

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 2017

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Trustees

Mr N Sandy, Chair
Rt Revd P Hill
Mrs R Hubbard
Mrs C Hutchinson
Mr A S Maclay, Treasurer
Mr G A Masom
Mrs G Miller
Mr T A Smith
Cnn J R Libby
Mr G Seabright

Company registered number

05641704

Charity registered number

1113969

Registered office

St Bride Foundation, Bride Lane, London, EC4Y 8EQ

Company secretary

Mrs S M Johns

Independent auditors

MHA MacIntyre Hudson, 71 New Dover Road, Canterbury, Kent, CT1 3DZ

Bankers

Metro Bank, One Southampton Row, London, WC1B 5HA

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Trustees present their annual report together with the audited financial statements for the 1 January 2017 to 31 December 2017. The Trustees confirm that the Annual Report and financial statements of the company 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 company qualifies as small under section 383, 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.

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.

b. ACTIVITIES FOR ACHIEVING OBJECTIVES

Working through a network of local partners, Five Talents establishes savings and loans groups and delivers financial literacy and business skills training in rural communities in Kenya, Tanzania and Uganda. 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.

c. GRANT MAKING POLICIES

Five Talents UK works with Five Talents International to identify suitable microfinance partners to work with in developing countries. A Memorandum of Understanding is signed with each partner each year to govern the grants given in that year. Five Talents UK currently oversees the partnerships with the programmes in Kenya, Uganda and Tanzania. 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.

d. MAIN ACTIVITIES UNDERTAKEN TO FURTHER THE CHARITY'S PURPOSES FOR 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.

e. 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 but have also carried out short term projects in East Africa. In total their time adds almost another FTE person over a calendar year.

FIVE TALENTS U.K. LIMITED
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

Achievements and performance

a. REVIEW OF ACTIVITIES

To date, we have worked with over 38,0000 members across Kenya, Tanzania and Uganda, around 2/3rds of whom are women. Together, our members have saved over £2.5m and made loans to one another totalling over £16m since Five Talents began working in East Africa. At individual level, the average savings per member ranges from £2 in our newest programme to £170 in our oldest, currently-funded programme. This represents a significant safety net for those living in poverty, enabling them to deal with shocks such as a poor harvest or hospital bill, as well as to invest in livelihoods and education.

Our members can also access loans to boost their small businesses. The average loan size is currently £47 - £584 but loans range from £25 up to £1000 (the latter is rare). Repayment rates are high and write offs are rare, due to our unique savings-led model. All our members are now part of our savings-led programmes, which we believe to be more empowering and sustainable longer term.

Typical businesses are selling fruit and vegetables or groceries, running small cafes or hair salons or bicycle taxi services, making bricks or vending airtime. Our members are hugely entrepreneurial; please visit our website at www.fivetalents.org.uk to read the stories of individuals whose lives have been transformed.

Five Talents promotes social and economic development in poor rural communities. We have found that our work can discourage urban migration and arguably, by giving young people the opportunity for gainful self-employment, reduces the risk of radicalisation.

b. FUNDRAISING ACTIVITIES

2017 has been another record year for income raised by Five Talents. This is due in part to winning a significant grant, £100k pa for 2 years, but also to outstanding success with applications to a wide range of grant making organisations. In fact all our diverse income streams remained healthy and contributed to the overall performance.

Financial review

a. FINANCIAL REVIEW AND GOING CONCERN

The total incoming resources for the year were £702,983 (2016: £636,599). Total resources expended were £597,891 (2016: £543,402). At 31 December 2017 the Charity held fund balances of £379,616 (2016 £274,524) of which this was made up of restricted funds of £310,264 (2016: £187,425) and unrestricted funds of £69,352 (2016: £87,099).

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. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trustees have considered the risks associated with operating Five Talents in the UK and that systems and procedures are in place to mitigate the exposure to the major risks. The Risk Assessment is reviewed at Trustee meetings. The assessment currently identifies different risks and the main ones of concern are political unrest or instability in our operational areas, bad practices and/or bad press in other parts of the microfinance sector plus inability to raise sufficient income to finance our planned activities. The Risk Assessment will be fully

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

reviewed and updated in March 2018.

c. PRINCIPAL RISKS AND UNCERTAINTIES

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 annually at the March meeting. Currently the main risk is related to personnel both in the UK and East Africa. Appropriate steps have been taken to mitigate this through succession planning.

d. RESERVES POLICY

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

The level of restricted reserves is high due to a Christmas appeal and the receipt of restricted grants in December which we were not able to disburse in grants before the end of the year.

To ensure accountability, it is the Trustees' policy not to disburse grants to partners overseas until Grant Agreements with the partner for the expenditure are in place, and so it is not possible to disburse money as soon as it is received. The high level of income received in December will be disbursed in 2018, not held in reserves long-term.

Structure, governance and management

a. CONSTITUTION

The company 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. METHOD 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 Company Secretary.
2. Current Trustees nominate individuals for consideration.
3. Prospective Trustees are invited to meet existing Trustees 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 microfinance programmes as appropriate.

c. ORGANISATIONAL STRUCTURE AND DECISION MAKING

FIVE TALENTS U.K. LIMITED
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

The charitable company is managed and operated by its board of directors who are also the Trustees. The Trustees who served during the period are set out in this Report. The day to day responsibility for the organisation is carried out by the Executive team with support from the Trustees.

Five Talents UK is a member of the Financial Inclusion Forum and Partners for World Mission.

Plans for future periods

a. FUTURE DEVELOPMENTS

Over the past two years, Five Talents has grown its income by 54%. In 2017, this enabled us to start two new programmes. Our focus for 2018 is to continue this growth so we can reach even more marginalised communities. Specifically, we plan to start a new programme in the Democratic Republic of Congo and at least one new programme in Kenya.

All of our new programmes will follow our 'Five Year Start to Sustainability' model. These are funded by groups of donors and are designed to be fully self-sustaining at the end of five years. After this, the locally-owned organisation continues the important work as Five Talents moves on to seed new programmes.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Five Talents U.K. Limited 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 charitable company and of the incoming resources and application of resources, including 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 the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017

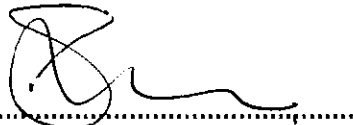
DISCLOSURE OF INFORMATION TO AUDITORS

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

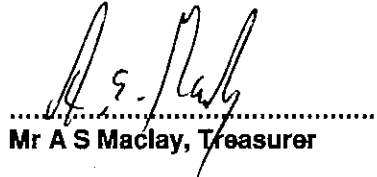
- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable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

This report was approved by the Trustees, on

and signed on their behalf by:



.....
Mr N Sandy, Chair



.....
Mr A S Maclay, Treasurer

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

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 2017 set out on pages 10 to 28. 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).

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 trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 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.

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.

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

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.

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.

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

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

71 New Dover Road
Canterbury
Kent
CT1 3DZ

Date:

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

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STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | |
| Donations and legacies | 2 | 371,386 | 331,327 | 702,713 | 636,442 |
| Investments | 3 | 270 | - | 270 | 157 |
| TOTAL INCOME | | 371,656 | 331,327 | 702,983 | 636,599 |
| EXPENDITURE ON: | | | | | |
| Raising funds | | 75,428 | - | 75,428 | 52,887 |
| Charitable activities | 5,10 | 313,975 | 208,488 | 522,463 | 490,515 |
| TOTAL EXPENDITURE | 9 | 389,403 | 208,488 | 597,891 | 543,402 |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | |
| | | (17,747) | 122,839 | 105,092 | 93,197 |
| NET MOVEMENT IN FUNDS | | (17,747) | 122,839 | 105,092 | 93,197 |
| RECONCILIATION OF FUNDS: | | | | | |
| Total funds brought forward | | 87,099 | 187,425 | 274,524 | 181,327 |
| TOTAL FUNDS CARRIED FORWARD | | 69,352 | 310,264 | 379,616 | 274,524 |

The notes on pages 13 to 28 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 2017

| | Note | £ | 2017 £ | £ | 2016 £ |
|---|------|----------------|----------------|----------------|----------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 15 | | 193 | | 387 |
| CURRENT ASSETS | | | | | |
| Stocks | 16 | 100 | | 100 | |
| Debtors | 17 | 19,554 | | 10,792 | |
| Cash at bank and in hand | | 366,970 | | 268,995 | |
| | | <u>386,624</u> | | <u>279,887</u> | |
| CREDITORS: amounts falling due within one year | 18 | (7,201) | | (5,750) | |
| NET CURRENT ASSETS | | | <u>379,423</u> | | 274,137 |
| NET ASSETS | | | <u>379,616</u> | | <u>274,524</u> |
| CHARITY FUNDS | | | | | |
| Restricted funds | 19 | | 310,264 | | 187,425 |
| Unrestricted funds | 19 | | 69,352 | | 87,099 |
| TOTAL FUNDS | | | <u>379,616</u> | | <u>274,524</u> |

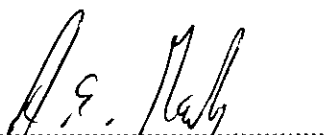
The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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 company to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

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

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


 Mr N Sandy, Chair


 Mr A S Maclay, Treasurer

The notes on pages 13 to 28 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 2017

| | Note | 2017 £ | 2016 £ |
|--|-------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 21 | 97,704 | 98,868 |
| | | <hr/> | <hr/> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 270 | 157 |
| Purchase of tangible fixed assets | | - | (581) |
| | | <hr/> | <hr/> |
| Net cash provided by/(used in) investing activities | | 270 | (424) |
| | | <hr/> | <hr/> |
| Change in cash and cash equivalents in the year | | 97,974 | 98,444 |
| Cash and cash equivalents brought forward | | 268,995 | 170,551 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents carried forward | 22 | 366,969 | 268,995 |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 13 to 28 form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

1.1 Basis of preparation of 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 UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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.

1.2 Company status

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.

1.3 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.

FIVE TALENTS U.K. LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

1.4 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 either: 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 on a receipt basis.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

1.5 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.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the company 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 company's educational operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings - 3 years straight line basis

1.7 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 Bank.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

1.8 Stocks

Stocks are valued at an estimate of the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

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.

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 within interest payable and similar charges.

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 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet 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 incorporating income and expenditure account.

1.14 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.

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(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES (continued)

1.15 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.

2. INCOME FROM DONATIONS AND LEGACIES

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|------------------------------|--|--|---------------------------------------|---------------------------------------|
| Donations | 370,915 | 331,327 | 702,242 | 635,115 |
| Miscellaneous income | 471 | - | 471 | 1,327 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total donations and legacies | 371,386 | 331,327 | 702,713 | 636,442 |
| | <hr/> | <hr/> | <hr/> | |
| <i>Total 2016</i> | 379,285 | 257,157 | 636,442 | |
| | <hr/> | <hr/> | <hr/> | |

3. INVESTMENT INCOME

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|---------------------|--|--|---------------------------------------|---------------------------------------|
| Interest receivable | 270 | - | 270 | 157 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>Total 2016</i> | 157 | - | 157 | |
| | <hr/> | <hr/> | <hr/> | |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. GRANTS TO INSTITUTIONS

| | Unrestricted Funds 2017 £ | Restricted Funds 2017 £ | Total 2017 £ | Total 2016 £ |
|--|------------------------------------|----------------------------------|--------------------|--------------------|
| Five Talents US - designated to South Sudan and Burundi Programmes | 38,246 | - | 38,246 | 26,999 |
| Bolivia - Semillas de Bendicion, Tarija | - | - | - | 2,453 |
| Indonesia - Gerhati Foundation | - | - | - | 600 |
| Kenya - Five Talents Kenya, Thika, Embu Nakuru, Kericho Community Development Trusts | 102,322 | 107,065 | 209,387 | 145,319 |
| South Sudan - MU Financial Literacy and Savings Group Programme | - | - | - | 10,000 |
| Tanzania - Mama Bahati Foundation | 17,620 | 29,838 | 47,458 | 149,024 |
| Uganda - Karamoja CDT | - | 71,585 | 71,585 | 8,909 |
| Total | 158,188 | 208,488 | 366,676 | 343,304 |

In 2016, of the total grants to institutions, £124,542 was from unrestricted funds and £218,762 was from restricted funds.

5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-----------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Charitable activities | 313,975 | 208,488 | 522,463 | 490,515 |

In 2016, of the total expenditure, £271,753 was expenditure from unrestricted funds and £218,762 was expenditure from restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. DIRECT COSTS

| | Charitable Activities £ | Total 2017 £ | Total 2016 £ |
|--------------------------------------|-------------------------------|--------------------|--------------------|
| Consultancy | 3,459 | 3,459 | 3,573 |
| International travel costs | 15,777 | 15,777 | 6,966 |
| East Africa staff training workshops | 32,038 | 32,038 | 24,864 |
| Wages and salaries | 49,597 | 49,597 | 50,097 |
| National insurance | 2,553 | 2,553 | 2,824 |
| Pension cost | 5,398 | 5,398 | 4,810 |
| | <u>108,822</u> | <u>108,822</u> | <u>93,134</u> |
| <i>At 31 December 2016</i> | <u>93,134</u> | <u>93,134</u> | |

7. SUPPORT COSTS

| | Fundraising expenses £ | Governance £ | Charitable Activities £ | Total 2017 £ | Total 2016 £ |
|--|------------------------------|-----------------|-------------------------------|--------------------|--------------------|
| Accountancy fees | - | - | 2,050 | 2,050 | 1,250 |
| Equipment | - | - | 928 | 928 | 1,455 |
| Transport and mileage | - | - | 1,459 | 1,459 | 1,553 |
| Stationery and postage | 5,051 | - | 349 | 5,400 | 5,464 |
| Telephone and internet | - | - | 413 | 413 | 1,262 |
| Training and conference fees | - | - | 550 | 550 | 5,466 |
| Books, journals and subscriptions | - | - | 1,804 | 1,804 | 1,850 |
| Rent | - | - | 13,024 | 13,024 | 14,748 |
| Advertising and publicity | 621 | - | - | 621 | 3,096 |
| Bank charges | - | - | 948 | 948 | 1,893 |
| Miscellaneous expenditure | 150 | - | 2,233 | 2,383 | 518 |
| Depreciation | - | - | 194 | 194 | 194 |
| Website and online giving costs | 754 | - | - | 754 | 830 |
| Internal meetings and entertainment | - | - | 278 | 278 | 340 |
| Insurance | - | - | 225 | 225 | 229 |
| Meeting costs | - | 267 | - | 267 | 483 |
| Auditors' remuneration | - | 6,300 | - | 6,300 | 4,655 |
| Professional fees | - | - | 249 | 249 | 2,551 |
| Wages and salaries | - | 13,526 | - | 13,526 | 13,663 |
| National insurance | - | 696 | - | 696 | 770 |
| Pension cost | - | 1,472 | - | 1,472 | 1,312 |
| | <u>6,576</u> | <u>22,261</u> | <u>24,704</u> | <u>53,541</u> | <u>63,582</u> |
| <i>At 31 December 2016</i> | <u>9,506</u> | <u>20,883</u> | <u>33,193</u> | <u>63,582</u> | |

FIVE TALENTS U.K. LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. SUPPORT COSTS (continued)

During the year ended 31 December 2017, the company incurred the following Governance costs: £22,261 (2016 - £20,883) included within the table above in respect of Charitable activities.

8. GOVERNANCE COSTS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|----------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Support costs - Governance | 6,567 | - | 6,567 | 5,138 |
| Wages and salaries | 15,694 | - | 15,694 | 15,745 |
| | <u>22,261</u> | <u>-</u> | <u>22,261</u> | <u>20,883</u> |

9. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE

| | Staff costs 2017 £ | Other costs 2017 £ | Total 2017 £ | Total 2016 £ |
|----------------------------------|--------------------------|--------------------------|--------------------|--------------------|
| Expenditure on fundraising | 31,390 | 44,038 | 75,428 | 52,887 |
| Costs of generating funds | 31,390 | 44,038 | 75,428 | 52,887 |
| Charitable activities | 57,548 | 442,654 | 500,202 | 469,632 |
| Expenditure on governance | 15,694 | 6,567 | 22,261 | 20,883 |
| | <u>104,632</u> | <u>493,259</u> | <u>597,891</u> | <u>543,402</u> |
| <i>Total 2016</i> | <u>104,966</u> | <u>438,436</u> | <u>543,402</u> | |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

| | Activities undertaken directly 2017 £ | Grant funding of activities 2017 £ | Support costs 2017 £ | Total 2017 £ | Total 2016 £ |
|-----------------------|--|---|---|-----------------------------|-----------------------------|
| Charitable activities | 108,822 | 366,676 | 46,965 | 522,463 | 490,515 |
| <i>Total 2016</i> | 93,134 | 343,305 | 54,076 | 490,515 | |

11. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Depreciation of tangible fixed assets: - owned by the charity | 194 | 194 |

During the year, no Trustees received any remuneration (2016 - £NIL).
During the year, no Trustees received any benefits in kind (2016 - £NIL).
During the year, no Trustees received reimbursement of expenses (2016 - £94).

12. AUDITORS' REMUNERATION

The Auditor's remuneration amounts to an Audit fee of £6,300 (2016 - £4,655), and other non audit services of £2,050 (2016 - £1,250).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. STAFF COSTS

Staff costs were as follows:

| | 2017 | 2016 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 90,177 | 91,086 |
| Social security costs | 4,641 | 5,135 |
| Other pension costs | 9,815 | 8,746 |
| | <u>104,633</u> | <u>104,967</u> |

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

| | 2017 | 2016 |
|-----------------------|----------|----------|
| | No. | No. |
| Fundraising | 2 | 2 |
| Charitable operations | 2 | 2 |
| | <u>4</u> | <u>4</u> |

Average headcount expressed as a full time equivalent:

| | 2017 | 2016 |
|-----------------------|----------|----------|
| | No. | No. |
| Fundraising | 2 | 2 |
| Charitable operations | 2 | 2 |
| | <u>4</u> | <u>4</u> |

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

The Trustees neither received nor waived any remuneration during the year (2016 - £NIL).

The total amount of employee benefits received by key management personnel is £52,338 (2016 - £51,556). The Charity considers its key management personnel comprise the Programme Manager and Director of Operations.

14. TAXATION

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

15. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ |
|--|--|
| Cost | |
| At 1 January 2017 and 31 December 2017 | 1,781 |
| Depreciation | |
| At 1 January 2017 | 1,394 |
| Charge for the year | 194 |
| At 31 December 2017 | 1,588 |
| Net book value | |
| At 31 December 2017 | 193 |
| At 31 December 2016 | 387 |

16. STOCKS

| | 2017 £ | 2016 £ |
|------------------|-------------------|-------------------|
| Goods for resale | 100 | 100 |

17. DEBTORS

| | 2017 £ | 2016 £ |
|--------------------------------|-------------------|-------------------|
| Prepayments and accrued income | 19,554 | 10,792 |

18. CREDITORS: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------|-------------------|-------------------|
| Accruals and deferred income | 7,201 | 5,750 |

FIVE TALENTS U.K. LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

| | Balance at 1 January 2017 £ | Income £ | Expenditure £ | Balance at 31 December 2017 £ |
|------------------------------|--------------------------------------|-------------|------------------|---|
| Designated funds | | | | |
| Grant for FTUS Programmes | - | 38,246 | (38,246) | - |
| General funds | | | | |
| General Funds | 87,099 | 333,410 | (351,157) | 69,352 |
| Total Unrestricted funds | 87,099 | 371,656 | (389,403) | 69,352 |
| Restricted funds | | | | |
| Kenya | 113,435 | 174,327 | (107,065) | 180,697 |
| Tanzania | 16,515 | 52,000 | (29,838) | 38,677 |
| Uganda | 57,475 | 65,000 | (71,585) | 50,890 |
| Democratic Republic of Congo | - | 40,000 | - | 40,000 |
| | 187,425 | 331,327 | (208,488) | 310,264 |
| Total of funds | 274,524 | 702,983 | (597,891) | 379,616 |

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 January 2016 £ | Income £ | Expenditure £ | Transfers in/(out) £ | Balance at 31 December 2016 £ |
|---------------------------|--------------------------------------|-------------|------------------|----------------------------|---|
| Designated funds | | | | | |
| Grant for FTUS Programmes | - | 26,999 | (26,999) | - | - |
| | - | 26,999 | (26,999) | - | - |
| General funds | | | | | |
| General Funds | 84,767 | 351,415 | (297,641) | (51,442) | 87,099 |
| | 84,767 | 351,415 | (297,641) | (51,442) | 87,099 |
| Total Unrestricted funds | 84,767 | 378,414 | (324,640) | (51,442) | 87,099 |

FIVE TALENTS U.K. LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

19. STATEMENT OF FUNDS (continued)

Restricted funds

| | | | | | |
|----------------|----------------|----------------|------------------|---------------|----------------|
| Bolivia | 640 | 1,813 | (2,453) | - | - |
| Indonesia | 600 | - | (600) | - | - |
| Kenya | 38,642 | 143,848 | (119,055) | 50,000 | 113,435 |
| Tanzania | 54,015 | 39,540 | (77,745) | 705 | 16,515 |
| Uganda | 2,663 | 62,984 | (8,909) | 737 | 57,475 |
| South Sudan | - | 10,000 | (10,000) | - | - |
| | <u>96,560</u> | <u>258,185</u> | <u>(218,762)</u> | <u>51,442</u> | <u>187,425</u> |
| Total of funds | <u>181,327</u> | <u>636,599</u> | <u>(543,402)</u> | <u>-</u> | <u>274,524</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 costs of specific Five Talents programmes in the countries listed above.

SUMMARY OF FUNDS - CURRENT YEAR

| | Balance at 1 January 2017 £ | Income £ | Expenditure £ | Balance at 31 December 2017 £ |
|------------------|--------------------------------------|----------------|------------------|---|
| Designated funds | - | 38,246 | (38,246) | - |
| General funds | 87,099 | 333,410 | (351,157) | 69,352 |
| | <u>87,099</u> | <u>371,656</u> | <u>(389,403)</u> | <u>69,352</u> |
| Restricted funds | 187,425 | 331,327 | (208,488) | 310,264 |
| | <u>274,524</u> | <u>702,983</u> | <u>(597,891)</u> | <u>379,616</u> |

FIVE TALENTS U.K. LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

19. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - PRIOR YEAR

| | Balance at 1 January 2016 £ | Income £ | Expenditure £ | Balance at 31 December 2016 £ |
|------------------|--------------------------------------|----------------|------------------|---|
| Designated funds | - | 26,999 | (26,999) | - |
| General funds | 84,767 | 351,415 | (297,641) | 87,099 |
| | <u>84,767</u> | <u>378,414</u> | <u>(324,640)</u> | <u>87,099</u> |
| Restricted funds | 96,560 | 258,185 | (218,762) | 187,425 |
| | <u>181,327</u> | <u>636,599</u> | <u>(543,402)</u> | <u>274,524</u> |

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ |
|-------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Tangible fixed assets | 193 | - | 193 |
| Current assets | 76,359 | 310,264 | 386,623 |
| Creditors due within one year | (7,200) | - | (7,200) |
| | <u>69,352</u> | <u>310,264</u> | <u>379,616</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ |
|-------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Tangible fixed assets | 387 | - | 387 |
| Current assets | 92,462 | 187,425 | 279,887 |
| Creditors due within one year | (5,750) | - | (5,750) |
| | <u>87,099</u> | <u>187,425</u> | <u>274,524</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Net income for the year (as per Statement of Financial Activities) | 105,092 | 93,197 |
| Adjustment for: | | |
| Depreciation charges | 194 | 194 |
| Dividends, interest and rents from investments | (270) | (157) |
| (Increase)/decrease in debtors | (8,762) | 8,362 |
| Increase/(decrease) in creditors | 1,450 | (2,728) |
| Net cash provided by operating activities | <u>97,704</u> | <u>98,868</u> |

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 £ | 2016 £ |
|--------------|----------------|----------------|
| Cash in hand | <u>366,969</u> | <u>268,995</u> |
| Total | <u>366,969</u> | <u>268,995</u> |

23. 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 £9,815 (2016 - £8,746). Contributions totalling £NIL (2016 - £NIL) were payable to the fund at the balance sheet date and are included in creditors.

24. OPERATING LEASE COMMITMENTS

At 31 December 2017 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

| | 2017 £ | 2016 £ |
|-------------------------|-----------|--------------|
| Amounts payable: | | |
| Within 1 year | <u>-</u> | <u>1,000</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

25. 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 £30,696 (2016 - £40,052) 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 £69,000 (2016 - £36,000) was paid to Five Talents Kenya for the overseeing of projects in Kenya.

Trustees

During the year one trustee was reimbursed £309 (2016 - £93) for travel expenses to annual FTUK and FT International meetings.