

Connect: North Korea

Charitable Incorporate Organisation

CIO Registration Number: 1176563

Unaudited Accounts

Trustees Report and Financial Statements

For the year ended 31 December 2019.

## **Connect: North Korea**

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## **Connect: North Korea**

### **Relevance and Administration Details for the Financial Year Ended December 31, 2019.**

#### **Trustees**

Robin Peter Walker (Chair)

Richard Moreton (Treasurer)

Deborah Moore

Sultan Torshkhoev

Alice Chamberlain

Margaret Ahn (appointed 21/01/2019)

Jennifer Holroyd (appointed 21/01/2019)

Jinhee Lee (appointed 14/04/2020)

Lawrence Everard (resigned 19/03/2020)

Charity Registration Number

1176563

Registered office

149 High Street, New Malden, Greater London, KT3 4BH

Bank

CAF Bank, 25 Kings Hill Ave, Kings Hill, West Malling, ME19 4JQ

## **Connect: North Korea**

### **Trustees Report for the Financial Year End December 31, 2019.**

The Trustees present their annual report together with the financial statements of the CIO for the year 1 January 2019 to 31 December 2019. The Trustees confirm that the Annual Report and financial statements of the CIO comply with the current statutory requirements, the requirements of the 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 (FRS 102)(effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the CIO qualifies as small under section 382, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

## **Structure, Governance, and Management**

### **Governing Document**

Connect: North Korea is constituted as a Charitable Incorporated Organisation registered with the Charity Commission in January 2018 under registration number 1176563. The current constitution was adopted on January 7, 2018.

### **Organisational Structure**

The board of trustees – which currently has 8 members – administers the charity. The trustees receive no financial remuneration for their involvement. The board meets on a quarterly basis and there are sub-committees covering fundraising, audit and risk, and communications which normally meet quarterly. A Director is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Director has delegated authority, within terms of delegation approved by the trustees, for operational matters including, finance, employment, and all community-based activities.

### **Recruitment of Trustees**

Existing trustees are responsible for recruiting new trustees. In selecting individuals for appointment as charity trustees, the charity trustees must have regard to the skills, knowledge and experience needed for the effective administration of the CIO. Any appointment must be made at a meeting held according to the ordinary practice of the Board of Trustees as outlined in the Constitution. Each appointment is for a term of three years.

Potential trustees are invited to attend trustees' meetings as observers and are given more details of the charity's aims and activities and, if all agree, they are then proposed as new trustees at the subsequent trustees' meeting. This process allows due consideration of the person's eligibility, personal competence, specialist knowledge and skills.

### **Trustee Induction and Training**

In the first instance, approaches from those wishing to serve as a Trustee shall be made to the Chair. Following further discussion and consideration, prospective Trustees shall be invited to observe at least 1 Board meeting. Subsequently, if willing, the prospective Trustee shall make written representations to the Board, who will decide whether to co-opt the prospective Trustee as a full member of the Board, with all the rights and responsibilities that entails. All Trustees shall subsequently be elected at the next board meeting through a ballot of board members. The ballot shall be administered by the Secretary. Trustees standing for election shall be required to verbally present their reasons for wishing to be elected to the Board. In terms of size, the Board shall not exceed 12 Trustees, and shall seek to be a body which is diverse in terms of skills, experience and professional background. Trustees shall serve for a 3-year term.

To enable him/her to hit the ground running, new trustees must be provided with:

- The constitution (and any supporting guidelines or regulations);
- The last Annual Report (and any other explanatory leaflet, brochure or prospectus issued by the charity);
- The last audited accounts, the current Budget and the most recent (monthly or quarterly) Management Accounts;
- Copies of the last three Board Minutes and the Agenda for the next Board meeting (and a note of any future meeting dates);
- Any Code of Conduct or Board Policies in existence;
- Details of any Conflicts of Interest requirements;
- Details of the Committee and staff structures and reporting processes.
- The essential trustee: what you need to know, what you need to do (CC3)

Trustees are encouraged to attend appropriate external training events to improve their understanding of their role and to improve the skillsets of the board for more effective governance.

### **Objectives and Activities**

The objectives of the CIO are:

- 1) To promote human rights (as set out in the Universal Declaration of Human Rights and subsequent United Nations conventions and declarations) in North Korea by all or any of the following means:
  - monitoring abuses of human rights;

- educating the public about human rights;
- raising awareness of human rights issues; and
- promoting public support for human rights;

In furtherance of that object but not otherwise, the trustees shall have power

- To engage in political activity provided that the trustees are satisfied that the proposed activities will further the purposes of the charity to an extent justified by the resources committed and the activity is not the dominant means by which the charity carries out its objects.
- 2) To advance the education and training of North Koreans granted refugee status and their dependants in need thereof so as to advance them in life and assist them to adapt within a new community.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit. The trustees consider that the activities undertaken - as summarised below - provide benefit to the community we serve and the wider public.

#### Public awareness on human rights

To raise public awareness of human rights abuses in North Korea, we held 3 events with 92 attendees: our annual cooking class and 2 food-related events. We have also engaged in public talks and lectures throughout the year.

#### Community Service Provision

Our community centre expanded its programming thanks to substantial support from Kingston upon Thames London Borough Council, the National Lottery Community Fund, and private donations. As well as building on our existing English and mental health care service provision, we were able to add a valuable and highly successful new service: advice and information sessions.

#### Connections - English-language provision

Connections is our flag-ship programme to support North Korean refugees in learning English. It has 2 main strands:

##### Twice-weekly English classes

The classes cover practical English language skills. From language they might use in the supermarket to the language used when speaking to their children's school teachers, these

group classes will help address some of the barriers to life in New Malden and help them develop a community voice

2 qualified ESOL tutors were hired to deliver ESOL classes to 4 levelled group English classes for North Korean refugees throughout the year. 2 intermediate classes and 2 beginner classes were established. Each class met twice a week for an hour each time. A target of 24 beneficiaries was set for the year – Connect: North Korea registered 29 individuals throughout the year. This service was sponsored for a large part of the year by funding from Kingston Council.

Each participant was level-tested pre-entry and then level-tested after 6 months to assess possible improvement – content for classes was not factored in as the tests were varied to enable tutors to teach widely rather than to a test. 20 students sat both tests. 2 showed significant improvement (defined as bettering scores by more than 10% on the previous test); 15 showed marginal improvement or stayed the same; the remaining 3 showed a fall – this 3 were in our beginner level class, which started with teaching ABCs. This fall suggests guess work in the test rather than considered answers.

#### Befriending sessions with local volunteer mentors

Our clients meet on a fortnightly basis with local volunteer mentors to first of all enable them to practice their new-found skills in real-world settings, and secondly, to build their confidence. From the post office to the dentist, this part of the programme seeks to build the skills North Koreans need on the path to fluency. By focusing part of the programme on practical skills, North Koreans build their confidence and this will contribute to achieving independent lives, as well as enabling them to feel comfortable speaking English to native speakers. We currently have 25 registered students. This part of the project received funding from the National Lottery Community Fund.

We supplement these two strands with an occasional conversation café - informal discussion groups over a cup of tea/coffee with our clients, volunteers, and other locals to encourage informal language learning. This year, we have held sessions with 15 participants.

#### Advice

Thanks to support from Kingston Council, we were able to launch a new Advice, Information and Guidance service this year to provide help to our clients during the process of integration. 1 North Korean was recruited to provide information, guidance, and advice. The demand was such that we reached 32 clients and helped them resolve 58 separate issues. The specific nature of the help given was fairly wide-ranging, covering housing, bills, education, translation for healthcare purposes, and other issues.

Feedback surveys were conducted post-support. 25 out of 32 said they agreed or strongly agreed that they now knew how to navigate the issue they had; the remainder neither agreed nor disagreed. 92% said they would strongly recommend the service.

#### Mental Health Care

We have a small team of Korean-speaking mental health professionals working with us to deliver the extremely important mental health care that many in the community struggle to

access because of language barriers. One provided ongoing therapy sessions throughout the period of the project. 3 beneficiaries was the target – this was met and, in fact, by the end we had 2 additional beneficiaries who had agreed to undertake treatment but did not begin until after the funding period ended.

Clients were surveyed. 3 out of 3 noted that they strongly agreed that their health and wellbeing improved from participating in sessions.

One attendee wrote a letter. She notes: “I gained confidence through the therapy. I used to sleep sometimes for a full day at home - sometimes for several days at a time up to a week. [From the therapy,] I learned how to love and care for myself, and why I should be kind to me.”

## **Achievements and Performance**

In our first year, we successfully launched a much-needed community space for the North Korean community, creating opportunities to address the community’s needs and a location for cultural, educational, and recreational programming run by North Koreans.

In 2019, we built on the success of the community space in our first with our English programme serving 40 North Koreans to make a change in their new life in the UK by removing one of the biggest causes of the isolation from their local community, improving their social and life skills, improving their employability, and avoiding a revolving door of poverty. Measurement of improvements in English levels is ongoing, but is on an upwards trajectory.

Our advice sessions were tremendously successful, reaching 32 clients in 6 months. We have extended this programme into another year.

### **Future Activities**

Recognising that COVID-19 has changed society indefinitely, we want to adapt to this new reality and conceive new ways of achieving impact. Our values, approach and core assistance activities remain steadfast, but COVID-19 has provided us with an opportunity to take stock, to refocus on our vision to break the circle of disadvantage, and enhance the life chances of our severely marginalised, disadvantaged and underserved community. We want to respond positively to those who request help to lift themselves out of poverty by re-evaluating our programming. Further discussions will take place later in 2020 on the shape of our programmes. As it stands today, we will continue building on our existing programmes while any future changes come in to place.

## **Financial Review**

### **Reserves Policy**

The ultimate aim of our reserves policy is to maintain 3 months of unrestricted reserves to cover any changes in our income. Trustees felt that funds should be deployed to be able to grow the organisation, meaning we have no reserve at this moment. It is our goal to have at



least 3 months of unrestricted reserves by the end of the next financial year – we have recruited a part-time Fundraising Officer to enable us to reach that goal.

### Investment Policy

We have no investments. All cash is held within our CAF Bank account, which earns no interest. We will assess the possibility of investments and creating an investment strategy, policies, and procedures – if required – at the end of the next financial year.

### Risk Management

The CIO ensures the highest standards of governance are maintained through its implementation of a robust risk management strategy, which entails:

- a Risk and audit committee which performs a quarterly review of the risks the charity may face and proposes mitigation strategies to the main board;
- an array of policies and procedures, with particular attention to financial policies and health and safety;
- the establishment of a governance checklist with key dates planned a year in advance; and
- the creation and quarterly update of a risk register.

The greatest risk to the organisation has been identified as a lack of funds to meet our obligations. In response, the fundraising subcommittee has developed a detailed fundraising strategy with appropriate funders – both institutional and private – identified and we have recruited a part-time Fundraising Officer to meet our financial objectives.

### Statement of Trustees' Responsibilities

The CIO's trustees are responsible for preparing an annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008, and the provisions of the constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement as to Disclosure to our Independent Examiner**

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the independent examiner in connection with preparing their report, of which the organisation's independent examiner is unaware, and
- the trustees, having made enquiries of fellow directors and the group's independent examiner that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant information and to establish that the examiner is aware of that information.

Approved by the Trustees and signed on its behalf:

*Robin Walker*

Robin Peter Walker (Chair)

Dated: 29/09/2020

## **Independent Examiners Report for the Year Ended 31 December 2019**

I report to the charity Trustees on my examination of the accounts of the CIO for the year ended 31 December 2019. This report is made solely to the CIO's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. My work has been undertaken so that I might state to the company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the CIO and the CIO's Trustees as a body, for my work or for this report.

### **Responsibilities and Basis of the Report**

As the Trustees of the CIO, you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act'), Having satisfied myself that the accounts of the CIO are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the CIO's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

### **Independent Examiners Statement**

I have completed my examination. I can confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the company as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination;
4. or the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Thomas Brook

Signed 

Dated: 29/09/2020

## Connect: North Korea

### Statement of Financial Activities for the period ended 31<sup>st</sup> December 2019

	Note	Restricted Funds	Unrestricted Funds	<b>Total Funds 2019</b>	Restricted Funds	Unrestricted Funds	<b>Total Funds 2018</b>
Income from:							
Donations and Grants		34,505	21,770	<b>56,275</b>	-	25,113	<b>25,113</b>
Investments		-	-	-	-	-	-
Other Income		-	1,953	<b>1,953</b>	-	5,809	<b>5,809</b>
Total Income		34,505	23,723	<b>58,228</b>	-	30,922	<b>30,922</b>
Expenditure on:							
Raising Funds: Voluntary Income	8	-	1,234	<b>1,234</b>	-	913	<b>913</b>
Charitable Activities:							
Governance	10	-	251	<b>251</b>	-	162	<b>162</b>
Other Charitable Activities	9	26,655	19,322	<b>45,977</b>		27,172	<b>27,172</b>
Total Expenditure		26,655	20,807	<b>47,462</b>		28,247	<b>28,247</b>
Net Movement in Funds		7,850	2,916	<b>10,766</b>		2,675	<b>2,675</b>
Total funds brought forward		-	2,675	<b>2,675</b>		-	-
Total funds carried forward		7850	5,591	<b>13,441</b>		2,675	<b>2,675</b>

The notes on pages 14 to 17 form part of these financial statements.

## Connect: North Korea

### Balance Sheet

As at 31<sup>st</sup> December 2019

	Note	Restricted Funds	Unrestricted Funds	<b>Total Funds</b>	Restricted Funds	Unrestricted Funds	<b>Total Funds</b>
				<b>2019</b>			<b>2018</b>
Fixed Assets			1,017	<b>1,017</b>		1,498	<b>1,498</b>
Current Assets Debtors	5,7	3,272	5,165	<b>8,437</b>	-	1,428	<b>1,428</b>
Cash at Bank and in Hand		4,578	-	<b>4,578</b>	-	1,501	<b>1,501</b>
CREDITORS: amounts falling due within one year	6	-	591	<b>3,863</b>	-	1,751	<b>1,751</b>
Net Current Assets		7,850	4,574	<b>12,424</b>		1,178	<b>1,178</b>
<b>Net Assets</b>		<b>7,850</b>	<b>5,591</b>	<b>13,441</b>	-	<b>2,675</b>	<b>2,675</b>
<b>Total Funds</b>		<b>7,850</b>	<b>5,591</b>	<b>13,441</b>	-	<b>2,675</b>	<b>2,675</b>

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

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the CIO to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

*Robin Walker*

Robin Peter Walker, Chair

Dated: 29/09/2020

## Notes to the Financial Statements

### 1. Accounting policies

The principal accounting policies are summarised below.

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, ('FRS 102'), with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires certain critical accounting estimates. It also requires management to exercise judgement in applying the CIO's accounting policies (see note 3).

The financial statements have been prepared on the historical cost basis and are presented in Sterling (£).

Connect: North Korea meets the definition of a public benefit entity under FRS 102.

#### 1.2 Organisational status

Connect: North Korea is a Charitable Incorporated Organisation. The members of the company are the Trustees named on page 1. In the event of the CIO being wound up, the liability in respect of the guarantee is limited to £1 per member of the CIO.

#### 1.3 Income

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

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably.

In accordance with the Charities SORP (FRS 102), the general volunteer time of the volunteers is not recognised and refer to the Trustees' report for more information about their contribution. On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the CIO which is the amount the CIO would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

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

## **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.

Governance costs are those incurred in connection with administration of the CIO and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the CIO's operations, including support costs and costs relating to the governance of the CIO apportioned to charitable activities.

## **1.5 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.

## **1.6 Value Added Tax**

The CIO is not registered for VAT and accordingly, where applicable, all costs and expenditures incurred are inclusive of VAT.

## **2. Remuneration of trustees and key management personnel**

No trustees received remuneration for his services to the company in the period.

## **3. Staff numbers and costs**

The charity had 1 full-time employee in 2019. This was unchanged from 2018.

Staff costs were as follows:

Wages and Salaries including Donations in Kind	2019	2018
	£21,300	£20,553

No employee received remuneration amounting to more than £60,000 for the year.

## **Trustees remuneration and expenses**

During the year, no Trustees received any remuneration.

During the year, no Trustees received any benefits in kind.

During the year, no Trustees received any reimbursement of expenses.

#### 4. Tax on ordinary activities

Connect: North Korea is a registered CIO and is potentially exempt from taxation in respect of income and capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 5. Debtors

	2019 £	2018 £
Other debtors	8,437	1,428
	<u>8,437</u>	<u>1,428</u>

#### 6. Creditors: amounts falling due within one year

	2019 £	2018 £
Other Creditors	591	1,751
	<u>591</u>	<u>1,751</u>

#### 7. Related Party Transactions

A balance of £8,437 disclosed within Other Debtors is owed to the CIO for a short-term loan to Korea Future Initiative CIO. All serving trustees of Connect: North Korea are Directors of Korea Future Initiative CIO. The balance for this cost remains outstanding at the period ended 31 December 2019.

In addition a balance of £650 disclosed within Other Creditors is owed to the Director. The balance for this costs remains outstanding at the period ended 31<sup>st</sup> December 2019.



**8. Costs of Raising Funds**

	<b>Unrestricted 2019 £</b>	<b>Restricted 2019 £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Transaction Fees	54	-	54	867
Postage	-	-	-	46
Event	1,180	-	1,180	-
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	1,234	-	1,234	913
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**9. Direct Costs**

	<b>Unrestricted 2019 £</b>	<b>Restricted 2019 £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Wages and Salaries	14,994	6,306	21,300	20,553
Programme Costs	1,690	3,535	5,225	4,095
Other Costs	2,638	16,814	19,452	2,544
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	19,322	26,655	45,977	27,172
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**10. Governance Costs**

	<b>Unrestricted 2019 £</b>	<b>Restricted 2019 £</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Bank Fee	60	-	60	45
Accounting Software	191	-	191	117
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	251	-	251	162
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>