Registered Company Number: 04193179
Registered Charity Number: 1089490

HOPE AND HOMES FOR CHILDREN

TRUSTEES' ANNUAL REPORT
and
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2019

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LEGAL AND ADMINISTRATIVE INFORMATION

Status
Hope and Homes for Children is a charitable company limited by guarantee. It was incorporated on 3 April 2001 (Company number: 04193179) and registered as a charity on 26 November 2001 (Charity number: 1089490).

Founder Presidents

Mark Cook OBE	Caroline Cook OBE

Patrons and Ambassadors

Kate Adie OBE DL	Jay Jopling
Martin Bell OBE	Gordon McInally
Matt Bell	The Rt Hon Sir Donald McKinnon ONZ GCVO
Rukhiya Budden	Natalie Pinkham
Mariana Dahan	Mrs Lily Safra
General The Lord Dannatt GCB CBE MC DL	Dame Kristin Scott Thomas DBE
Rick Foulsham CMG	The Rt Hon The Lord Selkirk of Douglas PC QC
David Furnish	Sam Taylor-Johnson OBE
Nick Hewer	James Whiting
Alastair Humphreys	Claire Wright
The Lady Jopling MBE	

Trustees and Directors

Matthew Banks	^*		
Andy Bilson			*(resigned 31 March 2020)*
Vicky Bruce	^*		
Richard Greenhalgh	^	Chairman	
Mark Grinonneau	*	Treasurer	
Carol Haslam			*(retired 9 May 2019)*
Maria Herczog	x		*(appointed 1 April 2020)*
Alexander Matheou	x		
Camilla Otto	x		
Anna Segall	o		
Mark Shadrack			*(resigned 1 May 2020)*
Malcolm Sweeting	*		
Mike Thiedke	o		

* = member of Finance, Audit and Risk Committee, ^ = member of Nominations and Remuneration Committee,
x = member of Programmes Advisory Committee, o = member of Marketing, Communications and Fundraising Committee

Senior Management Team (Key Management Personnel)

Mark Waddington	Chief Executive
Delia Pop	Director of Programmes and Global Advocacy (until 15 May 2020)
Stefan Darabus	Interim Director of Programmes (from 16 May 2020)
Sue Rooke	Director of Resources and Company Secretary (until 30 June 2020)
Mark Shadrack	Chief Operating Officer and Company Secretary (from 1 July 2020)
Sarah Whiting	Director of Marketing, Communications and Fundraising (until 30 April 2020)
Angharad McKenzie	Director of Marketing, Communications and Fundraising (From 1 May 2020)

Registered Office and Principal Address: East Clyffe, Salisbury, Wiltshire, SP3 4LZ

Independent Auditor: Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH

Bankers: Royal Bank of Scotland PLC, 48 Blue Boar Row, Salisbury, Wiltshire, SP1 1DF

Website: more information about the charity can be found at www.hopeandhomes.org

TRUSTEES' ANNUAL REPORT and STRATEGIC REPORT

MISSION, VISION, AND ACTIVITIES OF HOPE AND HOMES FOR CHILDREN

Vision
Our vision is of a world in which children no longer suffer institutional care.

Mission
Our mission is to be the catalyst for the global elimination of institutional care of children.

The rationale for our strategy
Orphanages and other forms of institutional care are wrong. Independent research has established that they are associated with high levels of abuse, neglect, and mortality. They are also unnecessary. Most children in orphanages are not orphans. Over 80% of children confined to orphanages have parents who, with the right support, can better protect and care for them. Orphanages are not cost-effective and are often more expensive than supporting family-based alternatives, which evidence consistently demonstrates provide better outcomes for children.

There are eight million children confined to orphanages. From evidence and practical experience, we are able to present an almost unique value proposition by leveraging the scale of funding to deliver the transition of whole, national child protection systems in some of the most challenging environments.

Theory of change
Our theory of change articulates the conditions that we require to succeed with the delivery of our hierarchy of objectives, and what we will do to ensure that those conditions are fulfilled. It is the fulcrum between strategic and operational planning. It comprises four elements as follows:

- **Political will** - we need sustained political will and commitment to reform child protection systems.
- **Know-how** - technical understanding and skills are a pre-requisite to pilot and then scale up initiatives aimed at transitioning national systems from institutional care to family- and community-based care. So too is having the evidence that proves how and why this is so desirable, at every step of the transition.
- **Capacity to deliver services** - it is through this element of our theory of change that we harness the political will and know-how of NGOs, and local and national authorities, by helping them to clarify their roles in the deinstitutionalisation process and commit to a series of responsibilities and actions to deliver it. Crucial in this is supporting the NGO community to engage in dialogue with their governments and hold them to account.
- **Funding** - in order to deliver permanent and sustainable reform we need to ensure that there is funding for both the transition process itself as well as for the family- and community-based services that will replace institutional care.

Strategic Aim
Our ten-year aim is that by the end of December 2027, worldwide, orphanages will no longer be an acceptable way to look after children.

This will require regional commitments to protect and care for children in families and communities to be in place and being successfully implemented at national levels. It will also require partnerships with relevant organisations to extend our influence and communications globally. To achieve this aim, our resources will need to be focused on three strategic priorities. These priorities have been identified, in accordance with our mission, on the basis of their potential to drive a transformational impact on how children are protected and cared for, and our capacity to perform effectively as a catalyst in delivering them.

As with all businesses, the COVID-19 pandemic has had a significant impact on Hope and Homes for Children's operations and this is explained in more detail on pages 11-12. We believe that our strategic priorities remain valid but we will be taking time during 2020 to review, consider, and where necessary amend the approaches we are using to achieve them.

Ten-year strategic priorities
Our current strategic planning period covers 2018 to 2027. During that time frame our priorities are:

STRATEGIC PRIORITY 1: DRIVING REGIONAL REFORM - We will:
- Concentrate on achieving the elimination of orphanages as widely as possible throughout our five regions. By working alongside national and local government partners as well as other NGOs in our Countries of Operation (Rwanda, Sudan, Romania, Bosnia, Bulgaria, Moldova and Ukraine) and in countries in which we have Strategic Pilots (India, South Africa and Uganda), we will strengthen the evidence for the case for reform, further develop the know-how to achieve it, and build momentum toward the elimination of orphanages at an internationally meaningful scale. We will demonstrate that this can be achieved in markedly different contexts.
- Invest further in sharing our know-how and expertise through training, webinars, conferences, disseminating our publications, and by influencing existing as well as convening new networks of practitioners.
- Strengthen relationships with current strategic partners and identify new ones, and we will support them to encourage the wider uptake of know-how and the case for reform in order to amplify our efforts to drive that reform beyond our direct influence.
- Continue to actively encourage innovation throughout our own work and among our partners.

STRATEGIC PRIORITY 2: DRIVING GLOBAL REFORM - We will:
- Develop consensus on a universal definition of institutional care. This is important because currently, without such a definition, there is confusion over different forms of family and community-based care arrangements, and forms of residential care which do not serve the best interests of children.
- Secure international commitments to support the elimination of orphanages, and national laws to prohibit orphanages. This prevents new orphanages from being registered or established, which stops the problem from growing, and then focuses attention on elimination and delivering successful reform. It is also important because evidence demonstrates that when pressure toward reform is reduced or withdrawn, orphanage systems bounce back rapidly and at scale.
- Ensure the resources, especially sustainable financing, are in place for national transitions to family- and community-based care, the child protection services that prevent children from being separated from their families, and the services which provide suitable family and community-based alternatives.
- Establish the urgency, relevance and opportunities of children growing up in stable family and community-based care arrangements within the context of global development challenges such as poverty, population growth, urbanisation and inequality. Reforming child care and protection through support of families and communities adds value to the wider efforts being undertaken to address such development challenges and this will be a major factor in our ability to serve as a catalyst for the global elimination of institutional care of children.

STRATEGIC PRIORITY 3: INVESTMENT, REVENUE AND BRAND - We will:
- Continue to increase the investment in our fundraising capacity.
- Strengthen the role of our brand, communication and marketing capability within our Fundraising team, to draw on the information and learning from across the organisation and harness it to successfully deliver the growth in revenue we require.
- Work with major private sector and media partners to in turn influence their staff, suppliers, clients and wider audiences so that orphanages are no longer seen as an acceptable way to look after children.

The 2020 strategic review will consider the levels of annual revenue needed by the organisation to succeed with our strategic aim and will determine appropriate targets for fundraised income as well as income from statutory and other official sources.

STRATEGIC REPORT - WHAT WE ACHIEVED IN 2019
2019, our 25th year was a momentous one for the growing global movement to eliminate orphanages and ensure all children grow up where they belong, in a loving family. At the start of the year, we set ourselves

five priorities to help us maximise our impact for children. Some of the year's key achievements are explained below:

Priority 1 - Continue reducing the number of children confined in orphanages nationally in Bulgaria, Moldova, Rwanda and Romania, and at district and provincial levels in Ukraine, Bosnia, Sudan, South Africa and Uganda.

Most children who live in orphanages have at least one living parent but poverty, disability and other pressures force families to relinquish their children to damaging institutions. By supporting families to stay together, reuniting families who have been separated by the orphanage system and building new families through fostering and adoption, in 2019, we closed three orphanages in Bulgaria Romania and Rwanda.

Working with local authorities, national governments and partner NGOs, we made good progress with closure programmes in Moldova and Transnistria, Bosnia & Herzegovina, Ukraine, Sudan, Uganda, South Africa, Nepal, and India.

We provided training for over 6,900 child protection professionals, supported more than 750 children to leave orphanages to start a new life in family or community-based care, and worked with thousands of families to prevent over 95,000 children from having to be confined to living in an institution.

By putting in place services to support families and helping to develop strong national, regional and international policy and legislation, we continued to catalyse the further reform of child protection systems worldwide.

Priority 2 - Progress our pioneering closures of orphanages for children living with disabilities in Rwanda and Romania.

Children with disabilities are at far higher risk of being trapped in orphanages as their families often face discrimination and are coerced into giving up their children. These children are more likely to experience neglect, abuse and early death than those without disabilities. But all children belong in families. So our work to close orphanages for children with disabilities and set up specialist support services in the community represents a major step in eliminating orphanages, ensuring every child, no matter their circumstances, grows up loved, supported and nurtured.

In November, we completed the first of two complex and challenging programmes to close orphanages for children with disabilities in Rwanda, supported by UK aid from the UK Government. All the children and young people who were confined to the Wikwiheba Mwana orphanage in Gatsibo district have now left to join families or live with support in their communities.

This is the first time that an orphanage specifically for children with disabilities in Africa has been closed in this way, and it is difficult and exacting work. When inevitable setbacks and difficulties occurred, our team drew on our values of excellence, courage, and integrity to ensure that the children's best interests always came first. We will continue to monitor the children's progress carefully, to make sure that they stay happy and safe in their new homes.

In Romania, we also made significant progress on the closure of two orphanages specifically for children with disabilities: the Bistrița institution in Bistrița-Năsăud county and the C.A. Rosetti institution in Iași county.

Priority 3 - Launch a new strategic pilot project in Nepal while progressing our existing strategic pilot project in India.

In Nepal, we launched a new project and began to tackle an 'orphanage industry' that sees children taken from their families, trafficked into institutions, and exploited for profit as tourist attractions. As with our existing strategic pilot programmes in India, South Africa and Uganda, this new work in Nepal is essential to show that orphanages are unnecessary anywhere and family is better for children everywhere. Through pioneering closures and the training of child protection professionals in Nepal, we will help to establish and sustain support services that prevent children being separated from their families and provide alternative family-based care where this is needed. Last year, working with our local partners, we started to engage national and provincial government to develop a strategic approach to deinstitutionalisation. We also began to gather baseline data on children in institutions and the existing provisions for family and community-based care.

In India, we secured the agreement of 12 states to commit to planning care reform and continued to progress our ‘Families First’ pilot project with our local partners in Jharkhand state. In May, our programmes team delivered a successful ‘Learning Exchange’ visit to Romania for a delegation that included high-level members of the Indian judiciary - who decide whether children are placed in institutions - together with senior UNICEF representatives.

Priority 4 – Secure draft EU commitments for childcare reform across its member states and in its support of countries through its various aid funding, and support the agreement of a UN resolution on children without parental care.

The 18th of December 2019 was a truly historic moment when the UN General Assembly in New York adopted a new Resolution on the Rights of the Child that signified a major milestone on the road to ending the institutionalisation of children around the world. By adopting the Resolution, all 193 member states of the UN agreed for the first time in history that orphanages harm children and should be progressively eliminated. The Resolution also states that resources should be directed to ensuring children are reunited with or supported to remain with their families. Where that is not possible, they should be provided with family and community-based care.

Behind the scenes, Hope and Homes for Children played a leading role in drafting and securing the support of over 250 child protection organisations for the Key Recommendations, and then persuading the governments to include these in the final Resolution. This new UN Resolution shows that orphanages are rapidly becoming recognised as an unacceptable way to care for children—something we set explicitly as our ten-year aim just two years ago.

Last year we also secured strong references to children in institutions and to deinstitutionalisation in the European Parliament’s Resolution on Children’s Rights. This will be vital in the year ahead, as we seek to gain political will at the highest level in the European Commission to see these commitments implemented in the course of the next seven-year budgetary cycle.

Priority 5 - Work through our Private Sector Task Force to strengthen the UK Government’s commitment to promoting reform internationally.

In September and in partnership with ABTA, the UK’s largest association of travel agents and tour operators, we launched our Orphanage Tourism Taskforce. The taskforce, which includes some of the most prominent companies in the UK travel sector, will map out a whole-of-industry response on how the damaging practice of orphanage tourism can be tackled. We helped to secure the agreement of the UK Government’s Home Office to incorporate guidelines on Orphanage Trafficking under the Modern Slavery Act, and we supported a campaign to get clear and strongly worded travel advice issued by the Foreign and Commonwealth Office that discourages travellers from visiting and supporting orphanages overseas.

There was great progress with the Commonwealth. By working closely with the UK and Rwandan Governments, the current and incoming Chairs of the Commonwealth, we plan to table a declaration at the Commonwealth Heads of Government Meeting in Kigali in June 2021 that will commit member countries to eliminating orphanages by 2045.

PLANS FOR FUTURE PERIODS

Our progress in 2019 shows that momentum is building; the vital tipping point is approaching when orphanages are acknowledged as an unacceptable way to care for children. We cannot afford to slow the pace and our priorities for 2020 reflect this:

- Drive regional reform by closing four institutions in strategically important locations; and by setting up essential services to keep families together, to reunite families, and to build new families.
- Catalyse global reform with the Commonwealth and EU, and ensure 193 countries follow through on their commitment to the landmark UN Resolution to progressively eliminate orphanages.
- Raise the money and awareness needed to drive reform and see necessary changes made to childcare policy and legislation, by developing new strategic partnerships and launching a global public awareness and fundraising campaign.

FUNDRAISING STRATEGY AND APPROACH

At the heart of our fundraising is a large group of loyal and generous supporters. We are grateful for their longstanding commitment to the organisation and its cause. We raised over £11 million this year. Alongside our relationships with individual donors, we work with businesses, trusts and philanthropists. Last year, over 50 charitable trusts, foundations and companies supported us. We also were involved in a range of activities and events that had fundraising for Hope and Homes for Children at their heart, most notable the Boodles Boxing Ball. These funding streams are important to us organisationally and we will continue to invest in them in the coming years. With that in mind we have three specific key areas of focus:

- brand led fundraising with a greater focus on marketing and strategic communications
- strategic partnerships and philanthropy
- individual giving and the generation of regular unrestricted income

High professional standards are at the core of our fundraising approach. We apply best practise as determined by fundraising regulatory bodies such as the Institute of Fundraising and are registered with the Fundraising Regulator. We are satisfied that our operational policies meet all current standards and pay particular attention to compliance with good fundraising practice relating to protection of vulnerable members of the public.

Our fundraising work is undertaken by our directly employed fundraising team and we do not use professional fundraisers or commercial participants. We closely monitor the quality of our fundraising work and as part of this, review fundraising complaints from donors and members of the public. During 2019, we received 19 complaints about our fundraising work (2018: 33), covering a range of different issues.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the effective management of risk, including ensuring that internal controls are in place and operating as intended. Risk identification is applied through a series of overlapping tiers of assessment which results in a framework that ensures risk is comprehensively identified and all key risks are gathered in a single register.

The Senior Management Team reviews risks within the Charity at its meetings as well as monitoring external developments that may impact on the organisation. It has systems and procedures to mitigate the risks identified from operational activity as well as procedures to minimise impact should any of the risks materialise. Risk management is a standing item at each of the meetings of the Finance Audit and Risk Committee, where any new risks or material increase in risk is discussed and raised at the Board of Trustees, if necessary. The key risks identified through this work, and the mitigation plans, are:

Key Risk	Outline of Mitigation Plan
Our programmatic work is increasingly delivered through national and regional partners and to increasing numbers of beneficiaries. Consequently, the risk of a child protection incident is likely to increase, while our ability to directly control it is reduced.	We continue to review and evolve our ongoing due diligence and capacity development of partner organisations, training of our own staff, and strengthen our safeguarding policy implementation, planning and monitoring. We control the breadth and scale of our programming so that we minimise the likelihood of overstretch, and where we do expand, we will invest in our capability to deliver it.

Key Risk	Outline of Mitigation Plan
Financial sustainability would be impacted by significantly lower income, which could be caused by a loss of high-quality relationships with our key supporters and donors.	We target our investment in fundraising capacity in key focus areas and the develop the culture of our fundraising team in a way that ensures world class account planning and relationship management.
Loss of impact as child care reform is seen as less important / relevant during COVID-19 and the recovery from it, and there are many other calls on government funding.	Adapting our advocacy and communications to demonstrate the critical relevance of child care reform to a wide variety of other societal issues (e.g. health, education). Continue to demonstrate tangible delivery through implementation and impact at the appropriate scale and use this to engage other actors.
Heightened risk of financial fraud and consequent impact on organisational reputation.	Maintaining robust controls in key financial processes. Assessing areas where investment in our people, processes and systems should be prioritised to enhance internal capacity and capability and acting on these recommendations.

Our approach handling the specific risks associated with COVID-19 is set out on pages 11-12.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure
Hope and Homes for Children is a charitable company limited by guarantee. The Articles of Association dated May 2017 set out the objects and powers of the organisation. The Charity is governed by a Board of Trustees which has legal, financial, and managerial responsibility for the charity. The trustees constitute directors of the charitable company for the purposes of the Companies Act 2006 and trustees of the charity for the purposes of the Charities Act 2011.

Governance
New trustees are appointed at duly convened meetings for a period of three years after which they are eligible for re-election for a further three years. The Board has adopted formal procedures for the recruitment, selection, and induction of new trustees which are managed by the Nominations and Remuneration Committee (NRC). The terms of reference for the NRC include reviewing the size, skills, structure, and effectiveness of the Board, and making recommendations for any changes. The NRC reviews nominations and applications for trustees and puts forward recommendations of suitable nominees to the full Board.

Following the appointment of new members, an induction programme is arranged which aims to give the individuals the information and tools they need to fulfil their legal obligations as well as to play an effective role on the Board. The induction involves reading material, visits to the offices in the UK and abroad as well as access to staff. During the term of office of trustees, opportunities for on-going training are offered either through specifically arranged sessions or less formally through recommended reading lists.

The Board of Trustees comprises a minimum of three trustees with no maximum limit. The trustees meet five times a year when they consider the strategic direction and governance of Hope and Homes for Children. Formal delegation for certain areas of work has been given to four sub-committees:

- Finance, Audit and Risk Committee (FARC) - which monitors and reviews financial and audit activity, the risk and control framework, organisational governance, and the statutory accounts.
- Nominations and Remuneration Committee (NRC) - in addition to the succession planning for Board members, the Committee agrees remuneration and benefits of the Chief Executive and the Senior Management Team.

- Programmes Advisory Committee (PAC) - established to oversee and monitor implementation of the Child Protection Policy and to facilitate the sharing of knowledge and understanding of our programmes among the Board of Trustees in order to strengthen their ability to assess and take strategic decisions that affect successful delivery of our programmes.
- Marketing, Communications and Fundraising Committee (MCFC) – set up to provide oversight for the sustainable resourcing of the mission through voluntary income and how HHC externally promotes and communicates its work.

These committees report back on their proceedings to the full Board.

The Charity Code of Governance
Hope and Homes for Children takes its governance responsibilities seriously and aims to have a governance framework that is fit for purpose, compliant, and efficient. In 2017 the new Charity Code of Governance was launched and we have used the Code as a tool to support a review of our governance structures and consider the ways in which the organisation and its Trustees currently apply the Charity Governance Code's seven principles and recommended practice.

Whilst we already apply a number of the recommended practices relating to each of the Code's seven principles, our initial focus has been on broadening and diversifying the skill set of the Board and reviewing sub-committee terms of reference and membership. During 2019 we commissioned an independent review of our governance arrangements covering the seven areas of the Code. The key area for improvement highlighted was in the diversity of our board, and we are actively addressing this through current recruitment activity.

Management
The Board has delegated the day to day management of the organisation to the Senior Management Team which comprises the Chief Executive, Director of Programmes, Director of Marketing, Communication and Fundraising, and the Chief Operating Officer. Matters such as strategic and operational plans and key policies are prepared by the Senior Management Team for consideration and approval by the Board.

Public benefit
The aims and benefits of Hope and Homes for Children are contained within the main body of this Report under Vision, Mission and Strategic Aim on page 4 and under Strategic Report on pages 6 to 8. We have considered the key principles of the Charity Commission's general guidance about public benefit and have concluded that Hope and Homes for Children meets all the requirements.

Related Parties
Hope and Homes for Children has subsidiary organisations in Romania and South Africa.

Hope and Homes for Children Romania was established in 1999 as a non-governmental organisation with the Ministry of Justice. Its Board of Directors comprises senior managers of the UK charity and therefore its financial results are consolidated.

Hope and Homes for Children (South Africa) was set up as a non-profit company and public benefit organisation with tax exempt status in 2008. Its registration number is 2008/005926/08. In 2012, we handed over the projects we managed to local NGOs and this organisation has been dormant since then.

One Child One Family HHCSA was set up as a non-profit company and public benefit organisation with tax exempt status in November 2017. Its registration number is 2017/489514/08. Its Board of Directors comprises senior managers of the UK charity and therefore its financial results are consolidated.

Related party transactions are disclosed in note 9 to the financial statements.

Remuneration Policy
Our approach to remuneration is designed to ensure that we can attract and retain the talented and motivated people we need to achieve our mission and deliver our strategic goals. It is applied consistently across the organisation, including the Senior Management Team, membership of which is set out on page 3. We aim to pay within benchmarked ranges for the sector and within the context of affordability.

FINANCIAL REVIEW

The financial review and consolidated financial statements incorporate the results of Hope and Homes for Children's UK operations, its overseas controlled subsidiaries and branches.

Since 2018, HHC has been working to the strategic plan set out earlier in this report. After significant disruption and a large, unplanned deficit in 2018, we successfully increased income and reduced expenditure to improve the ongoing financial sustainability of the charity. However, we still recorded a deficit of £1.1m, split equally between restricted and unrestricted funds, and have continued in 2020 to execute our plans to deliver operational surpluses in future years.

Total income in 2019 was £11.2 million, an increase of £2.1m versus 2018. Income from individuals increased 24% to £1.3m, and income from community groups and fundraising events increased by £0.2m to £1.7m. This was in part boosted by our Family Marathon held in London, and we are extremely grateful to all our participants in challenge events and a broad range of support we secure for our fundraising activities.

Income from corporate donors jumped by 62% (£1.3m) to £3.5m. This was boosted by a new partnership with Allen & Overy and successful local partnerships in Romania. Income from trusts and foundations fell by 9% to £2.5 million.

For the second year running we received more funding in the form of grants directly related to our charitable activities, with income in this area increasing from £1.0 million to £1.4 million. The majority of this funding is represented by a grant from the Department for International Development under the UK Aid Match programme and a European Union grant which directly supports our work in Romania. The former funding is applied to a project entitled No Child Left Behind. It is working to transform children's lives by creating a pathway for family and community living for children in institutional care in Rwanda and Uganda. The latter funding is for education related initiatives for children and young people from orphanages in Romania.

Expenditure was reduced from £12.4 million in 2018 to £11.8m in 2019. In line with the plans to grow income the costs of raising funds rose from £3.0 million last year to £3.2 million this year, as we continued to leverage financial support from the UBS Optimus Foundation in the form of a PRI (programme related investment) loan of £1.4m.

Our expenditure on charitable activities fell from £9.4 million to £8.6m. We started our new programme in Nepal and increased investment in our activities in India and Uganda. These were offset by a reduction of £1.0m in Romania, driven by a lower level of property donations. In line with our policy, once small group homes are complete and operational, these properties are donated to the relevant local authority services to run.

As a result of the above, our in-year deficit reduced from £3.2 million in 2018 to £1.1m. Restricted funds fell by £0.5m million to £3.7 million and unrestricted funds fell by £0.5 million to £0.9 million. Our in-year cash outflow also reduced from (£2.7m) in 2018 to (£0.7m) in 2019.

Impact of the COVID-19 Pandemic on Hope and Homes for Children
The global impact of the coronavirus (COVID-19) pandemic means that we, as all businesses, are having to operate in extremely challenging and unprecedented conditions. The circumstances are fast-changing especially when considered in the worldwide context of our operations.

We quickly established a COVID-19 Management Team, formed to ensure we are joined up at an organisational level and comprising SMT with specialist input on safeguarding and HR. The purpose of the team has been to pre-empt and assess the impact of COVID-19 on the organisation and our beneficiaries, determine our response, identify opportunities, and prepare for and coordinate recovery. This is done through the lens of:

- Children and the critical elements of our programmes, our staff, and our policy work
- Our income, cashflow, contractual commitments, internal communications, and leadership
- The wider picture - changing context, scenarios and risk, organisational positioning, and reputation, innovating new ways of operating and organisational structure

Regarding the financial impact, HHC's income, like most organisations, is and will continue to be impacted directly because of COVID-19. Given a reasonable portion of our income is from event and "face-to-face"-based fundraising HHC is vulnerable to this kind of external challenge. In addition, potential delays to our programme work could limit available fundable work for future proposals and potentially impact our ability to draw down existing committed income.

We originally estimated the potential reduction to our 2020 income budget to be between £1m and £1.5m. Inevitably the crisis impacted the risk profile of the remaining income schedule and we adjust for this through our ongoing monthly reforecasting. Examples of the impact are:

- Third party events and organised events cancelled
- Corporates whose own business is significantly impacted by the pandemic
- Major individuals who have experienced significant financial impact

To recover the potential loss, we implemented a plan with focus on four key areas:

- Launching an emergency appeal to all donors to maintain commitment and ask for urgent and additional funds
- Renegotiating existing grant commitments in a way that brings forward instalments within the year or from future years
- Backfilling gaps created by the above by extending current partnerships for an additional time period
- Replacing certain activity/event/third party fundraising with virtual alternatives

In addition, we have placed tighter controls on expenditure and have ringfenced savings that have arisen due to circumstances such as curtailment of travel. There has been limited use of the Government's Coronavirus Job Retention Scheme.

Our current view is this multi-faceted approach has given us assurance that we are able to continue with our implementation plans for the short and medium term. Throughout our response we continue to review the situation regularly. In anticipation of protracted secondary impacts, we have increased the intensity of our forecasting and established active innovation groups in order to solve problems, seize opportunities, and make the adaptations necessary to position HHC more strongly.

Reserves Policy

Hope and Homes for Children needs reserves to ensure the Charity can meet its objectives; both its current commitments and its longer-term sustainability. We have determined that the reserve needs to be in a range, calculated with reference to the risk assessment of:

- The viability of income streams
- Opportunities to invest in new projects prior to securing funding
- Cash flow requirements

We have further determined that we need to hold the equivalent of approximately two months total expenditure as reserves of which at least one month's essential core expenditure should be held as an unrestricted cash reserve.

As at 31 December 2019, these measures indicate required free reserves of between £1.0 million and £1.1 million.

At the balance sheet date, the total reserves were £4.6 million (2018: £5.6 million) comprising £3.7 million (2018: £4.2 million) of restricted funds and £0.9 million of unrestricted funds. (2018: £1.4 million).

Unrestricted funds comprise £0.1 million of designated funds (2018: £0.1 million) representing tangible fixed assets; £1.6m of reserves represented by assets under development (2018: £1.0m); £0.7m of other net current assets, including cash (2018: £1.6m); and £1.4m of loans falling due after more than one year (2018: £1.4m).

After deducting amounts used to fund tangible fixed assets and assets under development, but adding back the long-term loan of £1.4m, free reserves are £0.7m. The long-term loan has been added back as it is available for strategic investment in the charity and repayable out of future operating surpluses.

Our unrestricted cash position is within our policy, but as our free reserves were below the target level at 31 December 2019, the Trustees have considered the position and we have set 2020-2022 plans to mitigate the impact of COVID-19 as set out above and deliver operational surpluses which restore free reserves to their target level. We will do this while maintaining capacity to deliver our key operational objectives. This is further detailed below.

We will review our reserves policy during 2020 to ensure that it continues to be appropriate in light of external changes and the evolution of our strategy and financial model.

Going Concern

Hope and Homes for Children's income is secured largely from voluntary income sources together with ongoing support from a number of international donors. Following the disruption to our growth plans in 2018, we have been executing our plan to reduce our annual deficit while maintaining the capacity to deliver our operational objectives.

The Trustees have considered a number of factors in concluding that it remains appropriate to adopt the going concern basis in the preparation of these financial statements. These have included:

- Our budget for 2020 was set to generate a small operational surplus and this restore our free reserves to target levels, in line with our reserves policy.
- Clearly COVID-19 caused significant disruption to our charitable activities and parts of our fundraising plans. We responded dynamically and innovatively, launching an emergency appeal and working in partnership with key donors and grantors. Thanks to the fantastic response from both our broad supporter base and key funders, both our income and net cash position year to date June are slightly ahead of plan.
- Our latest forecast for the full year 2020 is for income to be 10% ahead of plan. While not all of this income has yet been secured, we have good visibility of our pipeline. Careful expenditure controls have enabled to us to reduce net expenditure overall despite increased costs associated with our response to COVID-19. We are therefore forecasting a higher operational surplus than originally planned.
- By the end of 2020, we will have significantly strengthened our balance sheet. At the end of 2019, we had £2.1m of debt. To date in 2020 we have generated sufficient unrestricted income to enable us to repay £700k of this debt, and we have restructured the remaining £1.4m so that it is repayable between 2021 and 2030.
- We continue to operate timely cash management and working capital controls to manage the potential risks around the timing and value of income and ensure restricted and unrestricted assets and reserves are appropriately managed.
- We have considered forecasts to 31 December 2021 assuming income is below 2020 levels as fundraising events take time to recover and do not fully return to previous levels, the latest round of DFID Aid Match comes to an end and we lap this year's successful emergency appeal. This has included consideration of an alternative worse case scenario to our base case forecast, together with additional sensitivity analysis. Under both scenarios we are forecasting growth in free reserves and

unrestricted cash from the levels reported at 31 December 2019, taking into account the challenges faced due to covid-19.

- We have concrete plans to adapt to this situation by following a more focused programmatic strategy based on where we can have most impact through application of our theory of change and on-the-ground implementation. We are confident that this will enable us to maintain or enhance our impact while restoring free reserves to target levels and building unrestricted cash levels.
- Moreover, we have a number of contingency plans relating to both income and expenditure which could be actioned if income projections fall below our planned levels for 2021.

Considering all of the above, the Trustees believe that Hope and Homes for Children has adequate resources to continue operating successfully for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and the financial statements.

Investment Policy
Our governing document provides us with the powers to invest monies not immediately required as we see fit. The policy we have set aims to invest funds to generate income. Cash balances are held to ensure funds are available to meet day to day commitments with any funds that are not instantly required being placed on term deposits until needed.

Grant Making Policy
Hope and Homes for Children works in partnership with a number of organisations. Grants payable are made in line with strategic and business plans. We monitor grants operationally and financially throughout the term and particularly at the end of the grant. The annual planning process includes earmarking funding to be made available for grants in the following year.

Auditor
We will put a resolution to the Annual General Meeting proposing that Crowe U.K. LLP will be re-appointed as auditor.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Hope and Homes for Children for the purposes of company law) are responsible for preparing the Trustees' Annual Report, Strategic Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditor

Insofar as each of the trustees of the charitable company at the date of approval of this report is aware there is no relevant audit information (information needed by the charitable company's auditor in connection with preparing the audit report) of which the charitable company's auditor is unaware. Each trustee has taken all of the steps that he/she should 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.

The Trustees' Annual Report (including the Strategic Report) was approved by the Board of Trustees on 30 July 2020 and signed on their behalf by:

MARK GRINONNEAU
Trustee and Treasurer

RICHARD GREENHALGH
Trustee and Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOPE AND HOMES FOR CHILDREN

We have audited the financial statements of Hope and Homes for Children for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Statement of Cash Flows and the related notes to the financial statements, 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 financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 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 group 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 group's or 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 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.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion based on the work undertaken in the course of our audit:

- the information given in the Trustees' Annual Report and Strategic Report prepared for the purposes of company law, for the financial years for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report and Strategic Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception
In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 require us to report to you, if in our opinion:

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of trustees
As explained more fully in the trustees' responsibilities statement set out on page 14, 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 group's or 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.

N A May

Nicola May

Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Date: 3rd August 2020

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an income and expenditure account)
for the year ended 31 December 2019

	Notes	Unrestricted	Restricted	2019 Total	Unrestricted	Restricted	2018 Total
		£	£	£	£	£	£
Income from:							
Donations and legacies	2	**4,184,570**	**5,489,121**	**9,673,691**	3,265,732	4,814,014	8,079,746
Charitable activities	4	**-**	**1,463,648**	**1,463,648**	-	1,007,406	1,007,406
Trading activities		**10,653**	**-**	**10,653**	11,737	-	11,737
Investment income		**2,810**	**-**	**2,810**	3,992	-	3,992
Other income		**-**	**14,837**	**14,837**	-	15,338	15,338
Total income		**4,198,033**	**6,967,606**	**11,165,639**	3,281,461	5,836,758	9,118,219
Expenditure on:							
Raising funds	5	**2,359,546**	**825,970**	**3,185,516**	2,010,683	1,004,884	3,015,567
Charitable activities							
Work globally to eradicate the institutional care of children	5	**2,499,265**	**6,143,661**	**8,642,926**	3,665,399	5,694,345	9,359,744
Total expenditure		**4,858,811**	**6,969,631**	**11,828,442**	5,676,082	6,699,229	12,375,311
Net income/ (expenditure)		**(660,778)**	**(2,025)**	**(662,803)**	(2,394,621)	(862,471)	(3,257,092)
Transfers		**126,799**	**(126,799)**	**0**	258,698	(258,698)	-
Other recognised gains/(losses)		**0**	**(387,447)**	**(387,447)**	(4,949)	27,643	22,694
Net movement in funds		**(533,979)**	**(516,271)**	**(1,050,250)**	(2,140,872)	(1,093,526)	(3,234,398)
Reconciliation of funds:							
Total funds brought forward	16	**1,417,372**	**4,207,852**	**5,625,224**	3,558,244	5,301,378	8,859,622
Total funds carried forward	16	**883,393**	**3,691,581**	**4,574,974**	1,417,372	4,207,852	5,625,224

The notes on pages 22 to 36 form part of these financial statements.

BALANCE SHEETS
as at 31 December 2019

Registered Company Number: 4193179

	Notes	Group		Charity	
		2019	2018	**2019**	2018
		£	£	**£**	£
Fixed assets:					
Tangible fixed assets	12	**2,980,821**	3,528,581	**32,741**	34,760
Current assets:					
Donated properties under development		**1,590,469**	1,034,963	**-**	-
Stocks		**645**	43,529	**-**	-
Debtors and prepayments	13	**1,548,550**	948,945	**1,258,887**	801,958
Short-term bank deposits and cash resources	14	**1,321,613**	2,074,988	**1,001,770**	1,756,023
		4,461,277	4,102,425	**2,260,657**	2,557,981
Liabilities:					
Creditors: amounts falling due within one year	15a	**1,424,053**	565,092	**1,157,682**	425,995
Net current assets		**3,037,224**	3,537,333	**1,102,975**	2,131,986
Creditors: amounts falling due after more than one year	15b	**1,443,071**	1,440,690	**1,443,071**	1,440,690
Net assets		**4,574,974**	5,625,224	**(307,355)**	726,056
Funds:					
Restricted funds	16/17	**3,691,581**	4,207,852	**733,380**	515,505
Unrestricted funds	16/17	**883,393**	1,417,372	**(1,040,735)**	210,551
Total funds		**4,574,974**	5,625,224	**(307,355)**	726,056

The notes on pages 22 to 36 form part of these financial statements.

The parent charity made a deficit in the year of £1,033,411 (2018: deficit of £2,779,652).

The financial statements on pages 19 to 36 were approved and authorised for issue by the Board of Trustees on 30 July 2020.

Signed on behalf of the Board of Trustees by:

Mark Grinonneau

MARK GRINONNEAU
Trustee and Treasurer

Richard Greenhalgh

RICHARD GREENHALGH
Trustee and Chairman

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2019

	Notes	2019	2018
		£	£
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	20	**(271,610)**	(2,585,239)
Cash flows from investing activities:			
Interest received		**2,810**	3,992
Purchase of property		**(3,064)**	(82,553)
Purchase of other fixed assets		**(22,507)**	(21,905)
Purchase of assets under development		**(1,118,540)**	
Net cash (used in) investing activity		**(1,141,301)**	(100,466)
Cash flows from financing activities:			
Cash inflows/(outflows) from loans		**702,381**	(2,381)
Interest paid		**(28,861)**	(28,861)
Net cash (used in)/provided by financing activity		**673,520**	(31,242)
Change in cash and cash equivalents in the year		**(739,391)**	(2,716,947)
Cash and cash equivalents at the start of the year		**2,074,988**	4,769,241
Change in cash and cash equivalents due to exchange rate movements		**(13,984)**	22,694
Cash and cash equivalents at the end of the year		**1,321,613**	2,074,988

The notes on pages 22 to 36 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

1. ACCOUNTING POLICIES

Legal Status of the Charity
Hope and Homes for Children is a company limited by guarantee and is registered in England and Wales with the Charity Commission (Reg No: 1089490) and with Companies House (Reg No: 04193179). The charitable company was incorporated in April 2001 and has no share capital. The members of the company are the Trustees named on page 3. In the event of the company being wound up, the liability in respect of the guarantee for each member is limited to £10. At the balance sheet date there were 11 members.

Registered and principal office
The registered and principal office of Hope and Homes for Children is East Clyffe, Salisbury, Wiltshire, SP3 4LZ.

Basis of preparation
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 2019) (Charities SORP 2019) and the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102).

The financial statements have been prepared under the historical cost convention.

Hope and Homes for Children meets the definition of a Public Benefit Entity under FRS 102.

Basis of consolidation
The financial statements consolidate the results of the charity and its subsidiary undertaking (Hope and Homes for Children – Romania) on a line by line basis. Hope and Homes for Children – Romania is registered with the Judiciary of Baia Mare in Romania (Certified: 23 September 2001). The Board of the subsidiary include senior managers of the charity and the two organisations are managed on a unified basis.

Much of the operational activity of the charity is carried out through branches located in the countries of operation. In line with the requirements of SORP 2019, their results are included within those of the charity on a line by line basis.

The other subsidiary undertaking (Hope and Homes for Children (South Africa) and One Child One Family HHCSA) were dormant during the year and therefore are not consolidated on the grounds of materiality. Senior managers of the charity form a majority on their Boards.

The parent charity has taken advantage of the exemptions in FRS102 from the requirement to present a charity only Cash Flow Statement.

Going Concern
Hope and Homes for Children's income is secured largely from voluntary income sources together with ongoing support from a number of international donors. Following the disruption to our growth plans in 2018, we have been executing our plan to reduce our annual deficit while maintaining the capacity to deliver our operational objectives.

The Trustees have considered a number of factors in concluding that it remains appropriate to adopt the going concern basis in the preparation of these financial statements. These have included:

- Our budget for 2020 was set to generate a small operational surplus and this restore our free reserves to target levels, in line with our reserves policy.
- Clearly COVID-19 caused significant disruption to our charitable activities and parts of our fundraising plans. We responded dynamically and innovatively, launching an emergency appeal and working in

partnership with key donors and grantors. Thanks to the fantastic response from both our broad supporter base and key funders, both our income and net cash position year to date June are slightly ahead of plan.

- Our latest forecast for the fully year 2020 is for income to be 10% ahead of plan. While not all of this income has yet been secured, we have good visibility of our pipeline. Careful expenditure controls have enabled to us to reduce net expenditure overall despite increased costs associated with our response to COVID-19. We are therefore forecasting a higher operational surplus than originally planned.
- By the end of 2020, we will have significantly strengthened our balance sheet. At the end of 2019, we had £2.1m of long-term debt. To date in 2020 we have generated sufficient unrestricted income to enable us to repay £700k of this debt, and we have restructured the remaining £1.4m so that it is repayable between 2021 and 2030.
- We continue to operate timely cash management and working capital controls to manage the potential risks around the timing and value of income and ensure restricted and unrestricted assets and reserves are appropriately managed.
- Prudently, we have considered forecasts to 31 December 2021 assuming income is below 2020 levels as fundraising events take time to recover and do not fully return to previous levels, the latest round of DFID Aid Match comes to an end and we lap this year's successful emergency appeal.
- We have concrete plans to adapt to this situation by following a more focused programmatic strategy based on where we can have most impact through application of our theory of change and on-the-ground implementation. We are confident that this will enable us to maintain or enhance our impact while restoring free reserves to target levels.
- Moreover, we have a number of contingency plans relating to both income and expenditure which could be actioned if income projections fall below our planned levels for 2021.

Considering all of the above, the Trustees believe that Hope and Homes for Children has adequate resources to continue operating successfully for the foreseeable future and so should continue to adopt the going concern basis in preparing the annual report and the financial statements.

Income

Income is recognised in the SOFA when the charity becomes entitled to the income, it is probable that the income will be received, and the amount can be measured reliably.

Grants receivable that do not relate to the performance of a service or the production of charitable goods are classified as voluntary income and those that are performance related are classified as income from charitable activities. Grants are credited to income in the SOFA, with unspent balances being carried forward to subsequent years within the relevant fund.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Legacy income is included when there is sufficient evidence of entitlement, probable receipt and where the amount is measurable. Pecuniary and residuary legacies notified before the year end, are accrued where it can be demonstrated that the charity had entitlement at the year end, the amounts can be quantified with reasonable certainty and where receipt is probable.

Expenditure

All expenditure is accounted for on an accruals basis.

Expenditure on raising funds represents expenditure incurred in attracting funding and the costs of disseminating information about charitable activity.

Expenditure on charitable activities includes the direct costs of operating overseas programmes and grants made to third parties. It also includes support costs incurred at the UK office directly in support of the overseas activities.

Allocation of support costs
The majority of costs are directly attributable to specific activities. Certain shared costs, including Governance Costs, are apportioned to activities based on the proportion of staff time allocated to the activity.

Pension scheme
The costs of providing defined contribution pensions are charged to the SOFA as they fall due. The difference between contributions payable in the period and those actually paid are shown as accruals in the balance sheet. The costs of the pension scheme are allocated between restricted and unrestricted funds in proportion to the time allocated for work done by members of staff.

Operating leases
Instalments paid under operating lease contracts are charged to the SOFA as incurred.

Exchange rate gains and losses
The results and financial position of subsidiaries (none of which has the currency of a hyper-inflationary economy) that conduct business in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. The affairs of the subsidiaries are so closely interlinked with those of the parent charity that it is considered that the incoming resources and application of resources may be regarded as being more dependent on sterling than on its own reporting currency. Fixed assets are translated at the rate of exchange ruling at the date of transaction and then carried at that sterling value. At the balance sheet date, cash and bank balances, and amounts receivable and payable are translated by using the rate of exchange ruling at that date. Exchange movements are recorded in the SOFA.

Presentation currency
The functional currency of Hope and Homes for Children and its subsidiary is considered to be in pounds sterling because that is the currency of the primary economic environment in which the charity operates. The consolidated financial statements are also presented in pounds sterling.

Tangible fixed assets and depreciation
Tangible fixed assets with a value greater than £1,000 are included at cost and written off by equal annual instalments over their expected useful lives as follows:

Land	n/a
Property for functional use	40 years
Homes and services for beneficiaries	10 to 20 years
Improvements to property	10 years
Motor vehicles	4 to 5 years
Office and computer equipment	2 to 5 years

Ownership of homes and services for beneficiaries rests with the charity while the running and management of the activity in the building is the responsibility of the local authority. At an appropriate point the charity and local authority will sign an agreement by which the property will be donated to the local authority for the continued provision of the services.

Vehicles and equipment used in overseas branches and other operating entities are not capitalised but charged in full to the SOFA when purchased.

Assets under development
Assets under development are valued at cost less impairment. When complete, those assets where ownership rests with the charity are transferred to fixed assets and those where ownership is retained by a project stakeholder are expensed to the SOFA.

Stock
Stock is stated at the lower of cost and net realisable value.

Debtors
Other debtors are recognised in the financial statements at the settlement amount. Prepayments are valued at the amount prepaid at the balance sheet date.

Short-term bank deposits and cash
Short-term bank deposits and cash includes cash in hand, deposits held with banks and other highly liquid short-term deposits.

Creditors
Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or reliably estimated.

Fund accounting
Restricted funds are funds that can only be used in accordance with specific restrictions imposed by donors or that have been raised by the charity for particular purposes. The costs of administering the restricted funds are charged against the specific fund. The detail of each restricted fund is set out in note 16.
Designated funds are funds that have been set aside by the Trustees out of unrestricted general funds for specific purposes. The aim and use of each designated fund is set out in note 16.
General funds are unrestricted funds that can be used at the discretion of the Trustees to further the charitable objectives.

Financial instruments
Hope and Homes for Children 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 amortised cost.

Significant estimates and judgements
In the application of the charity's accounting policies, which are described in note 1, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The annual depreciation charge for the tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets. More details of the useful lives for each class of assets in given on page 21.

Taxation
Hope and Homes for Children is a registered charity and as such is entitled to tax exemption on all its income and gains, properly applied for its charitable purposes.

VAT
Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Gifts in kind
In line with the requirements of SORP 2019, the value of services provided by volunteers is not incorporated in these financial statements.

2. DONATIONS AND LEGACIES

	Unrestricted	Restricted	2019 Total	Unrestricted	Restricted	2018 Total
	£	£	£	£	£	£
Individuals	**859,741**	**504,430**	**1,364,171**	692,805	408,785	1,101,590
Corporate donors	**718,559**	**2,771,061**	**3,489,620**	377,584	1,778,420	2,156,004
Charitable trusts and foundations	**364,350**	**2,143,004**	**2,507,354**	154,449	2,595,172	2,749,621
Community groups	**82,664**	**58,040**	**140,704**	62,816	9,530	72,346
Fundraising activities and events	**1,555,279**	**12,586**	**1,567,865**	1,403,259	22,107	1,425,366
Legacies	**603,977**		**603,977**	574,819	-	574,819
Total	**4,184,570**	**5,489,121**	**9,673,691**	3,265,732	4,814,014	8,079,746

3. LEGACY PIPELINE

There were no legacy notifications to the charity that did not meet the recognition criteria and hence have not been accounted for within these financial statements (2018: £352,000).

4. CHARITABLE ACTIVITIES

	Unrestricted	Restricted	2019 Total	Unrestricted	Restricted	2018 Total
	£	£	£	£	£	£
DFID UK Aid Match	**-**	**779,213**	**779,213**	-	550,768	550,768
UNICEF Rwanda	**-**	**-**	**-**	-	54,040	54,040
Federal Ministry of Labour and Social Policy, Bosnia and Herzegovina	**-**	**13,114**	**13,114**	-	1,603	1,603
UNICEF Bosnia	**-**	**-**	**-**	-	20,262	20,262
Forum MNE, Montenegro	**-**	**18,593**	**18,593**	-	38,510	38,510
Netherlands Fund for Regional Partnerships (MATRA)	**-**	**154**	**154**	-	45,069	45,069
UNICEF Latin America	**-**	**-**	**-**	-	27,168	27,168
EU POCU Romania	**-**	**561,948**	**561,948**	-	205,333	205,333
EIDHR Sudan	**-**	**-**	**-**	-	64,653	64,653
UNICEF Ukraine	**-**	**57,270**	**57,270**	-	-	-
USAID Ukraine	**-**	**33,356**	**33,356**	-	-	-
Total	**-**	**1,463,648**	**1,463,648**	-	1,007,406	1,007,406

5. ANALYSIS OF EXPENDITURE

	Staff Costs	Other direct costs	Grants payable	Allocated support Costs	2019	2018
	£	£	£	£	£	£
Costs of raising funds	**1,788,673**	**1,183,919**	**-**	**212,925**	**3,185,516**	3,015,567
Charitable expenditure						
Global advocacy initiatives	**212,541**	**157,107**	**17,108**	**27,703**	**414,459**	165,134
East and Southern Africa						
Rwanda and regional activities	**572,078**	**479,414**	**2,843**	**75,521**	**1,129,856**	1,323,586
South Africa	**404,051**	**192,628**	**-**	**42,740**	**639,419**	575,589
Sudan	**132,637**	**37,180**	**-**	**12,164**	**181,981**	291,766
Uganda	**23,331**	**42,061**	**252,285**	**22,755**	**340,432**	223,984
Central and Southern Europe						
Bosnia and Herzegovina	**129,499**	**128,923**	**-**	**18,511**	**276,933**	282,024
Bulgaria	**243,138**	**76,945**	**-**	**22,927**	**343,010**	409,702
Moldova and Transnistria	**77,527**	**43,774**	**371,862**	**35,325**	**528,488**	675,180
Romania and regional activities	**1,206,940**	**2,329,129**	**-**	**253,286**	**3,789,355**	4,785,979
Eastern Europe and Central Asia						
Ukraine and regional activities	**175,763**	**110,037**	**-**	**20,472**	**306,272**	246,754
Latin America and the Caribbean	**19,905**	**37,928**	**48,093**	**7,587**	**113,513**	220,090
South and South East Asia						
India	**99,334**	**37,478**	**164,139**	**21,557**	**322,508**	159,956
Nepal	**76,497**	**11,924**	**151,120**	**17,158**	**256,699**	-
Total charitable expenditure	***3,373,241***	***3,684,528***	***1,007,450***	***577,706***	***8,642,926***	9,359,744
Total	**5,161,914**	**4,868,447**	**1,007,450**	**790,631**	**11,828,442**	12,375,311

Staff costs totalling £449,850 (2018: £451,171) are included in allocated support costs.

6. ANALYSIS OF SUPPORT COSTS

	2019	2018
	£	£
Directorate	**163,317**	200,193
Governance	**77,331**	154,058
Facilities management	**134,479**	131,713
Financial management	**200,449**	156,945
Information technology	**119,502**	108,397
Human resources	**95,553**	148,458
Total	**790,631**	899,764

7. GRANTS PAYABLE

Grants payable all relate to grants made to fund projects to implement organisational charitable objectives. They are made to Hope and Homes for Children's partner agencies as follows:

	2019	2018
	£	£
Eurochild, Brussels	**17,108**	35,520
ACI, Uganda	**-**	3,500
Child's i Foundation, Uganda	**255,128**	216,603
International Child Campaign, Uganda	**-**	7,523
Children in Family Focus, Kenya	**-**	6,273
Ministry of Community Development & Social Welfare, Zambia	**-**	9,971
Copil Communitate, Familie, Moldova	**371,862**	450,904
Red Latinoamericana de Acogimiento Familiar, Uruguay	**48,093**	154,514
Child In Need Institute, India	**164,139**	79,482
Forget Me Not, Australia	**151,120**	-
Total	**1,007,450**	964,290

8. NET INCOME

Net income is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of fixed assets	**361,286**	364,648
Donation of Small Group Homes to local authorities	**342,989**	1,087,794
Movement on exchange rate	**18,554**	(22,694)
Interest payable	**28,861**	28,861
Property rental	**97,490**	97,490
Auditor's remuneration – statutory audit	**23,500**	23,050

9. TRUSTEES REMUNERATION AND RELATED PARTY TRANSACTIONS

The trustees were not remunerated during the current or preceding financial years. Reimbursement of £548 was made to one trustee for directly incurred travel expenses (2018: £279 to two trustees). Aggregate donations received from trustees during the year were £6,480 (2018: £3,640). No other benefits were awarded to Trustees during the financial year.

There were no related party transactions.

Aggregate transactions with the subsidiary undertakings were:

	2019	2018
	£	£
Funds remitted to:		
Hope and Homes for Children Romania	**1,374,638**	1,920,526
One Child One Family, HHCSA	**461,007**	356,417

10. STAFF COSTS AND NUMBERS

	2019	2018
	£	£
The costs of employing the UK contracted staff were:		
Salaries	**2,104,591**	2,072,826
National insurance	**219,315**	214,432
Pension scheme	**105,458**	94,322
	2,429,364	2,381,580
The costs of employing overseas staff on local contracts were:		
Salaries and local taxes	**3,182,399**	2,753,152
	5,611,763	5,134,732

The average number of contracted staff during the year was:

	2019	2018
	No.	No.
In the UK	**57**	57
Overseas	**186**	150
	243	207

The total employee remuneration of the Senior Management Team (Key Management Personnel) was £445,599 (2018: £426,119).

For staff paid £60,000 or greater per annum, the number of employees with emoluments in the following ranges were:

	2019	2018
	No	No
£60,000 to £69,999	1	-
£80,000 to £89,999	3	4
£100,000 to £109,999	2	2

Hope and Homes for Children paid pension contributions for higher paid employees to the scheme amounting to £26,397 (2018: £26,698).

Termination payments were made as compensation for loss of employment totalling £6,500 (2018: £nil) in accordance with organisational policy and the legal requirements of the countries in which the individuals work. There were no outstanding amounts at the year-end (2018: £nil).

11. PENSION SCHEME

The charity contributes 6% of members' salaries towards a defined contribution pension scheme, which is administered on its behalf by Friends Provident. At the year-end there were outstanding contributions of £13,308 (2018: £13,158) which are included in creditors.

12. TANGIBLE FIXED ASSETS

GROUP	Land and Buildings	Improvements to leasehold Property	Motor vehicles	Office and Computer Equipment	Total
	£	£	£	£	£
Cost at 1 January 2019	5,024,363	214,725	239,727	291,839	5,770,654
Additions	108,544	-	-	22,507	131,051
Disposals	(117,190)	-	(46,529)	(44,349)	(208,068)
Foreign exchange movement	(390,371)	-	(18,843)	(7,431)	(416,645)
Cost at 31 December 2019	**4,625,346**	**214,725**	**174,355**	**262,566**	**5,276,992**
Depreciation at 1 January 2019	1,608,291	214,725	197,907	221,150	2,242,073
Charge for the year	311,078	-	19,634	30,575	361,286
Disposals	(58,563)	-	(46,529)	(44,349)	(149,441)
Foreign exchange movement	(137,285)	-	(16,263)	(4,200)	(157,748)
Depreciation at 31 December 2019	**1,723,521**	**214,725**	**154,749**	**203,176**	**2,296,171**
Net book value					
At 31 December 2019	**2,901,825**	**-**	**19,606**	**59,390**	**2,980,821**
At 31 December 2018	3,416,072	-	41,820	70,689	3,528,581

CHARITY	Land and Buildings	Improvements to leasehold Property	Motor vehicles	Office and Computer Equipment	Total
	£	£	£	£	£
Cost at 1 January 2019	59,813	214,725	-	207,355	**481,893**
Additions	-	-	-	18,864	18,864
Disposals	-	-	-	(38,720)	(38,720)
Cost at 31 December 2019	**59,813**	**214,725**	**-**	**187,499**	**462,037**
Depreciation at 1 January 2019	59,813	214,725	-	172,595	**447,133**
Charge for the year	-	-	-	20,883	20,883
Disposals	-	-	-	(38,720)	(38,720)
Depreciation at 31 December 2019	**59,813**	**214,725**	**-**	**154,758**	**429,296**
Net book value					
At 31 December 2019	**-**	**-**	**-**	**32,741**	**32,741**
At 31 December 2018	**-**	**-**	**-**	**34,760**	**34,760**

The freehold property represents a portfolio of buildings acquired or built as part of deinstitutionalisation projects in Romania and Bosnia and Herzegovina. The portfolio comprises 54 properties (2018: 55 properties) which are used as small group homes, day centres, emergency reception centres and as a training centre.

13. DEBTORS AND PREPAYMENTS

	Group 2019	Group 2018	**Charity 2019**	Charity 2018
	£	£	**£**	£
Other debtors and accrued income	**1,396,906**	795,885	**1,117,553**	672,403
Tax recoverable	**48,574**	41,340	**48,574**	41,340
Prepayments	**103,070**	111,720	**92,760**	88,215
	1,548,550	948,945	**1,258,887**	801,958

14. CASH AND CASH EQUIVALENTS

	Group 2019	Group 2018	**Charity 2019**	Charity 2018
	£	£	**£**	£
Cash in hand				
Held in the UK	**862,446**	1,557,704	**862,446**	1,557,704
Held overseas	**459,167**	517,284	**139,324**	198,319
	1,321,613	2,074,988	**1,001,770**	1,756,023

15. a) CREDITORS: Amounts falling due within one year

	Group 2019	Group 2018	**Charity 2019**	Charity 2018
	£	£	**£**	£
Trade creditors	**250,734**	259,148	**125,286**	164,329
Other creditors	**118,081**	44,330	**19,933**	17,506
Grants payable	**137,979**	68,694	**137,979**	68,694
Interest payable	**12,098**	12,098	**12,098**	12,098
Taxation and social security costs	**147,911**	107,762	**105,136**	90,308
Deferred income	**-**	13,100	**-**	13,100
Accruals	**57,250**	59,960	**57,250**	59,960
Loan	**700,000**	-	**700,000**	-
	1,424,053	565,092	**1,157,682**	425,995

15. b) CREDITORS: Amounts falling due after more than one year

	Group 2019	Group 2018	**Charity 2019**	Charity 2018
	£	£	**£**	£
Loan	**1,443,071**	1,440,690	**1,443,071**	1,440,690

16. GROUP FUNDS

a) Current year

	Balance at 1 January 2019	Income	Expenditure	Transfers	Other recognised gains/losses	Balance at 31 December 2019
	£	£	£	£	£	£
Restricted funds						
Overseas property fund	3,416,072			(261,160)	(253,086)	**2,901,826**
Rwanda	-	477,056	(355,181)			**121,875**
Rwanda - funded by DFID	-	779,214	(779,214)			**-**
South Africa	-	273,105	(273,105)	10,820	(10,820)	**-**
Sudan	-	75,368	(75,368)			**-**
Bosnia and Herzegovina	460,540	381,825	(492,000)			**350,365**
Bulgaria	173,570	306,852	(401,832)			**78,590**
Moldova and Transnistria	-	438,256	(310,671)			**127,585**
Romania	102,705	3,235,708	(3,282,038)	123,541	(123,541)	**56,375**
Ukraine	-	91,434	(91,434)			**-**
India	54,965	242,011	(242,011)			**54,965**
Nepal		361,695	(361,695)			**-**
Global Advocacy	-	305,082	(305,082)			**-**
Sub-total	*4,207,852*	*6,967,606*	*(6,969,631)*	*(126,799)*	*(387,447)*	***3,691,581***
Unrestricted fund						
Designated funds						
Fixed assets fund	112,509	-	-	(33,513)	-	**78,996**
General fund	1,304,863	4,198,033	(4,858,811)	160,312	-	**804,397**
Sub-total	*1,417,372*	*4,198,033*	*(4,858,811)*	*126,799*	*-*	***883,393***
Total funds	**5,625,224**	**11,165,639**	**(11,828,442)**	**0**	**(387,447)**	**4,574,974**

b) Previous year

	Balance at 1 January 2018	Income	Expenditure	Transfers	Other recognised gains/losses	Balance at 31 December 2018
	£	£	£	£	£	£
Restricted funds						
Overseas property fund	3,647,127	-	-	(258,698)	27,643	**3,416,072**
Rwanda	256,791	406,172	(662,963)	-	-	**-**
Rwanda–funded by DFID *	-	550,768	(550,768)	-	-	**-**
South Africa	30,000	191,311	(221,311)	-	-	**-**
Sudan	-	71,583	(71,583)	-	-	**-**
Bosnia and Herzegovina	250,000	602,742	(392,202)	-	-	**460,540**
Bulgaria	95,320	551,183	(472,933)	-	-	**173,570**
Moldova and Transnistria	-	374,138	(374,138)	-	-	**-**
Romania	724,000	2,751,801	(3,373,096)	-	-	**102,705**
Ukraine	-	447	(447)	-	-	**-**
Latin America	5,230	27,168	(32,398)	-	-	**-**
India	96,945	117,679	(159,659)	-	-	**54,965**
UK Fundraising	195,965	191,766	(387,731)	-	-	**-**
Sub-total	*5,301,378*	*5,836,758*	*(6,699,229)*	*(258,698)*	*27,643*	***4,207,852***
Unrestricted fund						
Designated funds						
Fixed assets fund	116,669	-	-	(4,603)	443	**112,509**
PRI Loan fund	1,354,820	158	(480,310)	(874,668)	-	**-**
General fund	2,086,755	3,281,303	(5,195,772)	1,137,969	(5,392)	**1,304,863**
Sub-total	*3,558,244*	*3,281,461*	*(5,676,082)*	*258,698*	*(4,949)*	***1,417,372***
Total funds	**8,859,622**	**9,118,219**	**(12,375,311)**	**-**	**22,694**	**5,625,224**

*This project is funded by the Department for International Development under the UK Aid Match programme. The award was made for work transforming children's lives by creating a pathway for family and community living for children in institutional care in Rwanda and Uganda. The expenditure recorded in the table above for this project has been incurred in accordance with the terms of the grant.

Restricted funds
All restricted funds are for work on specific projects or for work in particular countries. Where funds are received for these purposes, they are shown as restricted income on the Statement of Financial Activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds along with the net book value of fixed assets acquired with restricted funds and any cash or debtors relating to restricted funds.

The Overseas property fund represents the net book value of fixed assets acquired with restricted funds where the donor agreements require that the assets remain restricted. The transfer of £126,799 to the general fund represents the release of restriction through depreciation charges and exchange rate movements.

Designated funds
The fixed asset fund represents the net book value of unrestricted fixed assets. The transfer of £33,514 to the general fund represents the acquisition of assets netted with the release of designations through depreciation charges and exchange rate movements.

Unrestricted funds
The general fund represents free funds of the charity which are not designated and can be used at the discretion of the trustees to further the charitable objects.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Unrestricted funds 2019	Restricted funds 2019	TOTAL 2019	Unrestricted funds 2018	Restricted funds 2018	TOTAL 2018
	£	£	£	£	£	£
Tangible fixed assets	78,996	2,901,825	2,980,821	112,509	3,416,072	3,528,581
Current assets	3,671,521	789,756	4,461,277	3,310,645	791,780	4,102,425
Current liabilities	(1,424,053)		(1,424,053)	(565,092)	-	(565,092)
Long term liabilities	(1,443,071)		(1,443,071)	(1,440,690)	-	(1,440,690)
	883,393	3,691,581	4,574,974	1,417,372	4,207,852	5,625,224

CHARITY	Unrestricted funds 2019	Restricted funds 2019	TOTAL 2019	Unrestricted funds 2018	Restricted funds 2018	TOTAL 2018
	£	£	£	£	£	£
Tangible fixed assets	32,741	-	32,741	34,760	-	34,760
Current assets	1,527,277	733,380	2,260,657	2,042,476	515,505	2,557,981
Current liabilities	(1,157,682)	-	(1,157,682)	(425,995)	-	(425,995)
Long term liabilities	(1,443,071)	-	(1,443,071)	(1,440,690)	-	(1,440,690)
	(1,040,735)	733,380	(307,355)	210,551	515,505	726,056

18. LEASE COMMITMENTS

The total commitments under non-cancellable leases on buildings are as follows:

	Group 2019	Group 2018	**Charity 2019**	Charity 2018
	£	**£**	£	£
Expiry date:				
Within one year	**30,124**	24,025	**17,340**	24,025
One to five years	**4,335**	46,115	**4,335**	46,115
After five years	**-**	-	**-**	-

19. FINANCIAL INSTRUMENTS

Financial assets that are debt instruments measured at amortised cost:

	Group 2019	Group 2018	**Charity 2019**	Charity 2018
	£	**£**	£	£
Other debtors	**1,396,906**	795,885	**1,117,553**	672,403
Short term bank deposits and cash resources	**1,321,613**	2,074,988	**1,001,770**	1,756,023

Financial liabilities measured at amortised cost:

	Group 2019	Group 2018	**Charity 2019**	Charity 2018
	£	**£**	£	£
Trade creditors	**250,734**	259,148	**125,286**	164,329
Other creditors	**118,081**	44,330	**19,933**	17,506
Grants payable	**137,979**	68,694	**137,979**	68,694
Interest payable	**12,098**	12,098	**12,098**	12,098
Accruals	**57,250**	59,960	**57,250**	59,960
Loans	**2,143,071**	1,440,690	**2,143,071**	1,440,690

20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	2019	2018
	£	£
Reconciliation of net income to net cash flow from operating activities		
Net (expenditure)/income	**(662,804)**	(3,257,092)
Depreciation charge	**361,286**	364,648
Loss on disposal of fixed assets	**-**	872
Donation of Small Group Homes to Local Authorities	**342,989**	27,917
Loss on disposal of overseas properties	**58,627**	(28,086)
Interest receivable	**(2,810)**	(3,992)
Interest payable	**28,861**	28,861
Decrease/(increase) in assets in the course of development	**-**	151,245
Decrease/(increase) in stock	**42,884**	31,934
(Increase) in debtors	**(599,605)**	(79,456)
Increase in creditors	**158,962**	177,910
Net cash supplied by/(used) in operating activities	**(271,610)**	(2,585,239)

21. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2019 £	Cash Flows £	Foreign Exchange Movement £	At 31 December 2019 £
Cash	2,074,988	(739,391)	(13,984)	1,321,613
Loans falling due within one year	-	(700,000)	-	(700,000)
Loans falling due after more than one year	(1,440,690)	(2,381)	-	(1,443,071)
Total Net Debt	634,298	**(1,441,772)**	**(13,984)**	(821,458)

22. SUBSIDIARY UNDERTAKINGS

Hope and Homes for Children – Romania, Hope and Homes for Children – South Africa and One Child One Family HHCSA are wholly owned subsidiary undertakings of Hope and Homes for Children. They are registered in Romania (No: 1/23.01.2001 13661594) and South Africa (No: 2008/005926/08 and 2017/489514/08) and do not have share capital. Their governing board members are senior officers of Hope and Homes for Children and each share the same activities as Hope and Homes for Children.

Hope and Homes for Children – South Africa is dormant and therefore exempt from consolidation under section 394a of the Companies Act 2006.

Summary of the results of Hope and Homes for Children – Romania:

	2019 £	2018 £
Assets	**5,037,039**	5,001,430
Liabilities	**(185,403)**	(139,097)
Funds	**4,851,636**	4,862,333
Income	**4,037,551**	3,509,285
Expenditure	**(4,048,247)**	(4,000,868)
Surplus/(Deficit)	**(10,696)**	(491,583)

Summary of the results of One Child One Family HHCSA:

	2019 £	2018 £
Assets	**58,133**	37,073
Liabilities	**-**	(26,677)
Funds	**58,133**	10,396
Income	**533,333**	392,769
Expenditure	**(512,274)**	(382,373)
Surplus/(Deficit)	**21,059**	10,396

22. CAPITAL COMMITMENTS

	Group 2019	Group 2018	**Charity 2019**	Charity 2018
	£	£	**£**	£
Homes and services for beneficiaries	**428,854**	470,616	**-**	-

23. POST BALANCE SHEET EVENTS

Since the year end the COVID-19 pandemic has taken hold globally. The pandemic has had a significant immediate impact on the Charity's operations. The Trustees and management team are actively managing the impact as detailed in the Trustee's Report and the Going Concern statement in Note 1 and there have been no material changes in activity since the balance sheet date.