

The Global Fund for Children UK Trust

Report and Financial Statements

30 June 2020

Company limited by guarantee
Registration Number 06031876 (England and Wales)

Charity Registration Number 1119544

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Trustees	Michael Daffey – Chairman Michel Antakly Nicholas Antonas (appointed 28 July 2020) James Esposito – Treasurer Mandy DeFilippo Antoine deGuillenchmidt John Hecklinger Manju Lulla
Registered and Operational address	86–90 Paul Street London EC2A 4NE
Website	www.globalfundforchildren.org/uk-trust
Company number	06031876 (England and Wales)
Registered charity number	1119544 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	CAF Bank Limited 25 Kings Hill West Malling Kent ME19 4JQ
Solicitors	Bates Wells & Braithwaite London LLP 10 Queen Street Place London EC4R 1BE

The trustees are pleased to present their report together with the consolidated financial statements for the year ending 30 June 2020.

The reference and administrative information set out on page 1 forms part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 18 December 2006 and registered as a charity on 7 June 2007.

The company was established under a memorandum of association which established its objectives and powers, and is governed under its articles of association, with Global Fund for Children (GFC) as the sole member. The CEO of GFC is a member of the Board of Trustees and attends the UK Trust Board meetings, which are held four times a year.

Established in the USA in 1994, GFC partners with community-based organisations around the world to help children and youth reach their full potential and advance their rights. GFC's model combines flexible funding with capacity development services to help its partners realise transformational, youth-driven change. GFC's partners emerge from the funding relationship as more sustainable and connected to the resources, people, and information they need to reach their goals. After graduation from GFC's financial partnership, the partners remain vital peers and mentors in GFC's growing global network.

The Global Fund for Children UK Trust was registered as an independent charity on 7 June 2007 to extend the vision and mission of GFC in the UK and mainland Europe. The UK Trust purchased the right to use the GFC brand for £1 and is required to adhere to the terms of the License Agreement between the two entities.

Appointment of trustees

The vision for the UK Trust Board is to assemble a group of individuals who combine entrepreneurial energy with more established institutional perspectives. This mix is crucial to maintaining the organisation's innovative spirit while developing a sustainable institution. The Board will also become more representative of the national and international communities and individuals the organisation seeks to serve. Board members are desired who represent a balance of ethnic, cultural, national, socioeconomic, gender, age, and geographic diversity.

Structure, governance and management (continued)

Appointment of trustees (continued)

New trustees are nominated by existing Board members and/or the UK Trust's Managing Director. Nominees' biographies or CVs are circulated to all existing Board members, and candidates are then interviewed by two trustees and the chairman. A written resolution is then put before the US Board of Directors, where a vote is taken. All new trustees receive copies of all key documents relating to the charity's work and to their duties as a trustee. Trustees are also encouraged to attend appropriate external training events that will facilitate the undertaking of their role.

The Board of Trustees administers the charity. A Managing Director, or a staff member working in that capacity, is appointed by the trustees to manage the day-to-day operations of the UK Trust. This position reports to the CEO of GFC in Washington, DC. However, the Board continues to review the risks of the charity on a periodic basis.

The trustees are also directors for the purpose of the Companies Act 2006.

Public benefit

The trustees refer to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities.

Objectives and activities

GFC partners with local organisations around the world to help children and youth reach their full potential and advance their rights. Over the past two decades, GFC's grant-making and programme strategy has centred on directing flexible funding to nascent grassroots organisations employing a unique range of interventions to uphold the rights of children. Since 1997, GFC has invested \$47 million in more than 700 grassroots organisations, reaching more than 11.5 million children and youth worldwide.

- **GFC finds:** GFC identifies innovative organizations – typically in the early stages of their development – that are run by local leaders working with children and youth around the world.
- **GFC funds:** GFC funds its local partners' life-changing programs for children and youth, as well as their organizational development. The grants are flexible to maximize GFC's impact and to meet needs that other funders are not willing to support.
- **Together, GFC and its partners strengthen:** GFC advises, mentors, and guides its partners. GFC builds mutual trust, accountability, and enduring relationships. GFC's targeted capacity development helps its partners grow stronger and more responsive to challenges on the ground.

Objectives and activities (continued)

Our programme focus

- **GFC builds networks:** GFC connects its partners to each other and to national and regional networks. GFC brings together brilliant minds to share knowledge, generate learning, fuel advocacy, and build movements of social change.
- **When its partners graduate, GFC stands proud:** GFC's partners emerge more sustainable and connected to the resources, people, and information they need to reach their goals. After graduation from the financial partnership, GFC's partners remain vital peers and mentors in GFC's growing global network.

GFC's programme focus

GFC's grantmaking and programme strategy emphasise four programmatic focus areas:

- ♦ Education – working to secure equal access to high-quality education for all children, irrespective of any obstacles that may stand in their way.
- ♦ Gender equity – defending children's rights to enjoy equal opportunities and resources within the societies in which they live, without fear of discrimination on the basis of their gender identity.
- ♦ Youth empowerment – preparing young people to shape their own futures, advance their rights, and lead healthy, productive lives.
- ♦ Freedom from violence and exploitation – eliminating the violence and exploitation that can keep children from reaching their full potential, and working to heal those affected.

GFC's implementation approach emphasises building alliances and networks across its local partners to support collective action, including community-wide, locally driven policies and legal protections to ensure that children and youth are provided for and protected, and participate in the full realisation of their rights.

Impact and sustainability

In the last 25 years, GFC has transformed the lives of more than 11.5 million children worldwide by supporting meaningful change where it stands to do the most good: in the heart of communities. In the same period, GFC has identified over 700 local organisations in more than 75 countries and supported them with grants and technical assistance totalling over \$47 million.

On average, partners' budgets triple during their GFC partnership, enabling them to expand the size and impact of their programmes and to reach greater numbers of children in more and better ways. GFC partners have been honoured with hundreds of national and international awards in recognition of their work, including 11 World's Children's Prizes, 37 Ashoka Fellowships, eight CNN Heroes Awards, and 9 With and For Girls Awards.

Achievements and performance

2019/20 was a year of growth for the UK Trust, in spite of difficulties posed by the COVID-19 pandemic. While certain fundraising events had to be cancelled, the UK Trust was able to play a key role in facilitating support to grassroots organisations adapting to challenges posed by the pandemic. The charity began new restricted funding relationships with People's Postcode Lottery, National Lottery Community Fund (both the UK and International departments) and Comic Relief and welcomed new individual donors to the organisation. The UK Trust ran a recruitment process for two new members of staff – Partnerships and Events Coordinator and Program Officer (the latter started on 1 July 2020) – and supported the global development team. The team also supported the global COVID-19 emergency fundraising efforts, and made grants to partners in the UK to support their emergency response in their communities.

Whilst the charity doubled its income in financial year 2020 and widened its reach and impact, the year was not without challenge. Due to the coronavirus pandemic the UK Trust cancelled its Spring Gala, which was projected to raise over £700,000 in unrestricted income, this had a significant impact on fundraising in FY20. The pandemic has brought about circumstances outside of charity's control and both management and trustees are conscious of the challenges it may bring, but also mobilizing to seize the moment to be a part of the solution, as some institutional and individual funders increase giving to mitigate the pandemic's effects. The GFC team continues to be optimistic about its position in the philanthropic space as a champion for grassroots organisations and groups, often overlooked by other funders and particularly in times of global crisis.

Not only has fundraising been a challenge, the team began remote working in full in early March, which created barriers to completing work and supervision that the team had to overcome together. As GFC ended 2019/20, the team were still working from home and communicating via virtual platforms. While presenting difficulties, being completely virtual has increased collaboration and the UK Trust is functioning as an essential and more fully integrated part of the global GFC effort

GFC's grantmaking programme

Each year, two dockets containing grant recommendations are produced and presented to the trustees for consideration at their Board meetings in April and October.

The October 2019 docket consisted of 43 grant recommendations, including 1 grant to a new partner, and totalled \$748,000. The organisations in the docket represented 17 countries. All the grants in the docket were restricted to a particular funder and met a deliverable towards the funder's support. The April 2020 docket consisted of 42 grant recommendations, including 9 grants to new partners, and totalled \$630,000. The organisations in the docket represented 10 countries. All the grants in the docket were restricted to a particular funder and met a deliverable towards the funder's support. Included in this docket were final primary grants to four GFC partners in Uganda. These grants were supported by the People's Postcode Lottery, based in the UK, and were sent in GBP directly from GFC-UK Trust. These grants totalled £64,640 (which was \$80,000 of the total \$630,000 spring docket).

Achievements and performance (continued)

GFC's grantmaking programme (continued)

In addition to the two regular dockets, a third set of recommendations was presented to and approved by the Board in May 2020. This set consisted of 10 new grant recommendations and totalled £242,000. All of the organisations in this additional docket are located in the United Kingdom and were restricted to a new Boys and Young Men Initiative funded by the National Lottery Community Fund. GFC learned of this award after the other spring docket recommendations were already sent to the Board for approval at the April meeting, so these additional recommendations were sent to the Board for email approval in May 2020.

Supplemental grants

In many cases, GFC is able to offer additional grants to its local partners that supplement the primary grants. These grants include organizational development grants, which support areas such as strategic planning, financial and management information systems, monitoring and evaluation, and fundraising; opportunity grants, which support partners to attend conferences or trainings or develop their organisational visibility and capacity; emergency grants, which help partners in emergency situations such as post-disaster relief; and convening grants, which allow partners to organize their own workshops for sharing knowledge with other GFC partners and organizations in their networks. In 2019/20, GFC awarded 203 supplemental grants that totalled over \$537,000. This amount of grants was higher than in previous years because there were so many grants made for organizations to respond to the COVID-19 pandemic. Of the previous total, more than 120 grants were awarded for COVID-19 response, totalling over \$330,000. Included in the COVID-19 emergency grants were three emergency grants made in GBP to organisations in the UK directly from GFC-UK Trust. These totalled £21,000.

Special Awards

The Juliette Gimon Courage Awards, begun in 2019/20, recognise one current and one alumni partner that reflect the spirit of former GFC board chair Juliette Gimon and that demonstrate remarkable courage in improving the lives of young people so they may live in a world free of poverty, injustice, and discrimination. In 2019/20, two Courage Award winners, one from India and one from Ghana, received \$20,000 each to strengthen their organizations. GFC also continued to support more-advanced current and alumni partners as a part of the Step Up program. In 2019/20, 6 partners in the second cohort each received \$25,000 to strengthen their organizations. These Step Up Awards totalled \$150,000.

Achievements and performance (continued)

Safeguarding children and youth

As of September 2020, GFC's safeguarding policy will have been in action for two years. During that time, all new staff have attended introductory training, and a further group has attended advanced training. Hayley Roffey, the Global Designated Safeguard Lead, continues to lead the organisation's safeguarding response, providing expertise and advice as safeguarding incidents occur with its partners, with support from Bri LaTendresse in a supporting role from the Washington DC office. As the Covid-19 pandemic took hold, Hayley and Bri held "Safeguarding in an Emergency" training for all staff to ensure the team felt equipped and supported to help partners as much of their support moved online. Hayley also continues to support external organisations with their own safeguarding needs via paid consultancy which brings income to the Trust.

Financial review

Results for the year

The total income for the year ended 30 June 2020 amounted to £695,506 (2019 – £344,115), including £583,309 of restricted grants (2019 – £110,386). The UK Trust was able to award £317,639 (2019 – £88,309) in grants to support charitable activities. Of total expenditure of £462,345 (2019 – £378,243), charitable expenditure (excluding support costs) amounted to £385,648 (2019 – £88,309). Net income for the year was therefore £233,161 (2019 – £34,128 net expenditure). Expenditure on raising funds amounted to £76,697 (2019 – £172,962). Net income for the year was therefore £233,161 (2019 – net expenditure was £34,128).

While the UK Trust ended the year with a positive net income, it is important to note that the unrestricted reserves were further reduced by £41,773 for 2019/20. This reduction was a direct impact from the COVID related restrictions and travel ban as the UK Trust had to cancel its Spring Gala which was projected to bring in £700,000. With the global pandemic unlikely to subside in coming months, the UK Trust's key role as intermediary to global grassroots organisations will remain critical, which will increase the charity's restricted funding prospects even as our ongoing inability to hold in-person events puts pressure on unrestricted funding. To mitigate this risk, the UK trustees are putting a plan in place for a series of virtual events and matching campaigns to mitigate this risk.

Reserves policy and financial position

The UK Trust has decided that it would be prudent to hold the equivalent of two months' expenditure for staff and overhead costs in reserve, which amounts to approximately £24,000 for the new financial year starting 1 July 2020.

At 30 June 2020, the total funds of the charity, which are equivalent to its free reserves, amounted to £46,469 (2019 – £88,242). Free reserves at year-end therefore satisfy the above reserves policy. In the context of the Coronavirus pandemic, every month the Board of Trustees receives and reviews a revenue and expense dashboard with an update on cashflow and reserves and a plan to reduce costs if reserves are forecast to dip below an agreed-upon threshold six months in the future. GFC USA will continue to provide cash flow assistance to the UK Trust if needed for the upcoming year.

Financial review (continued)

Investment policy

At present, the policy for the Trust is to invest only in cash deposits.

Fundraising

The UK Trust aims to achieve best practice in the way in which it communicates with supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. The charity is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. It applies best practice to protect supporters' data and never sells data, it never swaps data with other organisations, and it ensures that its communication preferences can be changed at any time. The charity manages its own fundraising activities and does not employ the services of professional fundraisers. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2019/20, the charity received no complaints about its fundraising activities. The charity raises funds for the programs it implements in the UK and globally and in some cases makes grants to support the work of its US-based affiliate.

Principal risks and uncertainties

The trustees carry out an annual Risk Management Review. The trustees review these risks on an annual basis, at a minimum, to satisfy themselves that adequate systems and procedures are in place to manage the risks identified, and to ensure that appropriate mitigating actions are taken. When completed, this review is documented in the minutes of the relevant meeting of the trustees. As the UK Trust relies on donations, the principal risk is the impact of the economic climate for grant funding and donations. An evaluation is made of potential and actual funding events to ensure that the UK Trust's resources are used in the most effective manner and achieve value for money. Of course the greatest risk at the moment is the global COVID-19 pandemic and its effect on charitable giving. This poses a risk to the UK Trust, but also an opportunity to play a leading role in facilitating funding flows to organisations working directly with affected communities globally. Every month the Board of Trustees receives and reviews a revenue and expense dashboard with an update on cashflow and reserves and a plan to reduce costs if reserves are forecast to dip below an agreed-upon threshold six months in the future. In this way, the UK Trust and GFC globally can react quickly to changing conditions and any shocks to the revenue pipeline.

Plans for the future

In 2019/20, the UK Trust covered its own costs for the majority of the year and benefitted from operational support from GFC. In 2020/21, this will continue as the Trust continues to grow and raises new revenues of income. As we ended 2019/20, we were very confident of a new £1.4m partnership with The National Lottery Community Fund entitled The Phoenix Fund. This one year partnership will make core grants to England based community BAME groups who have missed out on other emergency Covid-19 related grants.

The Board of Trustees are aware a challenge remains, as the world continues to operate within a global pandemic and they will work closely with the Managing Director to ensure key decisions are made at critical times – including recruiting new staff, going back to an office and hosting “in person” events once again.

Plans for the future (continued)

The Board of Trustees will continue to develop, plan and launch new initiatives to expand the UK Trust's donor base. Like The Phoenix Fund, we are excited about the development of the new Funder Safeguarding Collaborative, a partnership with four other funders, with the goal of promoting collaboration, listening, and learning among funders and implementing organizations in order to strengthen organizational cultures and practices that keep people safe. GFC will lead this initiative for the foreseeable future.

The Board of Trustees looks forward to collaborating with the GFC staff to launch a series of matching campaigns and virtual events to ensure that sufficient unrestricted funds flow into the UK Trust, knowing that the global pandemic will make traditional event-based fundraising impossible for the foreseeable future.

Key management remuneration policies

Key management of the charity is regarded as its trustees and the Managing Director. The trustees give their time freely, and none of the trustees received remuneration in the year.

The Managing Director's remuneration is set by GFC, with consideration from the UK Board of Trustees, and is reviewed annually. A number of criteria are used in setting pay: the nature of the role and its responsibilities, competitor salaries in the sector, and the sector average salary for comparable positions. End-of-year performance evaluations, where goals and targets are set, are reviewed by the trustees and the CEO of GFC.

Going concern

The trustees assess whether the use of going concern is appropriate; i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment for a period of one year from the date of approval of the financial statements. After reviewing the UK Trust's forecasts and projections, the trustees have a reasonable expectation that the charity has adequate resources to continue its operational existence for the foreseeable future. The key factors for this expectation are as follows:

- ◆ The UK Trust Board is confident that the new senior management team in the US and the Senior Partnership Director (now promoted to Managing Director) in the UK are well placed as GFC enters a new phase of discovery and innovation.
- ◆ The UK Board is fully committed and is looking forward to another successful year of bringing in new resources, expanding our reach, raising awareness and funding the forefront of social change.
- ◆ The UK Team with the support from the US office will continue to establish partnerships with UK and European based institutions with a focus on both domestic and international based programming.
- ◆ The fully integrated US and UK Team will continue to find opportunities to introduce new board members to partners and connecting them thoughtfully with the GFC's work.

Going concern (continued)

- ◆ GFC had planned to host a 2021 gala event in London to raise unrestricted income and grow a new pipeline of potential new donors for the UK Trust, but we are changing our plans to hold a series of virtual events and matching campaigns. Restricted projected funding includes £1.4m for The Phoenix Fund, £430,000 for the FSC and a £150,000 new project with People's Postcode Lottery for our partners in West Africa. We are also hopeful we will begin a new funding partnership with Swedish Postcode Lottery for partners in Eastern Europe working with children and families on the move.
- ◆ GFC USA will continue to provide cash flow assistance to the UK Trust if needed for the upcoming year.

Trustees' responsibilities statement

The trustees (who are also directors of The Global Fund for Children UK Trust for the purposes of company law) are responsible for preparing the trustees' report and 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 charitable company and of the income and expenditure of the charitable company 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 in 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);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Trustees' responsibilities statement (continued)

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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.

Approved by the trustees and signed on their behalf by

A handwritten signature in black ink, appearing to be 'M. J. King', written over a horizontal line.

Trustee

Approved on: 10/11/20

Independent auditor's report to the members of The Global Fund for Children UK Trust

Opinion

We have audited the financial statements of The Global Fund for Children UK (the 'charitable company') for the year ended 30 June 2020 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the notes to the financial statements. 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 30 June 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the director's report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the director's report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; 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; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees, who are also the directors 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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



Shachi Blakemore (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

19 November 2020

Statement of financial activities Year to 30 June 2020
(incorporating an income and expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Income from:							
Donations and legacies	1	67,560	627,751	695,311	233,729	110,386	344,115
Interest receivable		195	—	195	—	—	—
Total income		67,755	627,751	695,506	233,729	110,386	344,115
Expenditure on:							
Raising funds	2	76,697	—	76,697	172,962	—	172,962
Charitable activities							
Grants awarded	3	—	317,639	317,639	—	88,309	88,309
Support costs	4	32,831	35,178	68,009	94,895	22,077	116,972
Total expenditure		109,528	352,817	462,345	267,857	110,386	378,243
Net (expenditure) income and net movements in funds	5	(41,773)	274,934	233,161	(34,128)	—	(34,128)
Reconciliation of funds:							
Fund balances brought forward at 1 July		88,242	—	88,242	122,370	—	122,370
Fund balances carried forward at 30 June		46,469	274,934	321,403	88,242	—	88,242

All of the charity's activities derived from continuing operations during the above two financial years.

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

Balance Sheet as at 30 June 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Current assets					
Debtors	9	63,100		3,106	
Cash at bank and in hand		<u>351,207</u>		<u>110,385</u>	
		414,307		113,491	
Liabilities:					
Creditors: amounts falling due within one year	10	<u>(92,904)</u>		<u>(25,249)</u>	
Net current assets		321,403		88,242	
Total net assets			<u>321,403</u>		<u>88,242</u>
The funds of the charity:					
Unrestricted funds					
General funds		<u>46,469</u>		<u>88,242</u>	
			46,469		88,242
Restricted funds	11		<u>274,934</u>		<u>—</u>
			321,403		88,242

The notes on pages 23 to 27 form part of these financial statements.

Approved by the trustees and signed on their behalf by:



Trustee

Approved on: 10/11/20

Company Registration Number: 06031876 (England and Wales)

Charity Registration Number: 1119544 (England and Wales)

Statement of cash flows Year to 30 June 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	240,627	41,486
Cash flows from investing activities:			
Interest received		195	—
Net cash provided by investing activities		195	—
Change in cash and cash equivalents in the year		240,822	41,486
Cash and cash equivalents at 1 July 2019	B	110,385	68,899
Cash and cash equivalents at 30 June 2020	B	351,207	110,385

Notes to the statement of cash flows for the year to 30 June 2020.

A Reconciliation of net movement in funds to net cash provided by operating activities

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	233,161	(34,128)
Adjustments for:		
Interest receivable	(195)	—
(Increase) decrease in debtors	(59,994)	80,495
Increase (decrease) in creditors	67,655	(4,881)
Net cash provided by operating activities	240,627	41,486

B Analysis of changes in net debt

	2019 £	Cash flows £	2020 £
Cash at bank and in hand	110,385	240,822	352,207
Total cash and cash equivalents	110,385	240,822	352,207

Principal accounting policies Year to 30 June 2020

Basis of preparation

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

These financial statements have been prepared for the year to 30 June 2020, with comparative information provided in respect of the year to 30 June 2019.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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 United Kingdom and Republic of Ireland (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 constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ the allocation of staff costs between support costs, expenditure on raising funds and expenditure on charitable activities.
- ◆ estimates made in relation to future income and expenditure flows for the purpose of assessing going concern in the light of the ongoing Coronavirus pandemic.

The full impact of the current Coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities and beneficiaries, and the wider economy. Estimates used in the financial statements are therefore subject to a greater degree of uncertainty and volatility.

As set out in these accounting policies under the going concern section, below, the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its financial statements on the going concern basis.

Assessment of going concern

The trustees assess whether the use of going concern is appropriate; i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment for a period of one year from the date of approval of the financial statements. After reviewing the UK Trust's forecasts and projections, the trustees have a reasonable expectation that the charity has adequate resources to continue its operational existence for the foreseeable future. The key factors for this expectation are as follows:

- ◆ The UK Trust Board is confident that the new senior management team in the US and the Senior Partnership Director (now promoted to Managing Director) in the UK are well placed as GFC enters a new phase of discovery and innovation.
- ◆ The UK Board is fully committed and is looking forward to another successful year of bringing in new resources, expanding our reach, raising awareness and funding the forefront of social change.
- ◆ The UK Team with the support from the US office will continue to establish partnerships with UK and European based institutions with a focus on both domestic and international based programming.
- ◆ The fully integrated US and UK Team will continue to find opportunities to introduce new board members to partners and connecting them thoughtfully with the GFC's work.
- ◆ GFC had planned to host a 2021 gala event in London to raise unrestricted income and grow a new pipeline of potential new donors for the UK Trust, but we are changing our plans to hold a series of virtual events and matching campaigns. Restricted projected funding includes £1.4m for The Phoenix Fund, £430,000 for the FSC and a £150,000 new project with People's Postcode Lottery for our partners in West Africa. We are also hopeful we will begin a new funding partnership with Swedish Postcode Lottery for partners in Eastern Europe working with children and families on the move.
- ◆ GFC USA will continue to provide cash flow assistance to the UK Trust if needed for the upcoming year.

The trustees have therefore concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern, despite the operational difficulties posed by the Coronavirus pandemic, and that the use of the going concern basis of preparation for these financial statements is appropriate.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, grants from trusts, and interest receivable.

Income recognition (continued)

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period. Where donors specify that donations and grants must be used in future accounting periods, the income is deferred.

Grants from trusts are credited to income when the charity has both confirmation of the amount and entitlement to the income. In the event of grants confirmed but not received, the amount is accrued for where the receipt is considered probable.

Interest is included when it is receivable and the amount can be measured reliably by the charity. This is usually on notification of the interest receivable from the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment 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.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs (including governance costs). All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with fundraising, including applicable staff costs.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity by supporting children across the globe. Such costs include charitable grants, direct costs and support costs including governance costs.
- ◆ Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel, financial procedures, provision of office services and equipment and a suitable working environment. Staff costs are allocated between raising funds and charitable activities on the basis of time spent on these activities by staff.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions 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. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

Funds held by the charity are either:

- ◆ Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- ◆ Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to these financial statements.

Principal accounting policies Year to 30 June 2020

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

Pension contributions

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in the notes to the financial statements. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

1 Income from: Donations, grants and legacies

	Unrestricted £	Restricted £	2020 £	Unrestricted £	Restricted £	2019 £
General donations	54,207	44,442	98,649	95,615	—	95,615
Gifts-In-Kind donations	2,000	—	2,000	—	—	—
Gift Aid	7,353	—	7,353	12,241	—	12,241
Grants received	—	583,309	583,309	118,110	110,386	228,496
Other income	4,000	—	4,000	7,763	—	7,763
Total funds	67,560	627,751	695,311	233,729	110,386	344,115

2 Expenditure on: raising funds

	Unrestricted funds	
	2020 £	2019 £
Staff costs (note 6)	73,997	172,752
Fundraising event	2,700	210
	76,697	172,962

3 Expenditure on: charitable activities – grants awarded

	Restricted funds	
	2020 £	2019 £
Breaking the Silence	16,000	—
Children of the World Foundation	16,968	—
Foundation for Inclusive Community Help	16,160	—
Future Men	28,000	—
Green Shoes Art	7,000	—
Haven	24,000	—
Hope and Peace for all Humanity	14,543	—
Juvenis	20,000	—
Lads Need Dads	20,000	—
Leaders in Community	7,000	—
Mermaids	24,000	—
Rural Initiative for Community Empowerment – West Nile	16,968	—
Survivors Manchester	28,000	—
The Violence Intervention Project	24,000	—
Warren Youth Project	28,000	—
YOH	27,000	—
Fondation Les Paquerettes	—	110,386
	317,639	110,386

4 Expenditure on: support costs

	Unrestricted funds	
	2020 £	2019 £
Staff costs (note 6)	20,022	61,145
Other staff costs	2,965	2,513
Bank charges	266	93
Insurance	1,191	1,159
Postage	166	225
Stationery	10	264
Telecommunications	438	1,156
Professional and legal fees	12,719	4,262
Conference and membership	1,567	998
Office expenses	309	168
Staff travel and subsistence	14,887	18,642
Technology costs	407	372
Entertainment and gifts (non-staff)	240	442
Office rent	4,788	17,733
Governance costs: audit fee	8,034	7,800
	68,009	116,972

Of the above expenditure, £9,111 of staff costs and £26,067 of support costs related to the restricted fund (2019 – £22,077 of staff costs related to the restricted fund).

5 Net (expenditure) income

This is stated after charging:

	2020 £	2019 £
Auditor's remuneration		
. Audit services	8,034	7,800
. Other services	12,189	1,215

6 Staff costs

	2020 £	2019 £
Salaries and wages	85,144	194,126
Termination payments	—	14,368
Social security costs	7,122	18,997
Pension contributions	1,753	6,406
	94,019	233,897
	2020 £	2019 £
Summary of staff costs:		
. Raising funds	73,997	172,752
. Support costs	20,022	61,145
	94,019	233,897

During the year, one employee earned between £70,001 and £80,000 (2019 – one between £60,001 and £70,000). Contributions of £1,753 (2019 – £4,891) were paid for the provision of money purchase pension benefits in respect of these employees.

Notes to the financial statements Year to 30 June 2020

6 Staff costs (continued)

Termination payments in the prior year of £14,368 during 2018/19 related to the charity's restructuring plan, which took effect from April 2019.

The average number of employees during the year was:

	2020		2019	
	Full time	Part time	Full time	Part time
Average number	1.4	—	2.8	0.3

No trustee, or any person connected to them, received any reimbursement of expenses during the year (2019 – none).

7 Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the Managing Director. The total remuneration amounted to £84,769 during the year (2019 – £112,693).

8 Taxation

The Global Fund for Children UK Trust is a registered charity and therefore is not liable for income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

9 Debtors

	2020 £	2019 £
Grants receivable	46,936	—
Prepayments and other debtors	16,164	3,106
	63,100	3,106

10 Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts owing to related parties	12,707	12,707
Expense creditors and accruals	11,474	9,505
Grants payable	56,000	—
Deferred income and other creditors	10,044	383
Taxes and social security	2,679	2,654
	92,904	25,249

11 Restricted funds

	At 1 July 2019 £	Income £	Expenditure £	At 30 June 2020 £
National Lottery Community Fund - Boys Project	—	449,701	(234,466)	215,235
People's Post Code Lottery	—	100,000	(87,217)	12,783
Funders Safeguarding Consortium	—	33,608	(5,446)	28,162
COVID-19 appeal	—	44,442	(25,688)	18,754
	—	627,751	(352,817)	274,934

	At 1 July 2018 £	Income £	Expenditure £	At 30 June 2019 £
Fondation Les Paquerettes	—	110,386	(110,386)	—
	—	110,386	(110,386)	—

- ♦ **National Lottery – Boys Project** This fund represents a grant from the National Lottery Trust. The fund supports a network of ten community-based organisations across England. This is an 18-month pilot program launched to advance gender justice by creating safe spaces for boys and young men to explore healthy emotional development and relationships, engage with others in their communities, design program activities and implement their own vision, and create opportunities of working together towards positive social change. GFC is supporting the growth and effectiveness of the network through flexible funding and tailored capacity development support.
- ♦ **People's Post Code Lottery** This fund is supporting four community-based organisation cohort in Uganda working with girls in post conflict areas. The organisations are long-standing partners of GFC and this initiative was to provide them the opportunity to fulfil their capacity development desires including strengthening infrastructure, obtaining technical assistance, supporting stakeholder engagement, and access to funding opportunities.
- ♦ **Safeguarding Consortium** This fund was established in 2019/20 however, the work to create this initiative started in 2018. In 2018, a group of funders came together and clearly identified that a commitment to keeping people safe requires a fundamental shift in organisational cultures, a commitment to accountability, and an increased focus on the rights and contributions of survivors and the communities we serve. It also requires a shift in the way funders view, and respond, to the challenges of safeguarding. GFC is leading the development of the Safer Organisations Collaborative, to bring the collaborative to a place where it can begin making grants. This work includes developing values, principles and ways of working for the fund, bring in new partners, design the branding, logo and name, and seek out an intermediary to make locally centered grants. The plans in 2020/21 are to finalise the model, branding, and name, run a RFP process for a Ugandan entity and recruit some new members to the collaborative.

11 Restricted funds (continued)

- ♦ **COVID-19 appeal** This fund was launched in response to the unprecedented impact of COVID-19 across the world. GFC's community-based partners, in their role as frontline community leaders, are protecting the world's most vulnerable children with critical services. This fund supports these partners by providing them with fully flexible emergency grants and access to capacity development support.

12 Related party transactions

The charity received cash donations from various related parties during the year. These are summarised below:

Related Party	Donations	
	2020 £	2019 £
Trustees	20,575	45,880
Other related parties excluding trustees:		
Goldman Sachs & Company – matching donations	7,387	11,355
Total	27,387	57,235

The donations above were without specific terms and conditions and unrestricted in nature.

Goldman Sachs & Company is a related party by virtue of the fact that a number of the trustees are members of its management committee.

The trustees did not receive any emoluments or any reimbursement of expenses during the year (2019 – none).

Additionally, the following transactions took place during year:

Related Party	Income receivable		Further details
	2020 £	2019 £	
Global Fund for Children	—	118,110	The Global Fund for Children is the charity's US parent entity. Michael Daffey and John Hecklinger are also trustees of GFC. The receipt from GFC in 2019 represented an unrestricted operational grant.

Related Party	Expenditure payable		Further details
	2020 £	2019 £	
Global Fund for Children	—	88,309	The Global Fund for Children is the charity's US parent entity. Michael Daffey and John Hecklinger are also trustees of GFC. The payment to GFC in 2019 represented a charitable grant to support GFC's project work.

At the year end, an amount of £12,707 (2019 – £12,707) was owing to The Global Fund for Children US for operating expenses paid on behalf of The Global Fund for Children UK Trust.