

The Global Fund for Children UK Trust

Report and Financial Statements

30 June 2019

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

Charity Registration Number 1119544

Contents

Reports

Reference and administrative information	1
Report of the trustees	2
Independent auditor's report	11

Financial statements

Statement of financial activities	14
Balance sheet	15
Principal accounting policies	16
Notes to the financial statements	20

Reference and administrative information 30 June 2019

Trustees	Michael Daffey – Chairman Michel Antakly James Esposito – Treasurer Francesca Lagerberg (resigned 8 February 2019) John Hecklinger (appointed 1 September 2018) Mandy DeFilippo (appointed 18 September 2018) Antoine deGuillenchmidt (appointed 18 September 2018) Manju Lulla (appointed 18 September 2018)
Registered and Operational address	Central Working Paddington 2 Kingdom Street London W2 6BD
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 2019.

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 \$44 million in more than 700 grassroots organisations, reaching more than 11 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 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 \$44 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

Globally, GFC has made enormous progress over the past 18 months, with new values; a new grantmaking strategy, theory of change, and capacity development framework; new financial systems, grant management processes, fundraising systems, and office; and a more global staff in place. GFC has a new brand, a new voice, and a steady stream of great content to offer a growing audience. GFC is more effectively governed by a more engaged global board, and its investments in learning, influence, safeguarding, and peer collaboration position the organisation as a thought leader.

The challenge ahead

GFC has not yet fully operationalised its theory of change and capacity development work, hindering its ability to advance its funding priorities with strong evidence for the effectiveness of its work; GFC looks forward to making quick progress on this in the coming months. GFC's thematic and geographic focus areas need further definition in order to ensure alignment of funding with the needs of its current and future local partners. GFC still suffers operationally from systems and processes that have not yet been streamlined, and would prefer to have more operating cash on hand. At present, GFC maintains investment reserves to bridge the organisation through any lean funding times.

New opportunities

Whilst GFC faces the challenges above, the GFC Board and staff are excited about the year ahead and are ambitious for growth. New opportunities include potential new partnerships with UK- and European-based institutions with a focus on both domestic and international programming, introducing new Board members to partners and connecting them thoughtfully with GFC's and partners' work, and hosting a spring 2020 gala event in London.

In the UK, GFC wants to see growth and remains grateful to its engaged and active Board members, who continue to provide the UK-based team with support and advice as the UK Trust begins this new financial year with energy and big goals to achieve.

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 2018 docket consisted of 53 grant recommendations, including 23 grants to new partners, and totalled \$805,000. The organisations in the docket represented 21 countries. All the grants in the docket were restricted to a particular funder and met a deliverable towards the funder's support. The April 2019 docket consisted of 56 grant recommendations, including 12 grants to new partners, and totalled \$619,580. The organisations in the docket represented 21 countries. All the grants in the docket were restricted to a particular funder and met a deliverable towards the funder's support.

Achievements and performance (continued)

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 organizational 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 FY19, GFC awarded 74 supplemental grants that totalled over \$221,000.

Special Awards

GFC currently provides three types of special awards. Maya Ajmera Sustainability Awards support outstanding partners' initiatives to strengthen their sustainability and long-term viability. In 2018/19, four Sustainability Awards totalling \$100,000 were awarded. The Juliette Gimon Courage Awards, begun in 2018/19, recognize 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 2018/19, two Courage Award winners, one from Turkey and one from Guatemala, 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 2018/19, 12 partners, split between two cohorts, each received \$25,000 to strengthen their organizations. These Step Up Awards totalled \$300,000.

Safeguarding children and youth

As of September 2019, GFC's safeguarding policy will have been in action for a year. During that time, all 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. GFC responded to one incident during FY19, following the policy. The incident did not prove to be serious and no children or youth were in danger, but it was a good test of the response system GFC has established in its policy. GFC is very proud of the approach to this complex area of work, operating thoughtfully and respecting the culture and circumstances of those whom GFC seeks to support.

Financial review

Results for the year

The total income for the year ending 30 June 2019 amounted to £344,115 (2018 – £310,537). The UK Trust was able to award £88,309 (2018 – £49,704) in grants to support charitable activities. Of total expenditure of £378,243 (2018 – £403,415), charitable expenditure amounted to £205,101 (2018 – £213,954), of which 57% was spent on support costs (2018 – 77%). Expenditure on raising funds amounted to £172,962 (2018 – £189,461). Net expenditure for the year was therefore £34,128 (2018 – £122,370).

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 £30,000 for the new financial year starting 1 July 2019.

At 30 June 2019, the total funds of the charity, which are equivalent to its free reserves, amounted to £88,242 (2018 – £122,370). Free reserves at year-end therefore satisfy the above reserves policy.

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 FY19, 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.

Plans for the future

GFC will continue to help fund the expenses of the UK Trust and provide operational support as needed.

The Board of Trustees will continue to develop, plan, and launch new initiatives to expand the UK Trust's donor base.

Next year will be a year of continued and consolidated growth for the UK Trust as GFC builds and strengthens its corporate and institutional partnerships as well as deepens its pro bono and individual donor relationships.

Key management remuneration policies

Key management of the charity is regarded as its trustees, the Managing Director, and from April 2019, the Partnership Director. The trustees give their time freely, and none of the trustees received remuneration in the year.

The Managing Director's and Partnership 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 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 are working 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 is planning to host a spring 2020 gala event in London to raise income and grow a new pipeline of potential new donors for the UK Trust.

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.

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

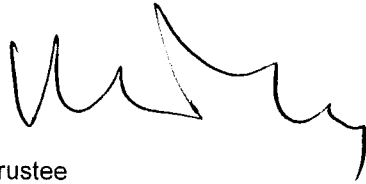
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the trustees 30 June 2019

Auditors

Buzzacott LLP was appointed as the charitable company's new auditor during the year.

Approved by the trustees and signed on their behalf by

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Trustee

Approved on: 29/10/19

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 2019 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 2019 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.

Independent auditor's report Year to 30 June 2019

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.

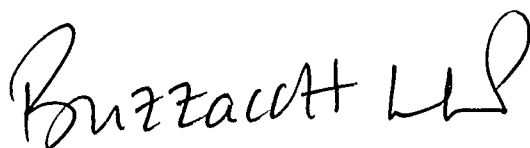
Auditor's responsibilities for the audit of the financial statements

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.

 Buzzacott LLP

12 November 2019

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

Statement of financial activities Year to 30 June 2019
(incorporating an income and expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Income from:							
Donations and legacies	1	233,729	110,386	344,115	231,883	78,654	310,537
Total income		233,729	110,386	344,115	231,883	78,654	310,537
Expenditure on:							
Raising funds	2	172,962	—	172,962	189,461	—	189,461
Charitable activities							
• Grants awarded	13	—	88,309	88,309	—	49,704	49,704
• Support costs	3	94,895	22,077	116,972	85,845	78,405	164,250
Total expenditure		267,857	110,386	378,243	275,306	128,109	403,415
Net expenditure and net movements in funds	4	(34,128)	—	(34,128)	(43,423)	(49,455)	(92,878)
Reconciliation of funds:							
Fund balances brought forward at 1 July		122,370	—	122,370	165,793	49,455	215,248
Fund balances carried forward at 30 June	11	88,242	—	88,242	122,370	—	122,370

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 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Current assets					
Debtors	8	3,106		83,601	
Cash at bank and in hand		<u>110,385</u>		<u>68,899</u>	
		113,491		152,500	
Liabilities:					
Creditors: amounts falling due within one year	9	<u>(25,249)</u>		<u>(30,130)</u>	
Net current assets		88,242		122,370	
Total net assets	11		<u>88,242</u>		<u>122,370</u>
The funds of the charity:					
Unrestricted funds					
· General funds		<u>88,242</u>		<u>122,370</u>	
			88,242		122,370
Restricted funds	10		<u>—</u>		<u>—</u>
			88,242		122,370

The notes on pages 16 to 22 form part of these financial statements.

Approved by the trustees and signed on their behalf by:



Trustee

Approved on: 29/10/19

Company Registration Number 6031876 (England and Wales)
Charity Registration Number 1119544 (England and Wales)

Principal accounting policies Year to 30 June 2019

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 2019, with comparative information provided in respect of the year to 30 June 2018.

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.

There are no significant areas of judgement or key assumptions that effect in the financial statements with respect to the next reporting period for the year ended 30 June 2019. The uncertain economic outlook and willingness of the public to make donations and grant funding is a significant area of financial uncertainty. The trustees have mitigated this by conducting an evaluation of potential and actual funding events to ensure that the trust resources are used in the most effective manner and achieve value for money.

Principal accounting policies Year to 30 June 2019

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have 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. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due but they are mindful of the need for the charity to continue to generate donations and the fact that this has become more difficult in recent years because of the challenging economic conditions. The trustees continue to review the charity's strategic approach to generating funds from the public and from other sources such as grant making trusts and corporate giving. GFC will continue to help fund the expenses of the UK Trust and provide operational support as needed.

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 income from other sources.

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.

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 recognition (continued)

- ♦ 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.

Principal accounting policies Year to 30 June 2019

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.

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 accounts. 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.

Notes to the financial statements Year to 30 June 2019

1 Income from: Donations, grants and legacies

	Unrestricted £	Restricted £	2019 £	Unrestricted £	Restricted £	2018 £
General donations	95,615	—	95,615	220,589	—	220,589
Gift Aid	12,241	—	12,241	11,294	—	11,294
Grants received	118,110	110,386	228,496	—	78,654	78,654
Other income	7,763	—	7,763	—	—	—
Total funds	233,729	110,386	344,115	231,883	78,654	310,537

2 Expenditure on: raising funds

	2019 £	2018 £
Staff costs (note 5)	172,752	106,746
Fundraising event	210	82,715
	172,962	189,461

3 Expenditure on: support costs

	2019 £	2018 £
Staff costs (note 5)	61,145	99,413
Other staff costs	2,513	1,033
Bank charges	93	113
Insurance	1,159	1,159
Postage	225	230
Stationery	264	1,468
Telecommunications	1,156	1,050
Professional and legal fees	4,262	14,667
Conference and membership	998	2,312
Office expenses	168	3,831
Staff travel and subsistence	18,642	10,963
Technology costs	372	1,010
Entertainment and gifts (non-staff)	442	413
Office rent	17,733	17,948
Governance costs: audit fee	7,800	8,640
	116,972	164,250

Of the above expenditure, £22,077 of staff costs related to the restricted fund (2018 – £85,845 of staff costs related to the restricted fund).

4 Net income

This is stated after charging:

	2019 £	2018 £
Auditor's remuneration		
. Audit services	7,800	8,640
. Other services	1,215	1,440

Notes to the financial statements Year to 30 June 2019

5 Staff costs

	2019 £	2018 £
Salaries and wages	194,126	184,995
Termination payments	14,368	—
Social security costs	18,997	16,349
Pension contributions	6,406	4,815
	233,897	206,159
	2019 £	2018 £
Summary of staff costs:		
· Raising funds	172,752	106,746
· Support costs	61,145	99,413
	233,897	206,159

During the year, one employee earned between £60,001 and £70,000 (2018 – none), one employee earned between £80,001 and £90,000 (2018 – none) and no employee earned between £70,001 and £80,000 (2018 – one). Contributions of £4,891 (2018 – £2,202) were paid for the provision of money purchase pension benefits in respect of these employees.

Termination payments of £14,368 related to the charity's restructuring plan, which took effect from April 2019.

The average number of employees during the year was:

	2019		2018	
	Full time	Part time	Full time	Part time
Average number	2.8	0.3	2.8	0.3

No trustee, or any person connected to them, received any reimbursement of expenses during the year (2018 – none).

6 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, the Managing Director (until April 2019) and from April 2019 onwards, the Partnership Director. Their total remuneration amounted to £112,693 during the year (2018 – £78,633).

7 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.

Notes to the financial statements Year to 30 June 2019

8 Debtors

	2019 £	2018 £
Grants receivable	—	80,700
Other debtors	3,106	2,901
	3,106	83,601

9 Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owing to related parties	12,707	11,727
Accruals	9,015	10,647
Other creditors	873	—
Taxes and social security	2,654	7,756
	25,249	30,130

10 Restricted funds

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

	At 1 July 2017 £	Income £	Expenditure £	At 30 June 2018 £
Fondation Les Paquerettes	29,827	69,580	(99,407)	—
Andrew Wolff	19,628	—	(19,628)	—
Comic Relief	—	9,074	(9,074)	—
	49,455	78,654	(128,109)	—

11 Related party transactions

During the year, The Global Fund for Children UK Trust received unrestricted donations from two trustees: £38,030 (2018 – \$30,000 to GFC US) from Michel Antakly and £7,850 (2018 – £5,000 – before becoming a board trustee) from Antoine deGuillenchmidt both of which were unrestricted. Matching donations of £11,355 (2018 – £nil) were received from Goldman Sachs & company.

During the year, two trustees made their annual unrestricted donations to Global Fund for Children: \$250,000 (2018 - \$250,000) from Michael Daffey and \$75,000 (2018 - \$100,000) from James Esposito.

The charitable company's parent entity, Global Fund for Children US, of which Michael Daffey and John Hecklinger are trustees, contributed an operational grant of £118,110 (2018 – £nil) to the charity which was unrestricted.

The trustees did not receive any emoluments or any reimbursement of expenses during the year (2018 – none).

11 Related party transactions

At year end, an amount of £12,707 (2018 – £11,727) was owing to The Global Fund for Children US for operating expenses paid on behalf of The Global Fund for Children UK Trust.

Grants awarded to the Global Fund for Children US in the year amounted to £88,309 (2018 – £49,704).