



TRUSTEES' ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

TABLE OF CONTENTS

Legal and Administrative Information	3
Trustees' Annual Report and Strategic Report	4
Independent Auditor's Report	22
Consolidated Statement of Financial Activities	25
Balance Sheets	26
Consolidated Statement of Cash Flows	27
Notes to the Financial Statements	28

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

Martin Bell OBE

Matt Bell

Rukhiya Budden

Mariana Dahan

General The Lord Dannatt GCB CBE MC DL

Rick Foulsham CMG

David Furnish

James Whiting

Claire Wright

Jay Jopling

Gordon McInally

The Rt Hon Sir Donald McKinnon ONZ GCVO

Natalie Pinkham

Mrs Lily Safra

Dame Kristin Scott Thomas DBE

The Rt Hon The Lord Selkirk of Douglas PC QC

Nick Hower

Alastair Humphreys

The Lady Jopling MBE

Trustees and Directors

Matthew Banks

^^

Vicky Bruce

^^

Richard Greenhalgh

^

Chair

Mark Grinonneau

*

Maria Herczog

x

Girish Menon

x

Chikondi Mpokosa

x

Ruchira Neotia

o

Ramesh Parmar

*

Treasurer

Camilla Otto

x

Anna Segall

o

Malcolm Sweeting

*

Mike Thiedke

o

* = member of Finance, Audit and Risk Committee, o = member of Marketing, Communications and Fundraising Committee, x = member of Programmes, Advocacy and Research Advisory Committee, ^ = member of People Committee

Senior Management Team (Key Management Personnel)

Mark Waddington

Chief Executive

Michela Costa

Director of Global and EU Advocacy

Stefan Darabus

Director of Global Programmes

Angharad McKenzie

Director of Global Marketing, Communications and Fundraising

Mark Shadrack

Chief Operating Officer and Company Secretary

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

Independent Auditor: Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

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

ABOUT US

Since 1994, Hope and Homes for Children has been working to stop the institutionalisation of children.

We work across countries to close the doors of orphanages forever. We fight for every child to enjoy the love and belonging of a safe family home. As challenges get tougher, we work harder – with children, for children. Because children should never be deprived of their liberty and suffer the harm of institutionalisation, under the cloak of “care”.

Our care reform specialists set up community-based family support services. Our policy experts promote stronger child protection laws. And our skilled social workers work directly with children to keep families together, to reunite them and to nurture new ones. Through national reform and international advocacy, we inspire global action.

We won't stop until we have consigned orphanages to history. Until every child, everywhere, has the chance to thrive in a strong, supported family.

WE ARE HOPE AND HOMES FOR CHILDREN

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

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

Our **values** are courage, excellence and integrity.

Orphanages confine and regiment the lives of children in ways that present egregious threats of abuse and neglect. What is happening inside orphanages today, now, is impacting 5.4 million children leading to lifelong consequences that impact upon the next generation too.

Our work to support families and prevent the separation of children from them in the first place, and when this can't be achieved, helping to place children in alternative forms of family care and protection, has yielded almost 30 years of important learning. We have used this learning to shape local services, national policies and international commitments with much wider benefits. For example, in pursuing child protection and care reform, we are seeing improved educational and health outcomes for children, all of which collectively contribute to improved chances and opportunities later in life.

Now is the time to build a consensus across governments, relevant agencies and important influencers that orphanages are no longer an acceptable way of caring for children.

We will help to build this consensus by working alongside like-minded organisations. Our collective efforts and resources will create momentum that proves change can be successful at national level in very different contexts. We will seek to position child protection and care reform as a human imperative, not only for those children for whom it matters so much now, but also for future generations. And we'll build partnerships with the private sector to develop the kind of financing instruments required to secure the interest and commitments of many other countries in which we have no presence. Armed with these financing instruments, we'll look for prospective investors and donors so that traction for global reform genuinely begins to bite.

We have been a leading organisation in eliminating orphanages and reforming child protection and care systems in many countries over almost 30 years. Throughout this journey, we have scrutinised the evidence. We have marshalled our front-line experience, and we have listened to children and those who care for them. Our unique achievements and understanding have deepened our well of hope for the future of children. It is a stubborn, fierce hope that cannot be exhausted because we have seen what we are capable of, and it drives our belief in what we can still achieve, no matter how tough the challenge. Our mission is clear. Its purpose will not be denied.

WHAT IS THE PROBLEM THAT NEEDS SOLVING AND WHY?

Orphanages are unnecessary because the vast majority of children confined within them are not orphans. This is true for all the countries we have worked in, and the many countries our partner organisations work in. Indeed, numerous studies suggest this is the case globally. Many children are placed in orphanages, not because they are orphans, but because their family is poor; they face discrimination or because they have a disability. This confinement punishes them for a second time. Once confined in orphanages, many suffer abuse – including rape and torture – from some staff, adults who pay for access to them, and from some of the children they share their confinement with. The neglect that many more children confined in orphanages suffer can be so significant that it harms the development and structure of their brains, especially for babies. Stigma against children confined in orphanages is common and a cause of isolation and exclusion. Orphanages expose children to heightened risks of trafficking, and in the worst cases, they are the actual apparatus through which children are exploited for labour, fundraising, even for their body parts and for sex.

Current estimates suggest there are around 5.4 million children in orphanages globally. But this is generally accepted to be a significant under-estimate. In many countries, poor regulation means thousands of orphanages operate with no registration and no oversight. So the sheer scale of children in confinement remains unknown. And millions more children are vulnerable to being separated from their families and put into care. As at the start of 2022, more than five million people have died as a result of the global pandemic, most of them adults, many of them parents caring for children. The Lancet estimates that for every two adults who have died, one child has lost a parent or primary care-giver. Vulnerability is deepening among many families and communities which undermines their capability to care for and protect children:

- 120 million people have been plunged into extreme poverty during the course of the pandemic. This is the first time this figure has actually risen in the last 27 years, and it is likely to continue growing.
- Teenage pregnancies increased dramatically during lockdowns in many countries.
- Often young people were confined with abusers, with grievous consequences, and many more children are still not back in the classroom.

We are leaning into a global crisis of care that is already upon us. And it is not only impacting the current generation of children and young people, but it will impact their capability in later life to care for the next.

But it doesn't have to be this way. Orphanages are unnecessary and there is always a better alternative for children.

OUR MANDATE

We know that children are happier, healthier and more successful when they grow up in a caring family environment. They tell us all the time. And we can prove it with data too. One of the largest orphanages we have ever closed was in Rwanda. 600 children. We assessed them at the time we helped to transition them into alternative family care arrangements, and then re-assessed them at six-month intervals. For the under sixes, at the time we transitioned them, they were scoring between 52% and 59% against where they should have been for their age across their language ability, their motor skills, self-help and cognition. In just 18 months they were scoring between 98% and almost 100% of where they should be. We have data like this from many of the countries we work in, demonstrating how loving family care can unravel the harm inflicted by an orphanage and help children to catch up to where they need to be. This is proof that we really can change the world for children.

And we really should. The UN Convention on The Rights of the Child is the most signed convention on the planet. It doesn't simply recommend that children should grow up in a family, it obliges us to take responsibility for making that happen:

Convinced that the family, as the fundamental group of society and the natural environment for the growth and well-being of all its members and particularly children, should be afforded the necessary protection and assistance so that it can fully assume its responsibilities within the community

Recognizing that the child, for the full and harmonious development of his or her personality, should grow up in a family environment, in an atmosphere of happiness, love and understanding.

OUR STRATEGY

Despite the progress we are making, there remains enormous resistance to closing orphanages. Partly this is because there is a lack of awareness of the harm inflicted by orphanages, or of the alternatives to them. Partly this is because of the vested interests associated with them. In all cases, it is the result of a lack of accountability to children and young people. This lack of accountability is the underlying cause that sits beneath many of the reasons why orphanages exist in the first place. If society were truly accountable to children, we would not deprive them of their liberty by confining them in orphanages.

We launched our new strategy in March 2022. The time to change is now. We want to invest all our effort in working alongside authorities to actually deliver the change that is needed for children. This requires us to build a consensus that orphanages harm children. Such a consensus must have genuine accountability to children at its very core.

This growing consensus needs to include multi-lateral organisations like the UN, EU and African Union. It must be actioned by a groundswell of influential governments around the world, committed to implementing reform, locking progress in with legislation and influencing other countries to do the same. It will be a growing consensus that will be reflected in the policies of influential donors and funding organisations, in ways that will help more countries to ready themselves for reform.

This growing consensus will be recognised as a priority, globally, across all sectors and sections of society. And it is this, that will demonstrate a global step change in accountability to children.

SO OUR AIM IS THAT:

by December 2030, worldwide, we will be approaching a consensus that orphanages are an unacceptable way of looking after children.

OUR STRATEGIC OBJECTIVES

Working as a catalyst, we will identify, convene and develop strategic partnerships that will, by December 2030:

- Complete the elimination of orphanages in four countries, and make meaningful progress in delivering national child protection and care reform in this regard in a further five countries, while coordinating this progress with partners in 11 countries (in which we will have no presence) to build international momentum and proof of concept to demonstrate that change is possible regardless of national context.
- Establish and harness child protection and care reform as a human imperative in development programming and human rights monitoring, toward securing significant commitments to implementing that reform across a growing number of countries including those in which we, as well as partners, operate and influence.
- Put in place international financing mechanisms that will support those countries that need it to help them prepare for reform and ultimately commit to it.

We will, wherever possible, continue to push for legislation that prohibits support for orphanages and redirects it toward locally developed, scalable solutions that will drive reform forward.

OUR THEORY OF CHANGE – NATIONAL REFORM

There is no one-size-fits-all solution to delivering child protection and care reform at national level. That is why our approach is highly adaptable, and it's demonstrating that reform really is possible across a diversity of contexts. So this is how we reform an entire country's child protection and care system – dialling up or down each of our four pillars depending on local conditions.

Political Will

Governments don't just need to commit to reform, they need a vision for what that reform should look like. That brings the clarity of purpose needed to shape plans, budgets and legislation within the national context. This vision must clearly make links with and fully integrate child protection and care reform across relevant systems, including health, education, the judiciary and social services. Sustaining reform requires leadership across governments and from one administration

to the next, to ensure active commitment over the long term. Political will is especially important in overcoming widespread resistance to and fear of change. For example, the large workforces associated with orphanage systems and orphanage economies will be concerned about their jobs in the context of reform. Having a clear vision for what reform looks like should help everyone understand that there are important new roles they can fulfil in preventing family separation and in supporting children to transition out of orphanages into family care.

Knowledge and Know-How

Not only is every country different, every child is different. Listening to children's views and incorporating these in the development of the services they will benefit from is critical in successfully moving from orphanage to family-based care systems. Knowing why families break down, which children are most affected and why, and what communities can do to prevent this are crucial to designing and implementing prevention and reunification services at scale. Pilot projects are needed to show how this can work in each context. And the information they yield strengthens the case for reform while providing us with a baseline against which to judge success.

Capacity

Children and families face complex, different challenges, from food insecurity, through housing problems, to disability. Orphanages are routinely used by social workers and medical practitioners as a one-size-fits-all solution, regardless of the challenge. Consequently, the skills and capability of key staff to develop alternative family-based solutions are often absent. To change, countries need to know what skills and expertise they have, which are most relevant to the reform process, who has them and how they can be further developed and knowledge shared. Countries also need an accurate view of the capacity of existing systems, especially case management systems, that are the basis upon which decisions are taken about the services that individual children will benefit from. As always, the voices of children in these decisions are important. And so the development of and training in locally appropriate ways of ensuring the participation of children is crucial.

Financing

Budgets for reform are too often calculated on the basis of expense rather than investment. Consequently, financial considerations are skewed toward cost rather than what is actually being bought – improved health, education, wellbeing – and whether or not that represents value for money. Budgeting for reform must not become detached from the outcomes it is seeking to deliver – this is the only way we can assess cost-effectiveness. In the initial stages of reform, more money is needed to sustain the existing system while developing the new one. But this generates a social return on investment. As the funds concentrated in orphanages are gradually unlocked through transitioning to the family-based care system, they can be increasingly allocated to preventing family breakdown and separation, and in support of alternative family services. And that's how additional funding can be gradually reduced. Rather than aiming solely for cost reduction, maximising available funding for families leads to better outcomes for more children, across more generations, which will be more cost-effective for society over the long term.

STRATEGIC REPORT: WHAT WE ACHIEVED IN 2021

Context

In 2021, the context to our work in all the countries in which we operate, as well as globally, continued to be massively impacted by the Covid-19 global pandemic. While the pandemic has had a tragic direct impact on the lives of many people, it is the secondary impacts that are more significantly affecting Hope and Homes for Children.

These secondary impacts vary across:

- Social issues – increased domestic violence, reduced access to education, increased vulnerability to homelessness, food insecurity and so on
- Economic issues – increased unemployment, reduced household income, allocation of funds previously designated to child protection and care reform to crisis management or healthcare, and the continued disruption of our fundraising schedule
- Political issues – the retreat from internationalism in key areas such as the reduction in the UK Aid budget from 0.7% to 0.5% of Gross National Income.

Additionally, we have been substantially constrained from direct contact with children and families, we have been unable to meet directly, and major international gatherings we have been seeking to influence have been postponed or held virtually.

Despite this, in the last two years we've prevented more than 150,000 children from being separated from their families, getting to the root causes of the grievous problems they and their families face.

With our supporters by our side, we have continued to pioneer ways of preventing children from ever having to be separated from their families in the first place. This includes help with childcare so that caregivers can work, support with finding work or developing ways of generating an income. We've helped families with food, housing and medicine, and sometimes counselling to support vulnerable parents – and never has this been more needed than through the Covid-19 pandemic.

In 2021, we took early decisions to respond to the financial constraints we anticipated. Closing our operations in Sudan, Transnistria and Bosnia was an especially difficult decision, but we are proud that the impact of that work will live on in those countries. We capped our expenditure at levels lower than that we have been able to spend in previous years; innovated our operations to work with less, but deliver more while adapting to ongoing restrictions; and we focused on the initiatives that would have the greatest impact for children and families. It was, beyond doubt, a gruelling year and we are indebted to everyone who played their part.

The goals we set ourselves for 2021, and our progress against them:

Priority 1: We will drive national reform by closing 13 orphanages and actively progressing the closure of 51 more by establishing essential services to keep families together, to reunite families and to build new families.

We closed a total of 9 institutions and actively progressed the closure of 55 more, with 2,500 children prepared to return to their own families, or become part of new, loving families.

- In Romania we closed 3 institutions, prevented the separation of 574 children from their families, and transitioned 159 children and young adults from institutions
- In Bulgaria we supported the closure of 6 institutions, with 101 children transitioned and prevented a further 242 children from being separated from their families.
- In Moldova our partner CCF opened a social creche, prevented over 500 children from family separation, and took nearly 100 children out of institutions
- In Ukraine, while advocating strongly against the government decision to rollback reform, we continued to support the development of services in communities in Dnipropetrovsk and created new services for early intervention in Donetsk
- In Bosnia, in pursuit of the closure of the Bjelave institution, we supported the creation of a day centre for children at risk of separation and opened the second small group home in Sarajevo.

- Our UK Aid Match project in Rwanda and Uganda (with our partner Child's i Foundation) achieved an 'A' rating
- In South Africa we achieved a moratorium on the entry of under 3's into institutions in Gauteng Province and the AFS-Khusela Community Prevention Model has been endorsed nationally
- In India, with our partner CINI we gained funding for, and delivered, emergency Covid-19 support which prevented over 50 children from being placed into institutions and provided support services to over 5000 people
- In Nepal we continued to support the capability development of our partners Forget Me Not and THIS, building strong working relationships with the National Child Rights Council & other national stakeholders

Priority 2: We will drive national reform by working to establish the strengthening of child protection systems and child care reform as a turnkey issue within other targeted social development priorities.

- We worked with more than 25 global NGOs to prepare for the UN Day of General Discussion (DGD), which took place in September 2021 and was focussed on the topic of children in alternative care. We took a leading role in engaging children and young people in the design and delivery of the DGD. Rwandan care leaver Aimé became one of just 30 speakers invited to share their experiences of care with the UN Committee on the Rights of Persons with Disabilities and then at the UN DGD.
- In March, the European Commission adopted its first encompassing EU Strategy on the Rights of the Child, aimed at mainstreaming children's right throughout all of its work. Alongside 23 organisations, we outlined our joint recommendations for how to make this Strategy a success for all children.
- In partnership with other NGOs, the 4th Biennial International Conference on Alternative care for Children in Asia (BICON) took place over two days in December 2021. With registrants from 179 different organisations and speakers from 19 countries, the programme highlighted promising practices and showcased local solutions to challenges faced by countries across Asia, generating 17 recommendations inspired by the conference.
- In Moldova, Dr Liliana Rotaru was awarded the 2020-21 United Nations General Award for an Outstanding Human Rights Achievement. Dr Rotaru leads Hope and Homes for Children's partner organisation CCF Moldova, which has been working towards childcare reform in the country alongside us since 2005.
- Due to the COVID-19 pandemic, the biennial Commonwealth Heads of Government Meeting—an opportunity to raise care reform up the global agenda – was postponed to 2022. However, we maintained strong relationship with the Rwandan High Commissioner to the UK and with the ministerial teams in Rwanda to ensure the issue remains high on the agenda for the 2022 event.

Priority 3: We will work to unlock the financing needed to win government commitments to national reform and progress the meaningful implementation of this. We will work closely with the private sector to tap into its expertise and influence.

- The EU included childcare system reform (transition towards family and community-based care rather than institutions) as one of the eligible areas for funding across a wide range of regulations. The final legal wording for the regulation documents that accompany this funding for the next seven years (2021–27) was officially published. Four major regulation documents (the Common Provisions Regulations, the European Social Fund Plus, the European Regional Development Fund, and the Neighbourhood, Development and International Cooperation Instrument) all include clear references to care reform, specifically that funding shall promote “the transition from institutional to family and community-based care”—something we have been advocating for consistently for years.
- We have also joined the EU Alliance for Investing in Children, a European-wide network of over 20 European CSOs promoting quality policies and funding instruments to tackle child poverty and promote child well-being. We expect this network to be a very useful platform to keep track and take action on the programming and implementation of EU internal funding instruments, including the Child Guarantee.

PLANS FOR FUTURE PERIODS

We are on the cusp of significant milestones in countries where support from funders has enabled us to demonstrate better alternatives for children:

- When we started working in Romania, 105,000 children were confined in the state orphanage system. We now have that down to 3,733.
- In Rwanda we only have 12 orphanages left to close and there are now no children without disabilities living inside those orphanages – we are at the last mile.
- In Bulgaria we only have four orphanages left to close and are anticipating the total eradication of them in the country by late 2022.
- Moldova has the potential to close all 14 residential institutions, with 700 children with the most complex needs, by 2026.
- We're building commitment to national reform in India, Nepal, and South Africa, and we're pushing hard in Ukraine.

The impact we are having in the lives of these children truly is transformational – with substantially improved levels of well-being, security, educational attainment and health, demonstrated when children grow up in strong, supported families. This is why global child care reform **MUST** be addressed as a turn-key element in the delivery of the UN's Sustainable Development Goals – goals which seek to leave no-one behind; and it is why we have updated our strategy to ensure this is the case. The global context is more dynamic now than it has ever been. We recognise that we will need to learn and adapt. So we have split the delivery of our strategy into three, three-year review and planning cycles. During the first of these three-year cycles, starting on 1st January 2022 and ending on the 31st December 2024, we will:

Actions

- Complete the elimination of orphanages in two countries (Rwanda and Bulgaria)
- Make meaningful progress toward elimination in two countries (Romania and Moldova)
- Secure commitment to national reform in three countries (South Africa, Nepal and Kenya)
- Expand sub-national commitment in two countries (Ukraine and India)
- Convene a coalition in which partners operating in an additional 11 countries agree to coordinate their work to a common timescale with us
- Develop and publish our roadmap for care reform: Beyond Institutionalisation – distilling nearly 30 years of our experience for a global audience, whilst further developing the evidence that, combined, will strengthen our efforts to integrate child protection and care reform, within national implementation of the SDGs and human rights commitments
- Raise awareness of the importance of care reform among influential audiences, and target opportunities to harness public engagement to trigger them into action
- Work with public-private partnerships – including our Private Sector Task Force and other relevant stakeholders – to research and design mechanisms for financing reform internationally, and secure their help in identifying and approaching prospective investors

Outcomes

- A critical mass of 20 countries making meaningful progress with reform, with clear evidence emerging to confirm that it is possible to achieve at scale – not only in one or two countries but also across diverse national contexts
- Increasing recognition across targeted stakeholders that orphanages are harmful, that there are alternatives that drive wider benefits, and that as a consequence they have a responsibility to act
- International financing for child protection and care reform strategy developed, and discussions with prospective investors underway

Impact

By the end of this first three-year cycle, in the countries we and our partners operate in, we will have ensured that:

- Fewer children will have been separated from their families
- More children will have been reunited with their families or placed into forms of alternative family care
- Increased numbers of orphanages will have been closed
- The child protection and care social workforce will have increased
- Public authorities and other decision-making agencies will be actively finding ways to be more accountable to children

UKRAINE CRISIS

The Russian invasion of Ukraine on 24th February 2022 precipitated the largest rapid onset humanitarian crisis in Europe since the Second World War. In less than four weeks, the number of people uprooted by the invasion was already in excess of 10 million, 6.5 million displaced within Ukraine and some 3.6 million as refugees.

Within the first few weeks of the crisis, Hope and Homes for Children mounted a series of emergency assistance initiatives inside Ukraine, undertook a complex cross border evacuation of children, established humanitarian support programmes in Romania and Moldova, influenced the focus of humanitarian policy and practice (including within the UN and EU systems), and raised the profile of the children confined in the Ukraine orphanage system – children who were being left behind in every sense of the term.

We developed an organisational response plan to address three priorities:

- Direct emergency support contributed through the humanitarian effort in Ukraine, Romania and Moldova, giving vital material support directly to children and those who care for them, as well as providing technical capacity to the wider humanitarian system, so that others will benefit indirectly from our efforts.
- Raising the profile of the 100,000 children confined within the Ukraine orphanage system and securing the appropriate humanitarian as well as policy attention to meet their needs.
- Strengthening our capability to deliver our nine-year strategy, including securing commitment to national reform in Ukraine when the time is right

Within the first few weeks of our Ukraine appeal, we received significant funds and pledges, largely additional to what we planned to raise, with significant further prospects in the pipeline.

FUNDRAISING & COMMUNICATIONS

Strategy and Approach

Following a year in which Hope and Homes for Children's trusted partners and supporters rallied in the face of COVID-19, we adapted our fundraising & communications strategy in anticipation of a challenging 2021 context in which many donors and funders would evaluate their giving and CSR strategies and public fundraising in the form of fundraising events would continue to struggle in the face of restrictions.

With the primary goal of building a more resilient and sustainable income portfolio, we defined four aspects to our strategic approach in order to deliver income in 2021 whilst also establishing the foundations for future growth based on an average 4:1 return on investment:

- Invest in the capabilities and working practices of our team
- Increase demand for global childcare reform and Hope and Homes for Children's role in delivering it
- Proactively acquire new values driven support
- Nurture trust & belief for increased lifetime value.

Our refreshed strategy saw us adapt the shape of our team, including directing investment at our brand and communications resources and activities, beginning the process for developing our global fundraising capability and prioritising high value partnership development. As a result we reduced our investment in traditional community fundraising. In support of our medium-term ambitions, we started work to develop our use of data and improve the infrastructure on which our fundraising and communications work depends.

In the UK, building on our strong base of relationship fundraising, we benefitted from the financial support of 27 unique corporate organisations and a further 46 trusts and foundations. We saw a decline in the number of active donors within these portfolios compared to 2020, as many gave additionally in 2020 to support us through the beginning of the COVID-19 pandemic and others refined charitable engagements. In addition, we nurtured relationships with existing philanthropic individuals, whilst investing resource in building our future philanthropy pipeline, and maintained our programme of individual giving fundraising, focusing on regular giving, which continued to grow. In line with the COVID-19 context and our strategy, income from supporter fundraising events remained broadly consistent with 2020 levels, with at least one,

planned major fundraising event being postponed to 2022. Legacy income within year was impacted by a lengthening of probate timescales.

As per 2020, our face-to-face engagement with supporters was severely curtailed until the final quarter, when we were able to run two long-standing fundraising events, Swapping Seats and the Midlands Fundraising Ball. This restriction required us to continue to find innovative, virtual ways to engage supporters in our work and in the impact of their support. We did this through the delivery of two virtual country visits facilitated over Zoom.

In support of our planned growth for 2022, we invested time and resource during 2021 into redefining our brand and website; building the capacity of our teams in country to fundraise locally and globally, and developing our fundraisers' skills in identifying and approaching new high value supporters. The results of these efforts will be felt in future years.

Fundraising Standards

Our fundraising complied with the fundraising codes as prescribed by the Fundraising Regulator, of which we remain a registered member. We also continued to prioritise the strengthening of our practices related to data protection laws, particularly the General Data Protection Regulation. We received no subject access requests whilst continuing to promote our privacy policy and offer easy opt-outs of communications as well as the option to agree specific communications requests and / or preferences directly with our team. Similarly we continued to pay special attention to treating supporters in vulnerable circumstances with the utmost importance.

Throughout the year we received only 12 complaints (compared to 30 in 2020), reflecting the care we take to communicate sensitively and appropriately with our supporters. To support them in their endeavours, for example where individual or groups of supporters are voluntarily raising funds on our behalf, we offer bespoke help with the use of regulated platforms, for example Just Giving, for the collection of funds.

RISK MANAGEMENT AND INTERNAL CONTROLS

Our strategy sets out our vision, mission, values and strategic aim. With the eradication of institutional care of children at the heart of our activities and a need for innovative solutions to deliver reform, it is clear that risk is inherent in our work. Through our governance framework, we seek to encourage proactive, well-managed taking of risk to deliver business objectives and embedding risk management in day-to-day operations.

Therefore we have developed a framework to identify, analyse and manage risks at a series of levels within the organisation - strategic, process and project. This framework also addresses residual risk and ensure it is set at acceptable levels for the organisation.

The Board has ultimate responsibility for overseeing risk management for the organisation as a whole but recognises that all staff and volunteers are critical in implementing the risk management process. The Senior Management Team reviews risks 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 strategic risks identified through this work, and an outline of the mitigation plans, are:

Key Risk	Outline of Mitigation Plan
Loss of impact and/or progress on reform in key programme locations due to shifting political and social priorities, including those caused by the primary and secondary impacts of COVID-19.	<p>Continue to adapt our advocacy and communications to demonstrate the critical relevance of child protection and care reform to a wide variety of other societal issues (e.g. health, education).</p> <p>Continue to demonstrate tangible delivery through implementation and impact at the appropriate scale and use this to engage other actors.</p>

Key Risk	Outline of Mitigation Plan
	Design our interventions to be more resilient to political changes by working with multiple tiers of government.
Delays in reaching key programmatic milestones caused by Covid-19	Based on experience and learning, design our interventions to be resilient to pandemic restrictions, through the mobilisation of local or field-based staff and strong partnerships with local government bodies.
Heightened risk of a child protection incident which we cannot directly control, as our programmatic work is increasingly delivered through national and regional partners and to increasing numbers of beneficiaries.	<p>Implement learnings from our safeguarding review, including refreshed policy, training of our own staff, and strengthening implementation, planning, and monitoring.</p> <p>Continue to review and evolve our ongoing due diligence and capacity development of partner organisations.</p>
Financial and reputational damage from financial fraud, bribery or theft of personal data.	<p>Continue to embed and review policies, procedures, controls and training in key areas, with appropriate management oversight, independent assurance, and governance from the Finance, Audit and Risk Committee:</p> <ul style="list-style-type: none"> • Financial processes • Deployment and use of IT, including cybersecurity action plan • Data protection <p>Assess areas where investment in our people, processes and systems should be prioritised to enhance internal capacity and capability and acting on these recommendations.</p>
Inability to secure the level and type of income required for us to deliver the level of programmatic implementation, research and advocacy needed as part of our 2030 aim.	<p>Invest in unlocking significant new pipeline for direct support and funding, expertly targeting, executing and converting the right prospecting, pipeline and partnership opportunities that will deliver a mixed and sustainable support-base and revenue portfolio.</p> <p>Prioritise sustainable, full cost recovery support and revenue generation and the types of activities and relationships that underpin this.</p> <p>Apply test and learn methodologies to deliver well-planned and executed fundraising.</p> <p>Improve the systematic delivery of our relationship management to unlock the value of our existing support base; the execution of products and propositions focussed on committed, multi-year and multi-faceted support and to methodically innovate and execute in support of cross-organisational targets.</p>
Short-term and / or unanticipated income shortfalls creating the need for short-notice expenditure cuts which run counter to our strategy or create co-funding gaps.	<p>Build our free liquidity towards target levels to provide greater short-term resilience.</p> <p>Maintain and monitor our forecasting processes, improving visibility and reducing bias to provide high quality income signals, allowing prompt and decisive actions to be taken in response.</p> <p>Strengthen our planning and project management, including visibility and approvals for co-funding gaps</p>
Gaps in capacity and capability leading to inability to fully execute the business plan.	Continue to evolve our approach to wellbeing, leveraging our internal support network and continuing to deploy mental health awareness training.

Key Risk	Outline of Mitigation Plan
	<p>Review and where necessary make appropriate resourcing adjustments, including roles, development plans and training in order to be 'fit for purpose' to deliver on our plans.</p> <p>Develop our approach to leadership, performance and individual mandate so that all of our team members can thrive.</p> <p>Drive effective cross-team working through technology and collaboration</p> <p>Cascade and embed strategy, business plan and scorecard across the organisation</p> <p>Succession plans for key roles.</p>

In addition, as we develop our response plan to the Ukraine crisis, we have identified the following additional risks and mitigations.

Key Risk	Outline of Mitigation Plan
Mission creep, as the humanitarian element of our response establishes momentum at a scale that is material for us	Organisation response plan with clear parameters in place and approved by the Board. Wide communication of those parameters and monitoring of their adherence.
Income and donor management: Non-adherence to donor requirements or expectations, leading to reputational and/or financial issues	Clear communication with all donors. Obtaining clarity on all key donor expectations, restrictions and reporting needs before entering into funding agreements, with mechanisms established to meet those requirements.
Expenditure Management: High, unplanned burn rate of funds received, plus heightened risk of fraud	<p>Clarity on short-term expenditure plans, with appropriate approvals. Monthly monitoring of actual expenditure and revision of future expenditure plans based on experience and new information.</p> <p>Maintain appropriate audit trails of financial flows and expenditure, especially materials supplied to beneficiaries.</p>
Slowing pace of reform	<p>Sufficient backfill of resources, where possible, to maintain sufficient focus on existing / planned core work. Clear communication with donors and authorities where delays may be necessary.</p> <p>Continued local, national and regional advocacy to maintain focus on existing commitments and challenges.</p>
Staff burn-out	<p>Sufficient backfill of resources, to enable all front-line staff to take breaks and rotate out of emergency work.</p> <p>Sufficient investment in infrastructure and resources to enable teams and processes to be able to cope with increased activity levels.</p>
Staff security	Security awareness training and practical guidance provided to all affected staff. Security management plan in place.
Safeguarding or security incident leading to a major reputational impact	<p>Safeguarding policy and reporting applicable at all times.</p> <p>Training to seek to ensure that the humanitarian work is aligned to the principles of the Humanitarian Charter and wherever possible aim to comply with the practice and standards laid out in the relevant Sphere Guidelines.</p>

PUTTING CHILDREN AT THE HEART OF OUR WORK

Children have unique understandings of their own childhoods and of the circumstances in which they are living. We have recognised this from the very beginning and have always sought to listen to them. Over the years, they have been consistent in the views they express to us: they do not want to be confined in orphanages; they want to live in a loving, safe family or caring community setting. It is through listening to children that we have formulated our mission and also shaped our approach to fulfilling it. This is important because if society were genuinely accountable to children, it would not be actively depriving them of their liberty by locking them up in orphanages.

Accountability

As we implement our strategy, we will ensure that the voices of children are heard, and that where we agree to act upon what they are telling us, we will be held accountable for it. One of the ways in which we will seek to achieve this will be through Our Voices Matter. This initiative will commit us to regularly meeting with children, listening to them, making decisions with them and reporting back to them on progress.

Safeguarding

Listening to children generates obvious dividends by ensuring more appropriate and effective care solutions for them, but it also improves safeguarding. Children know what makes them feel safe and what frightens them. Not being able to voice these things is one of the most significant enablers of their exploitation, abuse and neglect. So as a fundamental part of our approach to safeguarding, we will continue to develop opportunities to listen to children through informal group sessions, questionnaires and by ensuring that children are consulted on decisions that will affect them. It is by listening to children that our organisational culture will continue to ensure that our safeguarding policies and systems are as effective as they can be.

We have a robust organisational safeguarding structure that has been developed over the years, and we continually review our policy, practice, and safeguarding culture in order to ensure that it is being strengthened and improved. Our approach to safeguarding reflects our mission with the well-being of children at the heart of our work, so as well as a set of robust policies and clear reporting procedures we also place great importance on our participation work with children and young adults across the organisation. This ensures that the voices and opinions of children and young people on their life, and the services and support they receive, are heard and that they can influence the shape of programmes and raise issues affecting them. We have a full-time global safeguarding lead who works with a network of safeguarding focal people from the countries we operate in, and from our partners, overseeing training, incident reporting, inductions and benchmarking. Regular meetings with them ensure that their insights, concerns and recommendations are incorporated into the regular reviews of our safeguarding systems.

Participation

The way in which aid is administered can often run counter to the participation of children and strengthening of accountability to them. This is because of the power imbalance that exists in favour of those who determine what that aid should be used for, who should benefit from it, and how. This results in aid being 'done' to people. In implementing our strategy, our approach will be to work with our partners, including funders, local authorities, our own country offices and other NGOs to address those power imbalances so that children, those who care for them and those who represent their interests are empowered to do so more effectively.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

Hope and Homes for Children is a charitable company limited by guarantee. The Articles of Association, amended in July 2021 to adjust the trustees' term of office, 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 People Committee. The terms of reference for the People Committee include reviewing the size, skills, diversity, structure, and effectiveness of the Board, and making recommendations for any changes. The People Committee 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, access to staff and, COVID restrictions permitting, visits to the offices in the UK and abroad. During the term of office of trustees, opportunities for on-going training are offered either through specifically arranged sessions or recommended reading lists, training courses and webinars.

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 which report back on their proceedings to the full Board:

- **Finance, Audit and Risk Committee (FARC)** – which oversees the organisation's financial position and performance, forecasting, reporting and the external audit process. FARC also acts to ensure that the organisation proactively identifies and manages risk and operates in accordance with relevant regulatory and legal requirements and in line with best practice regarding the governance of the charity.
- **People Committee (PC)** – which oversees the Board structure and composition (including sub-committees), leads Board and CEO succession planning and recruitment and oversees remuneration policy and key contractual terms for the Senior Management Team. The People Committee also oversees our diversity and inclusion policy to drive a diverse and inclusive culture across the organisation.
- **Programmes, Advocacy and Research Advisory Committee (PAC)** – which oversees our safeguarding policy, procedures and reporting and assesses progress against our programmes, advocacy and research strategies, discussing issues impacting the delivery of the strategies and providing advice and recommendations to the Senior Management Team and the Board.
- **Marketing, Communications and Fundraising Committee (MCFC)** – which provides oversight for the sustainable resourcing of the Charity's mission through income and oversees how we externally promote and communicate our work.

The Charity Governance Code

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 Charity Governance Code was launched, and we continue to use 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.

Following an independent review of our governance arrangements in 2019, we have actively addressed the diversity of our Board in 2020. We also refreshed our sub-committee terms of reference and enhanced key Board processes and information flows. The Charity Governance Code was refreshed in 2020 with key changes to the principles of Integrity and Equality, Diversity and Inclusion (previous Diversity). In response to this, in 2021 we started to develop a Diversity, Equity and Inclusion action plan, with appropriate monitoring and measurement; and we refreshed and recommunicated our whistleblowing policy throughout our organisation.

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 Global Programmes, Director of Advocacy, Director of Global Marketing, Communications 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 in the sections on Vision, Mission and Strategy, the Strategic Report and our Plans for Future Periods. 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.
- One Child One Family HHCSA was set up as a non-profit company in November 2017, and in 2021 was recognised as a public benefit organisation. 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
- Offer salary levels that are competitive in the market and comparable with other similar organisations in terms of size and operation.
- Reward based on (i) the responsibilities of each role, including any regional or global responsibilities and (ii) the local market where the individual performing the role is based

It is applied consistently across the organisation, including the Senior Management Team, membership of which is set out on page 3. Specifically for the Senior Management Team and senior roles, we will:

- Benchmark pay and benefits every 3 years
- Govern these reward packages through scrutiny from the People Committee

Environmental Policy

Climate change is a threat multiplier for vulnerable families and children. Our global futures will see climate change as a main driver of conflict, poverty, food insecurity and disease. This will destroy livelihoods, drive displacement and widen inequalities. All of these are key contributing factors to family breakdown and child separation. Taking actions to reduce our environmental impacts are key for the health of the planet and also to delivering our mission.

Guided by our internal Environmental Action Group, we have therefore established the following principles:

- All our staff and volunteers are accountable for using our resources responsibly and sustainably for purposes that are both relevant and beneficial to our mission.
- We will comply with all relevant legal and other environmental requirements.
- We will promote environmental responsibility and seek to improve environmental performance in key areas, including:
 - Encouraging the use of travel options that minimise environmental impact.
 - Minimising our production of waste, recycle materials whenever possible, and dispose of waste in a safe and environmentally friendly manner.
 - Promoting energy efficiency and to reducing our CO2 emissions.
- We will increase awareness of the impacts of environmental issues with our staff and volunteers.
- We will encourage our stakeholders to adopt good environmental practices.
- We will undertake periodic reviews of progress

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.

After record income and a significant surplus in 2020, 2021 was much more challenging financially. Crucially, our forecasting and planning processes enabled us to anticipate this, and hence we were able to adapt our expenditure plans so that, with the continued generosity of our supporters, we could navigate successfully through this scenario.

Key Financial Summary

£m	2021	2020
Income	8.7	12.1
Expenditure	10.0	10.3
Net (expenditure) / income	(1.3)	1.9
Non-cash items and working capital movements	1.1	1.5
Net cash supplied by / (used in) operating activities	(0.2)	3.4
Cash flows from investing & financing activities	(0.9)	(2.0)
Change in cash and cash equivalents in the year	(1.1)	1.4
Cash and cash equivalents at the start of the year	2.7	1.3
Cash and cash equivalents at the end of the year	1.6	2.7

Income

Total income in 2021 was £8.7 million, a decrease of £3.4m versus 2020. While this was a major reduction, it was largely anticipated after a record income year in 2020. Key project and grant agreements reached a conclusion during 2021, we were lapping our highly successful emergency appeal, and the continued impact of COVID-19 delayed a return to major fundraising events.

Income from individuals decreased by 7% to £1.7m, after growth of more than 30% in 2020. At £0.4m, income from fundraising events was 27% up on 2020 but still £1.1m below pre-pandemic levels of 2019 as very few face-to-face events were possible. Legacy income increased by more than £0.5m thanks mainly to one large bequest.

Income from trusts and foundations dropped by 40% (£1.7m) to £2.6m. This reflects lapping the positive impact of our emergency COVID-19 appeal in 2020, together with a number of grant-funded projects which reached or neared a conclusion in 2021. By way of comparison, income from these sources in 2019 was £2.5m.

Income from corporate donors dropped by nearly £1m to £2.6m. Similar to trust and foundations, this reflects the overhang from emergency appeal income in 2020, as well as the effects of the tough economic environment on some corporate sectors. We concluded our very successful 3-year partnership with Allen & Overy.

Income from charitable activities fell by £1.1m to £0.5m. We reached the end of our UK Aid Match project in Rwanda and Uganda in March 2021 (£0.7m), COVID-19-related delays to the delivery of work in Romania funded by the EU (£0.3m)

Expenditure

Expenditure was reduced from £10.3 million in 2020 to £10.0m in 2021. After major reductions in fundraising expenditure in 2020, we began a process of reinvestment behind our new fundraising strategy, with an increase of £0.2m as we prepared

for our brand and website relaunch which took place in early 2022. We plan to continue this reinvestment in fundraising in 2022, including enhancing our fundraising capabilities directly in our programme countries.

Our expenditure on charitable activities fell from £8.1 million to £7.7m. Key expenditure reductions were in Rwanda and Uganda as we successfully concluded our FCDO-funded project in those countries, and in Sudan as we closed our local office. Expenditure increased by £0.5m in Romania, reversing a fall in 2020. Elsewhere investment levels were broadly maintained at levels similar to those in 2020.

Operational Result

The resulting operational deficit of £1.3m was, after transfers, predominantly in restricted funds as we spent restricted income in line with our plans. Including exchange rate impacts, the impact on unrestricted funds was a reduction of £0.5m

Cash

Operational expenditure included £0.9m of non-cash items (principally depreciation and donations of properties to local authorities). Our in-year cashflow from operating activities was therefore (£0.2m).

We invested £0.8m in net capital expenditure, mainly the construction of new small group homes in Romania and the purchase of a small group home in Bosnia. We also continued planned repayments on our UBS programme-related investment loan (which is fully repayable by 2030).

Net cash flow in 2021 was therefore (£1.2m), leading to a closing cash position of £1.6m.

Reserves Policy

Our commitment to our national programmes is long-term, to drive the sustainable change and impact which is at the heart of our mission. As an organisation relying almost entirely on annual fundraised income, we need to hold adequate funds to enable us to react to any unexpected adverse impact on our finances and ensure we can cover future liabilities as they arise, whilst any short or long-term adjustments are made to our strategy. Therefore the financial principles underpinning our strategy are:

- Financial resilience through sufficient free reserves to provide stability of expenditure in our fundraising, operational activities, advocacy and core programmes work despite fluctuations in our income.
- Financial sustainability through fundable programmes which yield multi-year funding commitments from all sources, including grants, corporate partnerships and other major donors.
- Sufficient unrestricted funding and core cost coverage to enable appropriate investment in our people, capabilities, systems and process to sustain and enhance our income and impact.

The trustees reviewed the reserves policy in November 2020 and updated it to be set in terms of the level of free liquidity (i.e. unrestricted cash and marketable securities, less short-term financial debt). The target range for free liquidity was set based on the need for working capital (given income seasonality) and sufficient unrestricted funding to allow for variability in future income versus expenditure commitments. In consideration of these needs, we have set a target range for free liquidity of between £1.6m and £2.0m. This range equates approximately to between 2 and 2.5 months of total expenditure or between 4.5 and 6 months of unrestricted expenditure.

At the end of 2021, our free reserves stood at £0.9m. However, our free liquidity stood at the lower figure £466k, equivalent to between 1 and 1.5 months of unrestricted expenditure. Our future plans balance the need to build our free liquidity while continuing to invest in our mission, and we are targeting the delivery of a modest unrestricted operational surplus in each of the next 3 years to reach our target range.

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. Having navigated a challenging period in 2018-19, we reduced and restructured our debt and closed operations in Latin America, Sudan, Bosnia, and Transnistria. These decisions enabled us to reduce our annual deficit and strengthen our balance sheet.

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

- By the end of 2020, we had significantly strengthened our balance sheet, reducing our debt to £1.4m and restructured this amount so that it is repayable between 2021 and 2030.
- In 2021 we began to reinvest in marketing, communications and fundraising and built a solid plan for 2022 based on income growth of c20%. This is on track for delivery, supported by our new strategy, brand and website.
- In addition, our Ukraine Crisis appeal has delivered exceptional levels of support for geographies which were otherwise proving more difficult to fundraise for.
- Thanks to our fundraising efforts, including our Ukraine Crisis appeal, by early May 2022 our cash balances stood at more than £4m, with a very solid forecast for income for the rest of 2022.
- 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.
- Stress-testing of our forecast model through to the end of 2023 indicates a high degree of contingency and adaptability to changing circumstances.

Considering all of the above, the Trustees believe that Hope and Homes 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 26th May 2022 and signed on their behalf by:



Ramesh Parmar
Trustee and Treasurer



Richard Greenhalgh
Trustee and Chair

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

Opinion

We have audited the financial statements of Hope and Homes for Children ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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 2021 and of the group's 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the Trustees' Annual Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the directors' report included within the Trustees' Annual 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 charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the directors' report included within the Trustees' Annual Report.

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

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act

2006, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

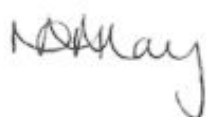
In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were employment legislation, taxation legislation and General Data Protection Regulations. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, grants payable, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance, Audit and Risk Committee about their own identification and assessment of the risks of irregularities, designing audit procedures over the timing of income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence including that with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

8 June 2022

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account) for the year ended 31 December 2021

	Notes	Unrestricted	Restricted	2021 Total	Unrestricted	Restricted	2020 Total
		£	£	£	£	£	£
Income from:							
Donations and legacies	2	3,359,963	4,787,971	8,147,934	3,523,674	6,826,841	10,350,515
Charitable activities	4	-	523,678	523,678	-	1,679,549	1,679,549
Trading activities		12,515	-	12,515	13,182	-	13,182
Investment income		1,144	-	1,144	1,226	235	1,461
Other income		5,244	11,901	17,145	24,835	77,257	102,092
Total income		3,378,866	5,323,550	8,702,416	3,562,917	8,583,882	12,146,799
Expenditure on:							
Raising funds	5	1,908,616	454,850	2,363,466	1,320,504	811,850	2,132,354
Charitable activities: work globally to eradicate the institutional care of children	5	2,444,816	5,235,302	7,680,118	2,552,745	5,592,222	8,144,967
Total expenditure		4,353,432	5,690,152	10,043,584	3,873,249	6,404,072	10,277,321
Net (expenditure)/ income		(974,566)	(366,602)	(1,341,168)	(310,332)	2,179,810	1,869,478
Transfers		654,485	(654,485)	-	1,229,132	(1,229,132)	-
Other recognised gains/(losses)		(151,032)	(188,732)	(339,764)	62,059	87,077	149,136
Net movement in funds		(471,113)	(1,209,819)	(1,680,932)	980,859	1,037,755	2,018,614
Reconciliation of funds:							
Total funds brought forward	16	1,864,251	4,729,336	6,593,587	883,392	3,691,581	4,574,974
Total funds carried forward	16	1,393,138	3,519,517	4,912,655	1,864,251	4,729,336	6,593,587

The notes on pages 28 to 41 form part of these financial statements.

BALANCE SHEETS

as at 31 December 2021

Registered Company Number: 04193179

	Notes	Group		Charity	
		2021	2020	2021	2020
		£	£	£	£
Fixed assets:					
Tangible fixed assets	12	2,238,808	2,705,521	18,798	26,356
Current assets:					
Donated properties under development		1,727,529	2,478,752	-	-
Stocks		47,887	28,923	-	-
Debtors and prepayments	13	975,128	577,225	913,300	430,048
Short-term bank deposits and cash resources	14	1,554,780	2,718,886	1,321,445	2,408,644
		4,305,324	5,803,786	2,234,745	2,838,692
Liabilities:					
Creditors: amounts falling due within one year	15a	323,105	544,803	262,572	451,641
Net current assets		3,982,219	5,258,983	1,972,173	2,387,051
Creditors: amounts falling due after more than one year	15b	1,308,372	1,370,917	1,298,763	1,370,917
Net assets		4,912,655	6,593,587	692,208	1,042,490
Funds:					
Restricted funds	16/17	3,519,517	4,729,336	806,699	1,605,091
Unrestricted funds	16/17	1,393,138	1,864,251	(114,491)	(562,601)
Total funds		4,912,655	6,593,587	692,208	1,042,490

The notes on pages 28 to 41 form part of these financial statements.

The parent charity made a deficit in the year of £350,282 (2020: surplus of £1,349,845).

The financial statements on pages 25 to 41 were approved and authorised for issue by the Board of Trustees on 26th May 2022.

Signed on behalf of the Board of Trustees by:

R D Parmar

Ramesh Parmar
Trustee and Treasurer

Richard Greenhalgh

Richard Greenhalgh
Trustee and Chair

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	20	(240,860)	3,446,400
Cash flows from investing activities:			
Interest received		1,144	1,461
Proceeds from sale of property		72,257	-
Purchase of property		(227,818)	(502)
Purchase of other fixed assets		(29,121)	(52,928)
Purchase of assets under development		(654,485)	(1,248,965)
Net cash (used in) investing activity		(838,023)	(1,300,934)
Cash flows from financing activities:			
Cash (outflows)/inflows from loans		(72,154)	(700,000)
Interest paid		(28,861)	(28,861)
Net cash (used in) financing activity		(101,015)	(728,861)
Change in cash and cash equivalents in the year		(1,179,898)	1,416,605
Cash and cash equivalents at the start of the year		2,718,886	1,321,613
Change in cash and cash equivalents due to exchange rate movements		15,792	(19,332)
Cash and cash equivalents at the end of the year		1,554,780	2,718,886

The notes on pages 28 to 41 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

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 13 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 undertakings (Hope and Homes for Children – Romania; and One Child One Family HHC – South Africa) 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). One Child One Family HHC South Africa is registered a non-profit company (NPC) with the Companies and Intellectual Property Commission in South Africa (registered 1 November 2017). The Boards of the subsidiaries include senior managers of the charity and the 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 charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements. The parent charity has also 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. Having navigated a challenging period in 2018-19, we reduced and restructured our debt and closed operations in Latin America, Sudan, Bosnia, and Transnistria. These decisions enabled us to reduce our annual deficit and strengthen our balance sheet.

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

- By the end of 2020, we had significantly strengthened our balance sheet, reducing our debt to £1.4m and restructured this amount so that it is repayable between 2021 and 2030.
- In 2021 we began to reinvest in marketing, communications and fundraising and built a solid plan for 2022 based on income growth of c20%. This is on track for delivery, supported by our new strategy, brand and website.

- In addition, our Ukraine Crisis appeal has delivered exceptional levels of support for geographies which were otherwise proving more difficult to fundraise for.
- Thanks to our fundraising efforts, including our Ukraine Crisis appeal, by early May 2022 our cash balances stood at more than £4m, with a very solid forecast for income for the rest of 2022.
- 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.
- Stress-testing of our forecast model through to the end of 2023 indicates a high degree of contingency and adaptability to changing circumstances.

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. At the balance sheet date, cash and bank balances, amounts receivable and payable and

fixed assets 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 subsidiaries is considered to be 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 above an appropriate local minimum threshold are capitalised 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	3 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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases. Assets held under finance leases are recognised as assets at the lower of the fair value of the assets at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to net income/(expenditure) for the year so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 are 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 ongoing 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 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.

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

	2021			2020	
	Unrestricted	Restricted	Total	Unrestricted	Restricted
	£	£	£	£	£
Individuals	1,409,295	313,894	1,723,189	1,638,409	223,576
Corporate donors	794,841	1,760,816	2,555,657	1,053,695	2,486,468
Charitable trusts and foundations	162,905	2,437,234	2,600,139	365,205	3,949,141
Community groups	20,213	192,613	212,826	70,363	143,074
Fundraising activities and events	336,838	83,414	420,252	306,314	24,582
Legacies	635,871	-	635,871	89,688	-
Total	3,359,963	4,787,971	8,147,934	3,523,674	6,826,841

3. LEGACY PIPELINE

Legacy notifications worth £322,352 to the charity did not meet the recognition criteria and hence have not been accounted for within these financial statements (2020: £104,795).

4. CHARITABLE ACTIVITIES

	2021			2020	
	Unrestricted	Restricted	Total	Unrestricted	Restricted
	£	£	£	£	£
FCDO UK Aid Match	-	487,301	487,301	-	1,189,370
Federal Ministry of Labour and Social Policy, Bosnia and Herzegovina	-	4,320	4,320	-	2,319
Netherlands Fund for Regional Partnerships (MATRA)	-	-	-	-	(1,241)
EU POCU Romania	-	4,507	4,507	-	293,749
EIDHR Sudan	-	27,550	27,550	-	67,582
UNICEF Ukraine	-	-	-	-	62,724
USAID Ukraine	-	-	-	-	65,046
Total	-	523,678	523,678	-	1,679,549

5. ANALYSIS OF EXPENDITURE

	Staff Costs	Other direct costs	Grants payable	Allocated support Costs	2021	2020
	£	£	£	£	£	£
Costs of raising funds	1,667,064	519,745	-	176,657	2,363,466	2,132,354
Charitable expenditure						
Global advocacy initiatives	140,132	129,130	-	21,752	291,014	326,944
East and Southern Africa						
<i>Rwanda and regional activities</i>	458,707	486,033	-	76,319	1,021,059	1,356,078
<i>South Africa</i>	210,727	139,533	22,953	30,149	403,362	423,612
<i>Sudan</i>	59,727	13,006	-	5,876	78,609	316,740
<i>Uganda</i>	4,625	933	118,127	9,992	133,677	452,599
Central and Southern Europe						
<i>Albania</i>	-	5,425	-	438	5,863	-
<i>Bosnia and Herzegovina</i>	91,499	224,723	-	25,545	341,767	228,172
<i>Bulgaria</i>	254,423	127,176	-	30,827	412,426	459,584
<i>Moldova and Transnistria</i>	14,305	2,794	365,374	30,897	413,370	447,865
<i>Romania and regional activities</i>	632,531	2,763,587	-	274,350	3,670,468	3,160,322
Eastern Europe and Central Asia						
<i>Ukraine and regional activities</i>	143,404	180,698	-	26,182	350,284	375,022
Latin America	305	61	7,780	658	8,804	23,651
South and South East Asia						
<i>India</i>	79,902	5,433	150,802	19,076	255,213	252,709
<i>Nepal</i>	61,992	9,718	200,502	21,990	294,202	321,671
Total charitable expenditure	2,152,279	4,088,250	865,538	574,051	7,680,118	8,144,967
Total	3,819,343	4,607,995	865,538	750,708	10,043,584	10,277,321

Staff costs totalling £506,265 (2020: £486,974) are included in allocated support costs.

6. ANALYSIS OF SUPPORT COSTS

	2021	2020
	£	£
Directorate	177,763	152,629
Governance	55,768	59,582
Facilities management	77,614	108,493
Financial management	224,923	247,713
Information technology	118,030	115,956
Human resources	96,610	103,586
Total	750,708	787,959

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:

	2021	2020
	£	£
Child's i Foundation, Uganda	118,127	388,550
Copil Comunitate, Familie, Moldova	330,492	306,664
DONCEL	7,780	1,435
Hope for Children, Transnistria	34,882	77,718
Rosie May Foundation, Sri Lanka	-	3,000
Child In Need Institute, India	150,802	143,432
Forget Me Not, Australia	200,502	223,441
First Community Resource Centre, South Africa	22,953	-
Total	865,538	1,144,240

8. NET INCOME

Net income is stated after charging:

	2021	2020
	£	£
Depreciation of fixed assets	313,958	347,492
Donation of Small Group Homes to local authorities	1,160,575	422,979
Movement on exchange rate	11,799	9,919
Interest payable	28,861	28,861
Property rental	54,416	93,531
Auditor's remuneration – statutory audit	29,640	28,800
Auditor's remuneration – other services	6,000	2,400

9. TRUSTEES' REMUNERATION AND RELATED PARTY TRANSACTIONS

The trustees were not remunerated during the current or preceding financial years. No reimbursements were made to trustees for any expenses (2020: £412 to one trustee). Aggregate donations received from trustees during the year were £663 (2020: £883). No other benefits were awarded to Trustees during the financial year.

There were no related party transactions.

Aggregate transactions with the subsidiary undertakings were:

	2021	2020
	£	£
Funds remitted to:		
Hope and Homes for Children Romania	939,737	1,152,119
One Child One Family, HHCSA	179,794	305,937

10. STAFF COSTS AND NUMBERS

	2021	2020
	£	£
The costs of employing the UK contracted staff were:		
Salaries	1,839,098	1,793,028
National insurance	198,316	176,906
Pension scheme	86,261	91,556
	2,123,675	2,061,490
The costs of employing overseas staff on local contracts were:		
Salaries and local taxes	2,202,974	2,679,657
	4,326,649	4,741,147
The average number of contracted staff during the year was:		
	2021	2020
	No.	No.
In the UK	48	51
Overseas	128	160
	176	211

The total employee remuneration of the Senior Management Team (Key Management Personnel) was £519,727 (2020: £456,704). The increase was due to the expansion of the Senior Management Team from four roles to five.

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

	2021	2020
	No	No
£60,000-£69,999	2	1
£70,000-£79,999	3	2
£80,000-£89,999	1	1
£90,000-£99,999	1	1
£100,000-£109,999	1	1
£110,000-£119,999	-	-
£120,000-£129,999	1	1

Hope and Homes for Children paid pension contributions for higher paid employees amounting to £20,601 (2020: £17,166).

Termination payments were made or accrued as compensation for loss of employment totalling £14,745 (2020: £83,467) in accordance with organisational policy and the legal requirements of the countries in which the individuals work.

11. PENSION SCHEME

For employees based in the UK, the charity contributes up to 6% of members' salaries towards a defined contribution pension scheme, which is administered on its behalf by Aviva. At the year-end there were outstanding contributions of £nil (2020: £nil).

For employees based in Belgium, the charity contributes 4% of members' salaries towards a defined contribution pension scheme, which is administered on its behalf by Allianz. At the year-end there were outstanding contributions of £1,842 (2020: £890).

12. TANGIBLE FIXED ASSETS

GROUP	Land and Buildings	Improvements to leasehold Property	Motor vehicles	Office Equipment and Furniture	IT Equipment	Total
	£	£	£	£	£	£
Cost at 1 January 2021	4,662,613	214,726	181,855	81,392	226,253	5,366,839
Additions	287,241	-	14,562	3,570	10,989	316,362
Disposals	(295,672)	-	-	(18,549)	(43,608)	(357,829)
Foreign exchange movement	(373,134)	-	(15,989)	(1,538)	(5,799)	(396,460)
Cost at 31 December 2021	4,281,048	214,726	180,428	64,875	187,835	4,928,912
Depreciation at 1 January 2021	2,024,843	214,726	174,792	67,084	179,873	2,661,318
Charge for the year	276,326	-	5,889	7,792	23,951	313,958
Disposals	(34,076)	-	-	(18,549)	(43,242)	(95,867)
Foreign exchange movement	(168,610)	-	(14,306)	(1,835)	(4,554)	(189,305)
Depreciation at 31 December 2021	2,098,483	214,726	166,375	54,492	156,028	2,690,104
Net book value At 31 December 2021	2,182,565	-	14,053	10,383	31,807	2,238,808
At 31 December 2020	2,637,770	-	7,063	14,308	46,380	2,705,521

CHARITY	Land and Buildings	Improvements to leasehold Property	Motor vehicles	Office Equipment and Furniture	IT Equipment	Total
	£	£	£	£	£	£
Cost at 1 January 2021	59,813	214,726	-	46,324	151,578	472,441
Additions	170,566	-	-	-	6,981	177,547
Disposals	(170,566)	-	-	(14,771)	(39,201)	(224,538)
Cost at 31 December 2021	59,813	214,726	-	31,553	119,358	425,450
Depreciation at 1 January 2021	59,813	214,726	-	45,327	126,219	446,085
Charge for the year	-	-	-	997	13,176	14,173
Disposals	-	-	-	(14,771)	(38,835)	(53,606)
Depreciation at 31 December 2021	59,813	214,726	-	31,553	100,560	406,652
Net book value At 31 December 2021	-	-	-	-	18,798	18,798
At 31 December 2020	--	--	-	997	25,359	26,356

The freehold property represents a portfolio of buildings acquired or built as part of deinstitutionalisation projects in Romania, Albania and Bosnia and Herzegovina. The portfolio comprises 55 properties (2020: 52 properties) which are used as small group homes, day centres, emergency reception centres and as a training centre.

Motor vehicles include one car acquired under a finance lease with a carrying value of £14,053 (2020 nil).

13. DEBTORS AND PREPAYMENTS

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Other debtors and accrued income	928,604	512,585	877,074	368,195
Tax recoverable	13,894	31,422	13,894	31,422
Prepayments	32,630	33,218	22,332	30,431
	975,128	577,225	913,300	430,048

14. CASH AND CASH EQUIVALENTS

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Cash in hand:				
Held in the UK	1,216,936	2,220,546	1,216,936	2,220,546
Held overseas	337,844	498,340	104,509	188,098
	1,554,780	2,718,886	1,321,445	2,408,644

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

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Trade creditors	108,241	86,627	68,597	57,795
Other creditors	31,960	95,121	26,594	73,780
Grants payable	-	61,042	-	61,042
Interest payable	12,098	12,098	12,098	12,098
Taxation and social security costs	52,236	82,450	47,543	65,341
Deferred income	-	30,933	-	5,053
Accruals & Provisions	43,381	104,378	35,586	104,378
Finance lease	3,035	-	-	-
Loan	72,154	72,154	72,154	72,154
	323,105	544,803	262,572	451,641

Deferred income in the prior year related to portions of grants made for charitable activities which will be recognised in future periods when the cost is incurred for the charitable activities for which these grants were made. All income deferred in the prior year was released in 2021, and no income was deferred in the current year.

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

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Loan	1,298,763	1,370,917	1,298,763	1,370,917
Finance Lease	9,609	-	-	-
	1,308,372	1,370,917	1,298,763	1,370,917

Of the loan balance, there are loan repayments of £577,228 payable in 1-5 years, with the remaining balance due in 6-10 years, payable in instalments. All of the finance lease is payable in less than 5 years.

16. GROUP FUNDS

Current year	Balance at	Income	Expenditure	Transfers	Other	Balance at
	1 Jan 2021				recognised gains/losses	31 Dec 2021
	£	£	£	£	£	£
Restricted funds						
Overseas property fund	2,637,772	-	(537,921)	287,241	(204,524)	2,182,568
Rwanda	239,080	714,836	(716,416)	-	-	237,500
Rwanda: funded by FCDO*	-	467,702	(467,702)	-	-	-
South Africa	30,000	305,032	(233,282)	-	(3,448)	98,302
Sudan	-	28,888	(28,888)	-	-	-
Bosnia and Herzegovina	242,428	19,019	(90,881)	(170,566)	-	-
Bulgaria	50,014	529,629	(436,962)	-	-	142,681
Moldova and Transnistria	244,088	49,558	(293,646)	-	-	-
Romania	923,478	2,509,527	(2,008,025)	(771,160)	19,241	673,061
Latin America	-	249,323	(249,323)	-	-	-
India	138,794	107,288	(246,082)	-	-	-
Nepal	223,682	210,580	(323,857)	-	-	110,405
Global Advocacy	-	132,168	(57,168)	-	-	75,000
<i>Sub-total</i>	<i>4,729,336</i>	<i>5,323,550</i>	<i>(5,690,153)</i>	<i>(654,485)</i>	<i>(188,731)</i>	<i>3,519,517</i>
Unrestricted funds						
Designated funds						
<i>Fixed assets fund</i>	67,751	-	(37,999)	29,121	(2,632)	56,241
General fund	1,796,500	3,378,866	(4,315,432)	625,364	(148,401)	1,336,897
<i>Sub-total</i>	<i>1,864,251</i>	<i>3,378,866</i>	<i>(4,353,431)</i>	<i>654,485</i>	<i>(151,033)</i>	<i>1,393,138</i>
Total funds	6,593,587	8,702,416	(10,043,584)	-	(339,764)	4,912,656
Previous Year	Balance at	Income	Expenditure	Transfers	Other	Balance at
	1 Jan 2020				recognised gains/losses	31 Dec 2020
	£	£	£	£	£	£
Restricted funds						
Overseas property fund	2,901,826	-	(370,965)	502	106,409	2,637,772
Rwanda	121,875	883,677	(766,472)	-	-	239,080
Rwanda: funded by FCDO*	-	1,189,370	(1,189,370)	-	-	-
South Africa	-	363,766	(333,766)	9,943	(9,943)	30,000
Sudan	-	68,994	(68,994)	-	-	-
Bosnia and Herzegovina	350,365	166,987	(274,924)	-	-	242,428
Bulgaria	78,590	441,330	(469,906)	-	-	50,014
Moldova and Transnistria	127,585	425,145	(308,642)	-	-	244,088
Romania	56,375	3,755,032	(1,638,963)	(1,239,577)	(9,389)	923,478
Ukraine	-	128,436	(128,436)	-	-	-
India	54,965	346,687	(262,858)	-	-	138,794
Nepal	-	565,808	(342,126)	-	-	223,682
Global Advocacy	-	248,650	(248,650)	-	-	-
<i>Sub-total</i>	<i>3,691,581</i>	<i>8,583,882</i>	<i>(6,404,072)</i>	<i>(1,229,132)</i>	<i>87,077</i>	<i>4,729,336</i>
Unrestricted funds						
Designated funds						
<i>Fixed assets fund</i>	78,996	-	-	(11,008)	(237)	67,751
General fund	804,396	3,562,917	(3,873,249)	1,240,140	62,296	1,796,500
<i>Sub-total</i>	<i>883,392</i>	<i>3,562,917</i>	<i>(3,873,249)</i>	<i>1,229,132</i>	<i>62,059</i>	<i>1,864,251</i>
Total funds	4,574,973	12,146,799	(10,277,321)	-	149,136	6,593,587

**This project was funded by the Foreign and Commonwealth Development Office 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 was 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. Expenditure in this fund of £537,921 represents the impact of depreciation charges and asset disposals. Transfers from the general fund of £287,241 represent the impact of the acquisition of restricted fixed assets. Other recognised losses of £204,524 in this fund represent the impact of exchange rate movements.

Designated funds

The fixed asset fund represents the net book value of unrestricted fixed assets. Expenditure in this fund of £37,999 represents the impact of depreciation charges and asset disposals. Transfers from the general fund of £29,121 represent the acquisition of unrestricted fixed assets. Other recognised losses of £2,632 in this fund represent the impact of 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. Expenditure on assets under development has been transferred to the general fund from the Romania restricted fund, together with the impact of exchange rate movements on the carrying value of these assets.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Unrestricted funds 2021	Restricted funds 2021	TOTAL 2021	Unrestricted funds 2020	Restricted funds 2020	TOTAL 2020
	£	£	£	£	£	£
Tangible fixed assets	56,241	2,182,567	2,238,808	67,749	2,637,772	2,705,521
Current assets	2,902,511	1,402,813	4,305,324	3,552,966	2,250,820	5,803,786
Current liabilities	(266,851)	(56,254)	(323,105)	(385,547)	(159,256)	(544,803)
Long term liabilities	(1,298,763)	(9,609)	(1,308,372)	(1,370,917)	-	(1,370,917)
	1,393,138	3,519,517	4,912,655	1,864,251	4,729,336	6,593,587

CHARITY	Unrestricted funds 2021	Restricted funds 2021	TOTAL 2021	Unrestricted funds 2020	Restricted funds 2020	TOTAL 2020
	£	£	£	£	£	£
Tangible fixed assets	18,798	-	18,798	26,356	-	26,356
Current assets	1,428,045	806,700	2,234,745	1,167,507	1,671,185	2,838,692
Current liabilities	(262,572)	-	(262,572)	(385,547)	(66,094)	(451,641)
Long term liabilities	(1,298,763)	-	(1,298,763)	(1,370,917)	-	(1,370,917)
	(114,492)	806,700	692,208	(562,601)	1,605,091	1,042,490

18. LEASE COMMITMENTS

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

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Expiry date:				
Within one year	24,858	13,788	17,878	4,335
One to five years	-	7,507	-	-
After five years	-	-	-	-

19. FINANCIAL INSTRUMENTS

Financial assets that are debt instruments measured at amortised cost:

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Other debtors	928,604	512,585	887,073	368,194
Short term bank deposits and cash resources	1,554,780	2,718,886	1,321,445	2,408,644

Financial liabilities measured at amortised cost:

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Trade creditors	108,241	86,627	68,597	57,795
Other creditors	31,960	95,121	26,594	73,780
Grants payable	-	61,042	-	61,042
Interest payable	12,098	12,098	12,098	12,098
Accruals	32,636	63,635	24,840	63,635
Finance leases	12,634	-	-	-
Loans	1,370,917	1,443,071	1,370,917	1,443,071

20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	2021	2020
	£	£
Reconciliation of net income to net cash flow from operating activities		
Net (expenditure)/income	(1,341,168)	1,869,478
Depreciation charge	313,958	347,493
Loss on disposal of fixed assets	367	7,044
Donation of Small Group Homes to Local Authorities	1,197,885	422,977
Loss on disposal of overseas properties	189,339	80,364
Interest receivable	(1,144)	(1,461)
Interest payable	28,861	28,861
(Increase)/decrease in stock	(18,965)	(28,278)
Decrease/(Increase) in debtors	(397,903)	971,325
(Decrease)/Increase in creditors	(212,090)	(251,403)
Net cash (used in)/supplied by operating activities	(240,860)	3,446,400

21. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2021	Cash Flows	Other movement	Foreign Exchange movement	At 31 Dec 2021
	£	£	£	£	£
Cash	2,718,886	(1,179,901)	-	15,795	1,554,780
Loans falling due within one year	(72,154)	72,154	(72,154)	-	(72,154)
Loans falling due after more than one year	(1,370,917)	-	72,154	-	(1,298,763)
Finance Lease	-	-	(12,634)	-	(12,634)
Total Net Debt	1,275,815	(1,107,747)	(12,634)	15,795	171,229

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: 1/23.01.200113661594) and South Africa (No: 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.

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

	2021	2020
	£	£
Assets	4,248,700	5,570,494
Liabilities	(65,862)	(93,162)
Funds	4,182,838	5,477,332
Income	2,638,407	3,596,893
Expenditure	(3,932,901)	(2,971,197)
(Deficit)/Surplus	(1,294,494)	625,696

Summary of the results of One Child One Family HHCSA:

	2021	2020
	£	£
Assets	41,890	73,766
Liabilities	(4,279)	-
Funds	37,611	73,766
Income	324,647	376,838
Expenditure	(360,802)	(361,205)
(Deficit)/Surplus	(36,155)	15,633

23. CAPITAL COMMITMENTS

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Homes and services for beneficiaries	253,795	460,033	-	-