

Charity Registration Number: 1135589

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**HAKUNA MATATA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**TRUST INFORMATION**

<b>CONSTITUTION</b>	A registered charity governed by its Trust Deed
<b>REGISTERED CHARITY NUMBER</b>	1135589
<b>TRUSTEES</b>	Mr Davide Serra Ms Anna Barassi Mr Richard Kelly Mr Carlo Barassi Mr Matthew King Ms Francesca Toresella Ms Lucy Challis Ms Jolanda Niccolini Ms Maria Bozzi (Appointed 19 September 2018) Mr Harpal Singh (Appointed 10 September 2019)
<b>REGISTERED OFFICE</b>	4th Floor 1 St James's Market London SW1Y 4AH
<b>BANKERS</b>	HSBC Bank Plc HSBC Securities Services 8 Canada Square London E14 5HQ
<b>CUSTODIANS</b>	UBS Switzerland AG Baerengasse 16 8001 Zurich
<b>INDEPENDENT AUDITORS</b>	Arnold Hill & Co LLP Chartered Accountants Craven House 16 Northumberland Avenue London WC2N 5AP

## **TRUSTEES' REPORT**

The Trustees present their report and audited financial statements for the year ended 31 March 2019.

The financial statements have been prepared in accordance with the accounting policies set out on pages 14 and 15 and comply with the current statutory requirements, the Charities Act 2011, the Trust Deed (as defined below), 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) (effective 1 January 2015).

### **STATUS**

Hakuna Matata (the "Trust") was established on 15 March 2010 and registered as a charity on 19 April 2010, for exclusively charitable purposes pursuant to its Trust Deed dated 15 March 2010. The Trust Deed defines the objects and powers of the Trust.

### **TRUST OBJECTIVES AND MISSION**

The Trust's objectives, as stated in the Trust Deed, are the holding of capital and income upon trust and to apply the income for the public benefit for exclusively charitable objects and purposes in any part of the world.

In setting the Trust's objectives and planning its activities, the Trustees have considered Section 17 of the Charities Act 2011. In doing so they are satisfied that they have complied with their duty to have regard to the Public Benefit guidance published by the Charity Commission. The Trust's activities and achievements are outlined throughout this Trustees' Report and the Trustees believe they fully demonstrate that the Trust is providing public benefit.

The primary mission of the Trust, as agreed by the Trustees, is to:

*...develop continuous financial support for the activities of the project "Help a Village" which demonstrably improves the lives of children living in poverty in developing countries by achieving a significant and sustainable impact.*

### **ORGANISATION**

The Board of Trustees meets regularly to review and update the Trust's strategy and areas of activity, including consideration of grant-making, investment decisions, a review of the reserves policy as well as the overall risk profile of the Trust.

### **APPOINTMENT OF TRUSTEES**

The Trustees who held office during the year were:

Mr Davide Serra  
Ms Anna Barassi  
Mr Richard Kelly  
Mr Carlo Barassi  
Mr Matthew King  
Ms Sarah Finley (Retired 19 September 2018)  
Ms Lucy Challis  
Ms Francesca Toresella  
Ms Jolanda Niccolini  
Ms Maria Bozzi (Appointed 19 September 2018)

The Trustees are selected on the basis of their skills and expertise and the contribution, in particular in the areas of business management and development, which they can make to determine the strategy and policies of the Trust and to monitor implementation.

The Trustees, who meet regularly, are responsible for finance, development and planning. There is no formal process for training Trustees, but training is provided to individual Trustees and to the Trustees as a whole as needs arise.

All Trustees give their time freely and no Trustee remuneration was paid in the period.

## **TRUSTEES' REPORT** *(continued)*

### **TRUSTEES' RESPONSIBILITIES**

The Trustees 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).

Charity 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 Trust and of the incoming resources and application of resources, including the income and expenditure, of the Trust 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 judgements and estimates that are reasonable and prudent;
- State whether applicable UK 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 Trust will continue in business.

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

In so far as the Trustees are aware:

- There is no relevant information of which the Trust's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

### **TRUST ACTIVITIES**

The founding Trustees were inspired by two extraordinary people, Fausta Pina and Father Tarcisio Moreschi, who started the "Help a Village" project in central Tanzania.

This project provides a wide range of essential services to more than 65 villages with a combined population of 110,000. As well as the endemic poverty in the region, the early mortality rates, caused primarily by HIV/AIDS, has led to a high population of orphaned children.

Sadly many are infected with the disease from birth. Until now financial support to the project has been reliant on ad-hoc donations.

The primary mission of Hakuna Matata is to develop long term financial support for their project.

To aid this, the Trust is committed to providing €10,000 per month for the next 7 years. Funding began in October 2010 and the Trust will endeavour to donate at least a third of all monies collected through donations. The remaining funds are invested to ensure ongoing finances for the work of the "Help a Village" project and other charitable causes.

### **RESERVES POLICY**

The Trustees are committed to applying the Trust's resources in a responsible manner for the purposes of yielding maximum benefit.

To achieve this, the Trustees implemented a simple strategy of investing monies into a highly liquid portfolio, with generated income used to meet grant expenditure whilst preserving the capital base.

## **TRUSTEES' REPORT** *(continued)*

### **RESERVES POLICY** *(continued)*

#### *Restricted Fund*

Restricted funds are generated when the donor stipulates how their donation may be spent. In most cases, there will be a time lag between when such funds are received and when they are expended. The Trustees ensure that these funds are expended in accordance with the terms under which they have been donated to the Trust.

During the period no monies were donated which had restrictions on how the donations could be spent.

#### *Expendable Endowment*

Based on the Trustees' assessment of the Trust's aims, the Trustees will cultivate the endowment fund to a level that provides a mature asset base capable of producing a level of income that can sustain the Trust's annual grant-making programmes on an indefinite basis and at a consistent, sustainable level regardless of any significant drop in income. The Trustees have the powers to convert any required amount of this endowment from time to time into an income which can then be utilised by the Trust to further its charitable objects in the future.

#### *Operational Reserves*

Cash flow projections for income and expenditure are regularly reviewed by the Trustees to ensure that the level of disposable net assets is adequate and that the Trust is in a position to meet all its grant-making and working capital commitments for the foreseeable future. In the event that the Trustees find themselves unable to meet the Trust's commitments from reserves of Unrestricted Funds at their disposal, they will, draw on the Expendable Endowment to meet those commitments as necessary.

The reserves policy is reviewed annually to reassess the risks and reflect any changes to the Trust's income, capital, financial obligations and long term plans for charitable expenditure.

### **RISK STATEMENT**

The Trustees are responsible for the management of the risks faced by the Trust and have examined the major strategic, business and operational risks to which the Trust is and may be exposed. They are satisfied that the systems and controls are in place to mitigate and manage exposure to such major risks identified by the Trustees. They continue to review current processes recognising that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

### **GRANTING POLICY**

The Trust primarily invests in and engages with partners who support the "Help a Village" project. The "Help a Village" primarily concentrates its efforts in the Iringa area of central Tanzania, which meets the Trust's objectives. In addition, the Trust may consider other ad-hoc grants.

### **INVESTMENT POLICY**

The investment policy of the Trust is to maintain an approach that recognises the requirement for income to meet the commitment provided by the Trust to financially support the "Help a Village" project for the next 7 years with the desire for capital growth and the creation of an Expendable Endowment while safeguarding funds for future grant-making capacity.

The Trustees remain mindful of their duty to review and monitor regularly the management of the Trust's investments. The Trustees are satisfied with the current investments and their allocation.

### **FINANCIAL REVIEW**

During the year to 31 March 2019, the Trust made excellent progress on its primary objective of financially supporting the "Help a Village" project (the "Project").

The Trust's monthly €10,000 and additional ad-hoc contributions to local self-sustainable projects, while directed at creating a long term positive legacy on the region's economy apt at improving her children's future prosperity, also provide continuous support to the healthcare and education needs of Tanzania's youngest and poorest.

Below is a brief description of the ongoing efforts and latest achievements.

## **TRUSTEES' REPORT (continued)**

### **FINANCIAL REVIEW (continued)**

#### **Education**

The Trust continues to assist in the provision of nursery care, primary and secondary education to children in the Iringa area of central Tanzania (the "Area"). Through partnerships, we have supported the building and running of 73 nursery schools across the region, allowing over 3,300 children access to primary education and providing jobs to 143 local teachers. Help the Village helps poorer children and young adults in the community to attend school by funding school fees and providing school uniforms, shoes and textbooks to 315 children.

We also continue to support the Agricultural Farming Mamre College project in Mayale (the "College"), within the Illembula Catholic parish, as well as backing and assisting in the on-going long term mutually profitable relationship between the College students and a new farmers' business sunflower oil enterprise.

#### **Orphanages**

The Trust continues to provide financial support for the running of all the Area's orphanages, providing funds to train, educate and pay salaries to the Putative Mums running the orphanages, as well as providing funds for the purchase of clothes for the children.

In addition the Trust continues to fund the provision of medical assistance for the children at the orphanages, including transport to and from the nearest hospitals whenever necessary, for routine as well as emergency assistance, and paying for doctors' fees and medicines.

#### **Assistance to the Disabled**

The Trust continues with its support to the Rehabilitation and Physiotherapy Centre in the village of Wanging'ombe (the "Physiotherapy Centre"). With its nine local branches, the Physiotherapy Centre provides assistance to an increasing number of patients in the Area, and the Trust helped fund the expansion of its servicing capabilities and expertise, providing inpatient and outpatient intensive and routine rehabilitation care to over one thousand children and young adults. The Trust has donated 400 rough-terrain wheelchairs to the centre, which are specially adapted to the area and can be operated with hand controls.

In addition the Trust supports the Physiotherapy Centre's Pamoja Project ("Pamoja Project"), a contact farming enterprise covering 24 acres of land, which aims to strengthen the agricultural network and sunflower oil commercial activity. The Pamoja Project produces sunflower oil, which is then sold at the market, and revenues from these sales support the Inuka Rehabilitation Centre, with an aim of self-sufficiency in the future.

#### **Health - Aids/HIV**

The Trust continues to provide financial and logistical support to those suffering, or at risk from, HIV, mostly young women, mothers and children.

This program includes medical prophylaxis, education and awareness efforts, hospital assistance and deliveries of food and other basic provisions to the extremely sick. The Trust has also provided funds for the refurbishment and management of Ikelu Hospital.

In addition to the donations of £93,802 made to 'Help a Village', donations of £96,896 were made to other charities during the year.

Total incoming resources amounted to £283,961 (2018: £1,803,056), made up of voluntary donations of £188,337 (2018: £1,724,097) and £95,624 (2018: £78,959) of investment income.

The asset base of the Trust stands at £2,289,225 (2018: £2,261,164) and is predominately made up of investments which generate sufficient income to enable the Trust to meet its ongoing financial commitments.

### **FUTURE PLANS**

The future plans of the Trust are to continue to meet the main objectives of the Trust and to ensure that the application of any income for the public benefit is exclusively for charitable objects and purposes. To aid this the Trust will actively seek voluntary donations.

**TRUSTEES' REPORT** *(continued)*

**INDEPENDENT AUDITORS**

The auditors, Arnold Hill & Co LLP, have expressed their willingness to remain in office for a further year and a resolution to that effect will be put to the Annual General Meeting.



**On behalf of the Board**

**Matthew King**

**Trustee**

Date: 24 JANUARY 2020

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF HAKUNA MATATA**

### **Opinion**

We have audited the accounts of Hakuna Matata (the 'Charity') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its incoming resources and application of resources, 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 Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Charity'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 accounts are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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**

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the the Trustees' Report.

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

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

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF HAKUNA MATATA (continued)**

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the Charity'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 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 accounts 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 accounts.


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

**Other matters which we are required to address**

Your attention is drawn to the fact that the charity has prepared accounts 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) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

This report is made solely to the charity'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 charity'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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Mr Justin Moore (Senior Statutory Auditor)**  
**for and on behalf of Arnold Hill & Co LLP**  
**Chartered Accountants, Statutory Auditor**  
Craven House  
16 Northumberland Avenue  
London  
WC2N 5AP

Dated: *24 January 2020.*

Arnold Hill & Co LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Unrestricted Funds £	Expendable Endowment Fund £	Year ended 31 March 2019 £	Year ended 31 March 2018 £
<b>Income</b>					
Donations and legacies		188,337	-	188,337	1,724,097
Investment income	2	95,624	-	95,624	78,959
<b>Total Income</b>		<u>283,961</u>	<u>-</u>	<u>283,961</u>	<u>1,803,056</u>
<b>Expenditure</b>					
Costs of raising funds					
Investment management costs	3	(214)	-	(214)	(4,908)
Expenditure on charitable activities					
UK based charities	4	(32,568)	-	(32,568)	(4,180)
Overseas charities	4	(175,983)	-	(175,983)	(148,120)
<b>Cost of grant making</b>		<u>(208,551)</u>	<u>-</u>	<u>(208,551)</u>	<u>(152,300)</u>
<b>Total expenditure</b>		<u>(208,765)</u>	<u>-</u>	<u>(208,765)</u>	<u>(157,208)</u>
<b>Losses on investments</b>	6	(47,135)	-	(47,135)	(655,734)
<b>Net incoming resources before transfers</b>		<u>28,061</u>	<u>-</u>	<u>28,061</u>	<u>990,114</u>
Transfers between funds	10	(28,061)	28,061	-	-
<b>Net movements in funds</b>		<u>-</u>	<u>28,061</u>	<u>28,061</u>	<u>990,114</u>
<b>Total funds brought forward</b>		-	2,261,164	2,261,164	1,271,050
<b>Total funds carried forward</b>	10	<u>-</u>	<u>2,289,225</u>	<u>2,289,225</u>	<u>2,261,164</u>

The statement of financial activities has been prepared on the basis that all activities are continuing.

There are no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

The accounting policies and the notes on pages 14 to 18 form part of the Financial Statements.

**BALANCE SHEET AS AT 31 MARCH 2019**

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Investments	6	1,739,822	1,618,024
<b>CURRENT ASSETS</b>			
Debtors	8	20,568	359,746
Bank and cash		<u>539,241</u>	<u>421,679</u>
		559,809	781,425
<b>CREDITORS:</b> amounts falling due within one year	9	(10,406)	(138,285)
<b>NET CURRENT ASSETS</b>		<u>549,403</u>	<u>643,140</u>
<b>NET ASSETS</b>	10	<u>2,289,225</u>	<u>2,261,164</u>
<b>FUNDS</b>			
Unrestricted Funds	10	-	-
Expendable Endowment Fund	10	<u>2,289,225</u>	<u>2,261,164</u>
<b>TOTAL FUNDS</b>	10	<u>2,289,225</u>	<u>2,261,164</u>

Approved by the Trustees and authorised for issue on 24 JANUARY 2020 and signed on their behalf by:



**Matthew King**  
**Trustee**

The accounting policies and the notes on pages 14 to 18 form part of the Financial Statements.

**STATEMENT OF CASH FLOWS AS AT 31 MARCH 2019**

	2019 £	2018 £
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by operating activities</b>	<u>415,685</u>	<u>1,326,964</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	409,369	99,985
Purchase of investments	(575,788)	(918,935)
<b>Net cash used in investing activities</b>	<u>(166,419)</u>	<u>(818,950)</u>
<b>Cash flows from financing activities:</b>		
Repayments of borrowing	(131,704)	(212,906)
Cash flows from new borrowing	-	138,256
<b>Net cash used in financing activities</b>	<u>(131,704)</u>	<u>(74,655)</u>
Change in cash and cash equivalents in the reporting period	117,562	433,358
Cash and cash equivalents at the beginning of the reporting period	<u>421,679</u>	<u>(11,679)</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<u>539,241</u>	<u>421,679</u>

The accounting policies and the notes on pages 14 to 18 form part of the Financial Statements.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

### **1. ACCOUNTING POLICIES**

#### **a) Statement of Compliance**

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).

The Trust meets the definition of a public benefit entity under FRS 102. The assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

#### **b) Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **c) Critical accounting estimates and judgements in applying accounting policies**

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial period. Actual results may differ from those estimates. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions are explained in the respective accounting policy notes below.

#### **d) Incoming resources**

All incoming resources are included in the respective line items of the Statement of Financial Activities when the Trust is legally entitled to the income and the amount can be quantified with reasonable certainty.

Interest income and expense is recognised in the Statement of Financial Activities on an effective interest rate basis. Dividend income and expenses, when the underlying security is held directly by the Trust, is recognised in the Statement of Financial Activities on an ex-dividend basis, gross of foreign withholding taxes when receivable. Withholding tax is recorded on an accruals basis.

#### **e) Resources expended**

Resources expended are accounted for on an accruals basis. Constructive obligations (including grants payable) are accounted for as liabilities where it is probable that there will be a transfer of economic benefits and the amount of the obligation can be reliably estimated and communicated to the recipient.

Grants which the charity has committed to paying but have the right to cancel are not recognised as liabilities.

#### **f) Governance Costs**

Governance costs are those costs incurred in the compliance with constitutional and statutory requirements including related professional fees, and are accounted for on an accruals basis. These costs are included under the heading charitable activities, and are allocated based on the costs of granting.

#### **g) Financial assets and liabilities held for trading**

##### *Classification*

The Trust classifies its investments in debt securities (other than those classified as loans and receivables), and equity securities as financial assets at fair value through the Statement of Financial Activities. These financial assets are classified as held for trading. Financial assets held for trading are acquired principally for the purpose of selling in the short term.

##### *Recognition/de-recognition*

Purchases and sales of investments are recognised on their trade date, which is the date on which the Trust commits to purchase or sell the asset. Investments are initially recognised at fair value and transaction costs for such investments are expensed as incurred. Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1. ACCOUNTING POLICIES (continued)**

#### **g) Financial assets and liabilities held for trading (continued)**

##### *Measurement*

Subsequent to initial recognition, these financial assets are measured at fair value. Any gains and losses arising from changes in the fair value of the financial assets are included in the Statement of Financial Activities in the period in which they arise and are based on the First In First Out ("FIFO") method. Interest income from financial assets is recognised in the Statement of Financial Activities. Dividend income from financial assets is recognised in the Statement of Financial Activities when the Trust's right to receive payment is established.

#### **h) Investments**

##### *Listed and unlisted securities*

Investments that are listed on or quoted on any securities exchange or similar and are regularly traded are valued at their market value with any unrealised gains and losses being taken to the Statement of Financial Activities.

Unlisted securities or listed securities not regularly traded, or in respect of which no prices as described above are available, are valued at their fair value by utilising prices obtained from the administrator based on net asset values.

During the year ended 31 March 2019, unlisted traded securities were held.

#### **i) Foreign Currency Translations**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

#### **j) Funds**

Unrestricted Funds comprise those funds which the Trustees are free to use in accordance with the charitable objectives of the Trust.

Restricted Funds comprise those funds that can only be used for particular restricted purposes within the objectives of the Trust. Restricted Funds arise when the funds are specified as such by the donor(s) or when funds are raised for particular restricted purposes.

The Expendable Endowment Fund represents those assets held by the Trustees principally in investments. Income arising on the Expendable Endowment Fund can be transferred to the unrestricted fund and can then be expended in accordance with the objectives of the Trust. If the Trust is unable to meet its commitments from reserves of Unrestricted Funds, there would be a release of the Expendable Endowment to Unrestricted Funds to meet those commitments.

### **2. INVESTMENT INCOME**

The investment income arises from interest received on cash deposits and fixed income securities within the investment portfolio held by the Trust. Dividend income is from equity securities within the portfolio held by the Trust.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Distributions from investments held	95,618	78,716
Bank interest	6	243
	<u>95,624</u>	<u>78,959</u>

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **3. COSTS OF RAISING FUNDS**

The costs of raising funds relate to the costs associated with the purchase of the Trusts portfolio of investments.

### **4. CHARITABLE ACTIVITIES**

	Grant funded activity £	Support and governance costs £	2019 £	2018 £
UK based grants	29,780	2,788	32,568	4,180
Overseas based grants	160,918	15,065	175,983	148,120
	<u>190,698</u>	<u>17,853</u>	<u>208,551</u>	<u>152,300</u>

Of the overseas based grant payments, £93,802 (2018: £83,460) was used to assist in the "Help a Village" project which demonstrably improves the lives of children living in poverty in developing countries by achieving a significant and sustainable impact.

#### **Analysis of support and governance costs**

	General support £	Governance function £	Total £	Basis of apportionment
General office	403	-	403	Grants made
Accruals	-	1,800	1,800	Grants made
Bank and custody charges	15,650	-	15,650	Grants made
	<u>16,053</u>	<u>1,800</u>	<u>17,853</u>	

### **5. TAXATION**

As a registered charity, the Trust is exempt from taxation on income and gains to the extent that these are applied in furtherance of its charitable objectives. No tax charge has arisen in the year for the Trust.

### **6. INVESTMENTS**

	Fair Value at 1 April 2018 £	Additions £	Disposals £	Total losses* £	Fair value at 31 March 2019 £	Cost at 31 March 2019 £
Overseas	1,618,024	575,788	(409,369)	(44,621)	1,739,822	1,721,584
<b>Total quoted</b>	<u>1,618,024</u>	<u>575,788</u>	<u>(409,369)</u>	<u>(44,621)</u>	<u>1,739,822</u>	<u>1,721,584</u>

\* difference between total losses above and the Statement of Financial Activities (loss of £47,135) is due to the foreign exchange movements on bank balances which has been excluded in the above analysis, but has been included within the gains and losses on investments in the Statement of Financial Activities.

#### **Financial Assets**

	2019 £	2018 £
Held for trading		
Funds - Overseas	1,739,822	1,618,024
<b>Total Financial Assets</b>	<u>1,739,822</u>	<u>1,618,024</u>

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **6. INVESTMENTS (continued)**

#### **Gains / (losses) recognised in relation to financial assets and liabilities measured at fair value**

	2019	2018
	£	£
Realised gains on financial assets and liabilities and foreign exchange	15,405	473,149
Unrealised (losses)/gains on financial assets and liabilities and foreign exchange	<u>(62,540)</u>	<u>182,585</u>
<b>Total realised and unrealised (losses) / gains</b>	<u>(47,135)</u>	<u>655,734</u>

### **7. FINANCIAL RISK MANAGEMENT**

#### **Principles of Risk Management**

The Trust's financial activities may expose it to a variety of financial risks: market risk (including other price risk and interest rate risk), credit risk and liquidity risk.

The Trust is also exposed to operational risks such as settlement and custody risk. Custody risk is the risk of loss of financial assets and liabilities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the financial assets and liabilities held by the custodian, in the event of its failure, the ability of the Trust to transfer the financial assets and liabilities might be temporarily impaired.

The Trust's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Trust is exposed and seeks to minimise potential adverse effects on the Trust's financial performance.

All investments present a risk of loss of capital. The maximum loss of capital on equity and debt securities is limited to the fair value of those positions.

The Trust uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

#### **Market risk**

##### **(a) Other price risk**

The Trust is exposed to equity and debt securities price risk. This arises from investments held by the Trust for which prices in the future are uncertain. Where non-monetary financial instruments, for example, equity securities, are denominated in currencies other than GBP, the price initially expressed in foreign currency and then converted into GBP will also fluctuate because of changes in foreign exchange rates.

##### **(b) Interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Trust has exposure to credit positions that expose the Trust to fair value interest rate risk. The Trust also holds cash and cash equivalents that expose the Trust to cash flow interest rate risk.

#### **Credit risk**

The Trust is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Trust is exposed arises from the Trust's investments in managed funds. The Trust is also exposed to counterparty credit risk, cash and cash equivalents, amounts due from brokers and other receivable balances.

The Trust's policy to manage this risk is to invest in reputable fund managers, in addition all transactions are settled / paid for upon delivery using approved counterparties. The risk of default is considered minimal, as delivery of securities sold is only made once the administrator has received payment.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **7. FINANCIAL RISK MANAGEMENT (continued)**

#### **Liquidity risk**

Liquidity risk is the risk that the Trust may be unable to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Trust has the ability to borrow in the short term to ensure settlement of its obligations and for short term financing. The Trust is also able to release the Expendable Endowment to Unrestricted Funds to meet any such commitments.

### **8. DEBTORS**

	2019 £	2018 £
Distributions receivable	14,905	16,051
Gift Aid receivable	5,663	343,695
	<u>20,568</u>	<u>359,746</u>

### **9. CREDITORS: amounts falling due within one year**

	2019 £	2018 £
Grants outstanding	8,606	5,716
Accruals	1,800	-
Loans payable	-	132,569
	<u>10,406</u>	<u>138,285</u>

A loan totalling €150,000 and accruing interest at 0.868% was entered into on 31 August 2017 and repaid on 31 August 2018. No loans existed as at 31 March 2019.

### **10. MOVEMENT IN FUNDS**

	2018 £	Incoming Resources £	Resources Expended £	Gains on investments £	Transfers £	2019 £
Unrestricted	-	283,961	(208,765)	(47,135)	(28,061)	-
Restricted	-	-	-	-	-	-
Expendable Endowment	2,261,164	-	-	-	28,061	2,289,225
Total funds	<u>2,261,164</u>	<u>283,961</u>	<u>(208,765)</u>	<u>(47,135)</u>	<u>-</u>	<u>2,289,225</u>

### **11. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2019 £	2018 £
Net income for the reporting period (as per the statement of financial activities)	28,061	990,114
Adjustments for:		
Losses on investments	44,621	620,294
Dividends, interest and rents from investments	(866)	(1,893)
Decrease/(increase) in debtors	339,179	(293,800)
Increase in creditors	4,690	12,249
Net cash provided by operating activities	<u>415,685</u>	<u>1,326,964</u>

### **12. CAPITAL COMMITMENTS**

At 31 March 2019, the Trust had committed to providing €10,000 per month for the next 7 years to the 'Help a Village' charity. The Trust has the option of cancelling this without notice, therefore no long term liability has been recognised in these accounts.