Net Debt

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	446,013	(91,603)	354,410
	446,013	(91,603)	354,410

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NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £14,720 (2018: £11,987). Contributions totalling £Nil (2018: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

22. Related party transactions

Five Talents International

Five Talents International is the organisation that owns the rights to the 'Five Talents' name. Three members representing Five Talents UK Ltd sit on the board of Five Talents International. No transactions have taken place in the period and no amounts are outstanding at the year end.

Five Talents US

Five Talents US is classed as a member organisation of Five Talents International. During the year Five Talents UK paid £47,819 (2018: £50,000) to Five Talents US for projects in South Sudan and Burundi.

Five Talents Kenya

Five Talents Kenya is a member of the Five Talents family, formed in 2016 to help replicate programmes in Kenya. During the year £120,751 (2018: £94,722) was paid to Five Talents Kenya for the overseeing of projects in Kenya.