



Registered Company Number : 4193179  
Registered Charity Number : 1089490

**HOPE AND HOMES FOR CHILDREN**

**TRUSTEES' ANNUAL REPORT  
and  
CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 DECEMBER 2018**



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## **HOPE AND HOMES FOR CHILDREN**

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## HOPE AND HOMES FOR CHILDREN

### LEGAL AND ADMINISTRATIVE INFORMATION for the year ended 31 December 2018

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#### Status

Hope and Homes for Children is a charitable company limited by guarantee. It was incorporated on 3 April 2001 (Company number: 4193179) and registered as a charity on 26 November 2001 (Charity number: 1089490).

#### Founder Presidents

Mark Cook OBE

Caroline Cook OBE

#### Patrons and Ambassadors

Kate Adie OBE DL

Jay Jopling

Martin Bell OBE

Gordon McNally

Matt Bell

The Rt Hon Sir Donald McKinnon ONZ GCVO

Rukhiya Budden

Natalie Pinkham

Mariana Dahan

Mrs Lily Safra

General The Lord Dannatt GCB CBE MC DL

Dame Kristin Scott Thomas DBE

Rick Foulsham CMG

The Rt Hon The Lord Selkirk of Douglas PC QC

David Furnish

Sam Taylor-Johnson OBE

Nick Hewer

James Whiting

Alastair Humphreys

Claire Wright

The Lady Jopling MBE

#### Trustees and Directors

Matthew Banks ^

Andy Bilson x

Vicky Bruce ^

Bridget Cluley, BEM

(resigned 2 February 2018)

Richard Greenhalgh ^ Chairman

Mark Grinonneau \* Treasurer

Carol Haslam

(resigned 9 May 2019)

Alexander Matheou x

(appointed 3 April 2018)

Camilla Otto x

(appointed 3 April 2018)

Anna Segall o

(appointed 3 April 2018)

Mark Shadrack \*

(appointed 3 April 2018)

Malcolm Sweeting \*

Mike Thiedke o

(appointed 1 January 2019)

Dean Williams

(resigned 19 July 2018)

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

#### Senior Management Team (Key Management Personnel)

Mark Waddington Chief Executive

Delia Pop Director of Programmes and Global Advocacy

Sue Rooke Director of Resources and Company Secretary

Sarah Whiting Director of Marketing, Communications and Fundraising

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

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

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

**Website:** more information about the charity can be found at [www.hopeandhomes.org](http://www.hopeandhomes.org)

## HOPE AND HOMES FOR CHILDREN

### TRUSTEES' ANNUAL REPORT and STRATEGIC REPORT for the year ended 31 December 2018

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

##### **Vision**

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

##### **Mission**

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

##### **The rationale for our strategy**

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

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

##### **Theory of change**

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

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

##### **Strategic Aim**

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

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

## HOPE AND HOMES FOR CHILDREN

### TRUSTEES' ANNUAL REPORT and STRATEGIC REPORT for the year ended 31 December 2018

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#### Ten-year strategic priorities

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

#### **STRATEGIC PRIORITY 1: DRIVING REGIONAL REFORM - We will:**

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

#### **STRATEGIC PRIORITY 2: DRIVING GLOBAL REFORM - We will:**

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

#### **STRATEGIC PRIORITY 3: INVESTMENT, REVENUE AND BRAND**

We estimate that the revenue needed to succeed with our strategic aim will require us to be generating annual fundraised income of £20 million and a further £10 million from statutory and other official sources, including from the EU, UN agencies and the World Bank.

We will:

- continue to increase the investment in our fundraising capacity. We estimate that we require a further £10 million in investment across the organisation to achieve the scale of sustainable revenue generation we need to succeed with this strategy.
- strengthen the role of our brand, communication and marketing capability within our Fundraising team, to draw on the information and learning from across the organisation and harness it to successfully deliver the growth in revenue we require.
- work with major private sector and media partners to in turn influence their staff, suppliers, clients and wider audiences to make orphanages an unacceptable way to look after children.

## HOPE AND HOMES FOR CHILDREN

### TRUSTEES' ANNUAL REPORT and STRATEGIC REPORT for the year ended 31 December 2018

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#### STRATEGIC REPORT - WHAT WE ACHIEVED IN 2018

2018 was another year which demonstrated the scale of what Hope and Homes for Children is able to achieve. We continued to progress the reform of child care and protection in our Countries of Operation as well as the work done in our Strategic Pilot projects. Towards the end of the year we began planning a new pilot project in Nepal. In each of these programmes we work alongside local authorities to prevent children from being placed in institutions, and reunite many who are confined in them back with their families or place them in alternative forms of family care.

This work is important because it has enabled us to operate successfully as a catalyst. By demonstrating that closures can be properly achieved we have been able to develop practice and expertise at the cutting edge of reform, and amass the evidence needed to inform the planning of services and policies that will benefit many more children.

Governments are taking note. During 2018 we worked with the Department for International Development toward a cross-government statement that was announced by the Secretary of State at the first Global Disability Summit. This statement clearly recognised the harm inflicted by orphanages and the importance of ensuring that children grow up with the love and protection of a family. In turn, the statement helped us to launch our Private Sector Task Force which includes influential UK-based international businesses. The Task Force has distilled a mandate from the official statement for their work to help drive reform at a global level.

Being able to connect our work with individual children and families, in a way that their voices and experiences can shape policy, is vital in that it ensures that decisions made at the highest level not only deliver a meaningful impact in their lives, but remain relevant in the lives of the many children and families we are unable to work with directly.

In 2018, we set ourselves eight priorities to help us maximise our impact for children. Some of the year's key achievements in relation to these goals are explained below:

#### ***Priority 1 - 5,000 social workers, child protection and other childcare professionals and volunteers trained.***

Replacing orphanages with child protection systems that ensure all children can grow up in a safe and loving family environment takes time, skill and understanding which is why training the social workforce needed to deliver reform in the countries where we work is so essential. In 2018, we trained 9,353 social workers, child protection and other childcare professionals and volunteers (2017: 5,000).

Examples of some of the initiatives that took place during the year are:

- In Ukraine, we developed and gained government approval for Ukraine's first ever recognised deinstitutionalisation training programme.
- Iași is one of the largest and poorest counties in Romania with the highest rate of children in orphanages and families at risk of separation. We delivered training to over 400 professionals involved in reforming the child protection system. Sharing skills, knowledge and experience has enabled these staff to apply their learning as they were directly involved in institution closure projects in the county.
- We also developed targeted training modules. In Bulgaria, we delivered training to more than 100 specialists who work in Family-Type Placement Centres for children with disabilities. The programme supports care-givers to understand the special needs of children and young people with both physical and learning disabilities and identify innovative new ways to make sure their care has the greatest positive impact on children's lives.

## HOPE AND HOMES FOR CHILDREN

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#### ***Priority 2 - 39,000 children benefiting from prevention services.***

80% of children who are confined to orphanages have at least one living parent or other close relative. It is the lack of support for families who are struggling with poverty, disability, discrimination and other pressures that drives children into orphanages. Therefore developing services that make it possible for parents to care for their children at home and not have to resort to institutions is important. In 2018, 42,846 children were prevented from being separated from their families and entering an institution (2017: 39,120). Specific activities included the following:

- In January 2018, a new social crèche was opened in Balti, Moldova specifically to provide free childcare for up to 13 children. With our partner, CCF Moldova, we were able to provide training for staff as well as support and guidance to parents to help them enrol their children in the crèche.
- Rooted in the knowledge that "It takes a village to raise a child", we pioneered the development of Community Development Networks (CDNs) across Rwanda to bring together local leaders, community policing representatives, church leaders, and health and education professionals to support vulnerable children and families. In 2018, we rolled out the model in five more Districts across the country. The CDNs helped to generate community support for initiatives to prevent children entering orphanages and found alternative solutions to the care needs of children at risk. One of their central roles was to act as gatekeepers to the care system and ensure that the right placement decision was made for each individual child.
- During 2018, we were able, with our partner Child's i Foundation, to move ahead with the pilot closure of an orphanage in Tororo, Uganda and to develop prevention and gatekeeping mechanisms to stop children entering this orphanage and also one in Makindye Division of Kampala. An important element of this work was engaging more stakeholders in the reform process.

The projects in Uganda and Rwanda are supported by UK Aid from the Department for International Development.

#### ***Priority 3 - 250,000 children benefiting from alternative care arrangements.***

Providing safe and loving family-based alternatives for children is a fundamental part of the change needed to create a world where no child grows up in institutional care. Our first priority when we close an institution is to work with families to make it possible for children to return home. In some cases, this is not feasible or appropriate and so our social work teams ally with the local child protection authorities to find safe and sustainable care alternatives for children. These include fostering and adoption as well as placements in Small Family Homes, all of which enable all children, whatever their needs, to grow up in family environments and not in institutions.

During 2018 we successfully placed 780 children directly out of institutions and into families or community-based care (2017: 680) and benefitted 42,846 children (2017: 39,120) through the prevention services we helped to develop over the course of the year. We were able to deliver broader impact through the training of 9,353 professionals, each of whom benefit some 50 children, yielding an estimated impact figure of over 460,000 children and young people.

Specific examples were:

- With our partners CCF Moldova, we continued to extend, develop and diversify foster care services in the country. In 2018, working with the local authorities, we trained 85 potential foster parents, 60 of whom were approved to care for up to 180 children who need new families. Together with other organisations, we successfully argued for an increase in the financial support available to foster parents, especially those caring for the youngest children, in order to make it possible for more families to welcome vulnerable children into their homes.

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- In 2018, we opened five Small Group Homes (SGHs) for children from two of our orphanage closure programmes in Romania. This meant that 62 children moved to a family-like environment where they are cared for and respected as individuals. Construction and renovation work continued to establish several more SGHs in five counties across the country.

***Priority 4 – Collection and analysis of the data needed to calculate the necessary funding required to eliminate institutions in three regions progressed with strategies to secure the funds also in development.***

When we meet with government ministers and regional authorities we need to be able to demonstrate what it will cost to replace orphanages with family and community-based child protection systems. In 2018 we continued to carry out research to support our case and help to achieve effective and sustainable reform at national and regional level.

Key achievements were:

- Considerable progress was made in Romania through a detailed analysis of the cost involved in completing the reform process. Our data showed that 21 children could be supported to stay in their families for the cost of keeping one child in an orphanage. This evidence will be used to make a powerful case to secure the funds needed to carry out reform.
- In 2018, research began to establish the cost of reform in the Dnipropetrovsk Oblast (region) of Ukraine. Reforming Ukraine's child protection system is a vast challenge, which is why this work to assemble the detailed evidence needed to make the case for funding real and lasting change for children is important.

***Priority 5 - New pilot project established and being implemented in India.***

In 2018, our new project in Jharkhand State, with children at risk of being placed into institutional care or at risk of violence because they are already confined to institutional care, progressed from inception to implementation phase. Working in collaboration with government structures and existing child protection mechanisms, this Strategic Pilot project aims to demonstrate that all children can flourish in a safe, family environment. Specifically, through this work our partners, including our implementing partner, Child In Need Institute, want to help end stigmatisation of and discrimination towards children with disabilities.

***Priority 6 - Opening Doors for Europe's Children and Transform Alliance Africa progress international and national level commitments to eliminating institutions across Europe and Africa.***

Working through and with partners at all levels is at the heart of the global change we are striving to achieve: building a movement to advocate and drive reform worldwide. In 2018, we continued our support of Transform Alliance Africa (TAA), a coalition of organisations working for care reform across Africa. In addition, we are founding members of Opening Doors for Europe's Children, a campaign which brings together five international organisations and civil society across 16 European countries

Highlights were:

- In April, young care leavers and TAA representatives took part in a Youth Forum during the Commonwealth Heads of Government Meeting (CHOGM) in London. Their participation led directly to the Forum calling on all member states to renew their commitment to 'Leave No One Behind', recognising that many millions of children and young people still live in institutions.
- In August, our Head of Learning and Engagement gave a keynote speech on care reform at the first International Conference on Child Protection in Africa held in Nairobi. More than 260 participants from over 25 countries took part. As a result, at the end of the conference, two out of seven conference resolutions and a call to action were related to ending the institutional care of children.



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- At the United Nations in Geneva, we contributed evidence to the UN's Disability Committee as it investigated the compliance of South Africa with the UN Convention on the Rights of People with Disabilities. Our recommendations were upheld and the Committee made strong recommendations for South Africa to do more to close its orphanages for children with disabilities and support the families of children with disabilities.
- In November, TAA held its Annual Assembly in Kampala, Uganda with 40 participants representing organisations from seven African countries. The meeting drafted a shared policy statement which we will be able to use in our advocacy efforts with various stakeholders including governments.
- In 2018, the European Commission included specific commitments to fund programmes that prioritised deinstitutionalisation, care reform and support for family and community-based systems of care in its initial proposal for the EU Budget over the next seven years. This was a major breakthrough for the Opening Doors campaign and our own advocacy contributions.

#### ***Priority 7 – Help form a representative group of experts to develop joint plans to eliminate institutional care at global level.***

Ending the institutional care of children worldwide is a complex process and we cannot hope to achieve our mission alone. To succeed, we must work closely with other like-minded organisations. This means collaboration, sharing and learning in addition to building a global network of experts to support and accelerate the transition of all children out of orphanages and back into families and communities.

#### Highlights were:

- Framed by the tenth anniversary of the UN Guidelines on Alternative Care, we played an important role in establishing a network of 25 organisations, all working on the transition from institutional to family and community-based care. In August, at a meeting co-hosted by Miracle Foundation and the London Business School, the group collectively considered pathways to systems change and models for collaboration. Subsequently, participants have formed a group called 'Belong' and launched an online platform where members can request and share learning on the implementation of deinstitutionalisation programmes.
- We were also actively involved in coalitions to develop a new UN Global Study on Children Deprived of Liberty and to influence the 2019 UN Resolution on the Rights of the Child which will focus on Children without Parental Care.

#### ***Priority 8 - Private sector working group established to begin harnessing the capacity of multi-national companies to make orphanages an unacceptable way of looking after children.***

We want to redirect the resources of big business to support families, not orphanages. Leading companies are some of the most generous donors in the UK, but significant amounts of the funding they provide unwittingly supports an overseas orphanage economy that harms and exploits children instead of protecting them. In 2018, we established 'The Task Force for Families not Orphanages', made up of senior politicians and representatives from the UK's leading businesses, to support a change of direction.

#### The key milestones in 2019 were:

- At the Global Disability Summit in London in July, the International Development Secretary made a landmark announcement recognising that institutions harm children's development and making a commitment to ensure all children realise their right to family care. The Task Force subsequently worked to support the Government with a result that, by December, the issue had been included in the UK's first Global Disability Strategy.
- We co-ordinated action with other leading charities and, with Lumos, led an alliance of NGOs, including in launching a Civil Society Compact that calls on signatories to echo the UK's commitment and support global change for children in overseas orphanages.

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#### PLANS FOR FUTURE PERIODS

Our Business Plan sets the following priorities for 2019:

- Continue reducing the number of children confined in orphanages nationally in Bulgaria, Moldova, Rwanda and Romania, and at District and Provincial levels in Ukraine, Bosnia, Sudan, South Africa and Uganda.
- Progress our pioneering closures of orphanages for children living with disabilities in Rwanda and Romania.
- Launch a new strategic pilot project in Nepal while progressing our existing strategic pilot project in India.
- Secure draft EU commitments for childcare reform across its member states and in its support of countries through its various aid funding, and support the agreement of a UN resolution on children without parental care.
- Work through our Private Sector Task Force to strengthen the UK Government's commitment to promoting reform internationally.

#### FUNDRAISING STRATEGY AND APPROACH

As stated above, Hope and Homes for Children is in a period of strategic income growth. The approach for this is set out in *Organisational Fundraising Strategy 2015 – 2022* which has been approved by the Board. In it we have identified that to complete our mission we require funding of £30million, per year, by 2022, for 30 years. These are indicative figures but give a sense of the organisational ambition required to deliver our mission. To deliver £30 million organisationally by 2022 we projected the need to lift core sustainable fundraised income from £10 million at the end of 2017 (the end of the first strategic planning cycle) to approximately £20 million by the end of 2022, with the remaining £10 million projected from statutory and government sources. We are pleased to have exceeded our 2017 milestone and despite the setback in 2018 referred to in the Financial Review, have set the focus for the next strategic phase of becoming ever more brand led, sustainable and global in influence and reach. Therefore we move into 2018 – 2022 phase with three specific key areas of transformation:

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

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

Our fundraising work is undertaken by our directly employed fundraising team and we do not use professional fundraisers or commercial participants. We closely monitor the quality of our fundraising work and as part of this review fundraising complaints from donors and members of the public. During 2018, we received 33 complaints about our fundraising work (2017: 25). The majority of these complaints related to administrative issues.

#### RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Senior Management Team reviews risks within the Charity at its meetings as well as monitoring external developments that may impact on the organisation. It has systems and procedures to mitigate the risks identified from operational activity as well as procedures to minimise impact should any of the risks materialise. Risk management is a standing item at each of the meetings of the Finance Audit and Risk

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### **TRUSTEES' ANNUAL REPORT and STRATEGIC REPORT for the year ended 31 December 2018**

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Committee, where any new risks or material increase in risk is discussed and raised at the Board of Trustees, if necessary.

During our strategic planning cycle as we continue to grow, we have identified overstretch across the charity as the key risk that could lead to increased organisational vulnerability, specifically:

- In programmatic terms our work is increasingly delivered through national and regional partners' and to increasing numbers of beneficiaries. Consequently, the risk of a child protection incident is likely to increase, while our ability to directly control it is reduced.
- In fundraising terms overstretch might undermine our attention to as well as capacity to ensure high quality relationships with our key supporters.
- In financial management terms overstretch might reduce our capacity to maintain our internal auditing processes and financial monitoring.

We will mitigate these risks by:

- Continuing to evolve our on-going due diligence and capacity development of partner organisations, training of our own staff, and by continuing to strengthen our safeguarding policy implementation, planning and monitoring.
- Controlling the breadth and scale of our programming so that we minimise the likelihood of overstretch, and where we do expand, we will invest in our capability to deliver it.
- Continuing investment in our fundraising capacity and the culture of our Fundraising team in a way that ensures world class account planning and relationship management.
- Assessing areas where skills and systems can be augmented to respond and implement organisational priorities implement the recommendations.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Structure**

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

### **Governance**

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

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

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

- Finance, Audit and Risk Committee (FARC) - which monitors and reviews financial and audit activity, the risk and control framework, organisational governance and the statutory accounts.

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

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

#### **The Charity Code of Governance**

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

Whilst we already apply a number of the recommended practices relating to each of the Code's seven principles, our initial focus has been on broadening and diversifying the skill set of the Board and reviewing sub-committee terms of reference and membership. During 2019, we will be using time at Board meetings to consider the ways in which we can implement further improvements in the organisation's governance standards and increase the Board's overall effectiveness.

#### **Management**

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

#### **Public benefit**

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

#### **Related Parties**

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

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

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

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

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

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#### Remuneration Policy

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

#### Financial Review

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

Since 2013 HHC has been working to a strategic plan that involves growth of the operational capacity and impact of the organisation with investment being made to grow income and to improve the financial sustainability of the charity. After a record year in 2017, progress was disrupted in 2018. During the year, confirmed commitments totalling £1.2 million were withdrawn due to reasons beyond our control. While we sought to accommodate this with a series of cuts, it nevertheless resulted in a significant loss of general reserve.

Total income in 2018 was £9.1 million which was £2.6 million down on the 2017 comparative figure of £11.7 million. Income from individuals fell from £1.9 million in 2017 to £1.1 million in 2018. In the final quarter of 2017, donations were significantly boosted by the End the Silence appeal which ran as part of DFID's UK Aid Match Scheme and the reduction in 2018 takes us back to the same level as 2016.

Corporate income fell by just over £1.1 million to £2.2 million in 2018. In 2016 and 2017, we benefited from being one of two nominated Charities of the Year of Deutsche Bank, raising just over £1 million a year for the two years of the award. There was no similar relationship in 2018 although during the year we were successfully selected by the staff of Allen & Overy to benefit from their fundraising in 2019 and 2020.

Income from trusts and foundations also fell by just over £1.1 million to £2.8 million after a record level in 2017. This relates to two foundations – one brought forward to 2017, a 2018 instalment of a longer term commitment in order to fall within the DFID's UK Aid Match Appeal and a second gave a one off grant in 2017 at the instigation of one of their funders, again for the Appeal.

Activity fundraising from both community groups and events has risen during 2017 from £1.2 million to £1.4 million. The increase arose by adding one additional major event into the programme of activities. We are extremely grateful to all our participants in challenge events and a broad range of support we secure for our fundraising activities.

We received more funding in the form of grants directly related to our charitable activities, income in this area increasing from £0.8 million to £1.0 million. The majority of this funding is represented by a grant from the Department for International Development under the UK Aid Match programme and a European Union grant which directly supports our work in Romania. The former funding is applied to a project entitled No Child Left Behind. It is working to transform children's lives by creating a pathway for family and community living for children in institutional care in Rwanda and Uganda. The latter funding is for education related initiatives for children and young people from orphanages in Romania.

Expenditure rose from £10.0 million in 2017 to £12.3 million in 2018. In line with the plans to grow income the costs of raising funds rose from £2.7 million last year to £3.0 million this year. Investment was primarily made in additional staff. In August 2017 we secured financial support from the UBS Optimus Foundation in the form of a PRI (programme related investment) loan of £1.4 million. The loan is repayable in five years and interest is charged at 2%.

Our expenditure on charitable activities also rose, increasing from £7.3 million to £9.4 million. The significant increase related to our programme in Romania. During 2018, we saw the completion of a number of capital projects which were under development last year and the previous year. In line with our

## HOPE AND HOMES FOR CHILDREN

### TRUSTEES' ANNUAL REPORT and STRATEGIC REPORT for the year ended 31 December 2018

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policy, once complete and operational, these seven properties which had a value of just over £1.2 million were donated to the relevant local authority services to run as Small Group Homes or Day Centres.

As a result of the above, we recorded an in year deficit of £3.2 million in 2018. Restricted funds fell by £1.1 million to £4.2 million and the general fund fell by £2.1 million to £1.4 million. Total funds at the end of the year were £5.6 million.

#### Reserves Policy

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

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

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

As at 31 December 2018, these measures indicate a required free reserve of between £1.0 million and £1.1 million.

At the balance sheet date, the total reserves were £5.6 million (2017: £8.9 million) comprising £4.2 million (2017: £5.3 million) of restricted funds and £1.4 million of unrestricted funds. (2017: £3.6 million).

Unrestricted funds comprise free reserves of £1.3 million (2017: £2.1 million) and £0.1 million of designated funds (2017: £1.5 million). The designated funds balance represents tangible fixed assets.

Whilst the reserves were just above the target level at 31 December 2018, the Trustees have considered the position in the light of the results of the year. Therefore, we have set 2019-2021 plans which aim to review the reserves policy and increase the level of the general reserve during the planning period while maintaining a capacity to deliver our operational objectives.

#### Going Concern

Hope and Homes for Children's income is secured largely from voluntary income sources together with ongoing support from a number of international donors. Following the disruption to our growth plans in 2018, the focus has been on rebuilding the level of the general reserve in the forthcoming planning period, which will incorporate the outcome of a review of the level of general reserves targeted, while maintaining the capacity to deliver our operational objectives.

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

- the budget for 2019 was set at a break even position with a focus on continuing to grow income whilst capping expenditure at 2018 levels or lower. Actual results year to date to September 2019 show results slightly ahead of forecast with a forecast year end position in line with expectation.
- the cashflow for the year to 31 December 2020 forecasts a cash inflow across the year and the building of the general reserve.
- the rigour of income pipeline monitoring and cost controls that are in place to ensure the delivery of the forecast position whilst still maintaining capacity to deliver operational objectives.
- cash management and working capital controls are in place to manage the potential risks around the timing and value of income, and ensure restricted and unrestricted assets and reserves are appropriately managed. This includes a £700k line of credit facility in 2019 reducing to £400k in 2020, each repayable by 31 December in the respective years.

## **HOPE AND HOMES FOR CHILDREN**

### **TRUSTEES' ANNUAL REPORT and STRATEGIC REPORT for the year ended 31 December 2018**

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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.

## HOPE AND HOMES FOR CHILDREN

### TRUSTEES' ANNUAL REPORT and STRATEGIC REPORT for the year ended 31 December 2018

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#### 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:

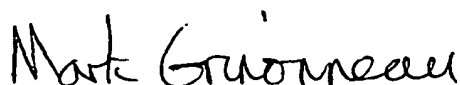
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures 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 17 October 2019 and signed on their behalf by:



**MARK GRINONNEAU**  
Trustee and Treasurer



**RICHARD GREENHALGH**  
Trustee and Chairman



## **HOPE AND HOMES FOR CHILDREN**

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

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We have audited the financial statements of Hope and Homes for Children for the year ended 31 December 2018 which comprise Consolidated Statement of Financial Activities, Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2018 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## HOPE AND HOMES FOR CHILDREN

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

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#### 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 directors' 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' report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

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

#### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**HOPE AND HOMES FOR CHILDREN**

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

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**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.



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**Nicola May**

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

Date: 28th October 2019

# HOPE AND HOMES FOR CHILDREN

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account) for the year ended 31 December 2018

	Notes	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
		£	£	£	£	£	£
<b>Income from:</b>							
Donations and legacies	2	3,265,732	4,814,014	8,079,746	6,031,687	4,833,584	10,865,271
Charitable activities	4	-	1,007,406	1,007,406	-	780,903	780,903
Trading activities		11,737	-	11,737	10,019	-	10,019
Investment income		3,992	-	3,992	2,728	-	2,728
Other income		-	15,338	15,338	-	29,914	29,914
<b>Total income</b>		<b>3,281,461</b>	<b>5,836,758</b>	<b>9,118,219</b>	<b>6,044,434</b>	<b>5,644,401</b>	<b>11,688,835</b>
<b>Expenditure on:</b>							
Raising funds	5	2,010,683	1,004,884	3,015,567	1,825,243	869,776	2,695,019
Charitable activities							
Work to globally eradicate the institutional care of children	5	3,665,399	5,694,345	9,359,744	2,376,456	4,928,729	7,305,185
<b>Total expenditure</b>		<b>5,676,082</b>	<b>6,699,229</b>	<b>12,375,311</b>	<b>4,201,699</b>	<b>5,798,505</b>	<b>10,000,204</b>
<b>Net income/(expenditure)</b>		<b>(2,394,621)</b>	<b>(862,471)</b>	<b>(3,257,092)</b>	<b>1,842,735</b>	<b>(154,104)</b>	<b>1,688,631</b>
Transfers		258,698	(258,698)	-	221,906	(221,906)	-
Other recognised gains/(losses)		(4,949)	27,643	22,694	(20,758)	105,234	84,476
<b>Net movement in funds</b>		<b>(2,140,872)</b>	<b>(1,093,526)</b>	<b>(3,234,398)</b>	<b>2,043,883</b>	<b>(270,776)</b>	<b>1,773,107</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward	16	3,558,244	5,301,378	8,859,622	1,514,361	5,572,154	7,086,515
<b>Total funds carried forward</b>	<b>16</b>	<b>1,417,372</b>	<b>4,207,852</b>	<b>5,625,224</b>	<b>3,558,244</b>	<b>5,301,378</b>	<b>8,859,622</b>

The notes on pages 23 to 36 form part of these financial statements.

# HOPE AND HOMES FOR CHILDREN

## BALANCE SHEETS as at 31 December 2018

Registered Company Number: 4193179

	Notes	Group		Charity	
		2018	2017	2018	2017
		£	£	£	£
<b>Fixed assets:</b>					
<b>Tangible fixed assets</b>	12	<b>3,528,581</b>	<b>3,763,796</b>	<b>34,760</b>	<b>49,574</b>
<b>Current assets:</b>					
Donated properties under development		1,034,963	1,211,886	-	25,678
Stocks		43,529	75,463	-	-
Debtors and prepayments	13	948,945	869,489	801,958	793,567
Short-term bank deposits and cash resources	14	2,074,988	4,769,241	1,756,023	4,447,641
		<b>4,102,425</b>	<b>6,926,079</b>	<b>2,557,981</b>	<b>5,266,886</b>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	15a	565,092	387,182	425,995	367,681
<b>Net current assets</b>		<b>3,537,333</b>	<b>6,538,897</b>	<b>2,131,986</b>	<b>4,899,205</b>
Creditors: amounts falling due after more than one year	15b	1,440,690	1,443,071	1,440,690	1,443,071
<b>Net assets</b>		<b>5,625,224</b>	<b>8,859,622</b>	<b>726,056</b>	<b>3,505,708</b>
<b>Funds:</b>					
Restricted funds	16/17	4,207,852	5,301,378	515,505	930,251
Unrestricted funds					
Designated funds	16/17	112,509	1,471,489	112,509	1,171,063
General funds	16/17	1,304,863	2,086,755	98,042	1,404,394
<b>Total unrestricted funds</b>		<b>1,417,372</b>	<b>3,558,244</b>	<b>210,551</b>	<b>2,575,457</b>
<b>Total funds</b>		<b>5,625,224</b>	<b>8,859,622</b>	<b>726,056</b>	<b>3,505,708</b>

The notes on pages 23 to 36 form part of these financial statements.  
The parent charity made a deficit in the year of £2,779,652 (2017: surplus of £806,857).

The financial statements on pages 20 to 36 were approved and authorised for issue by the Board of Trustees on 17 October 2019.

Signed on behalf of the Board of Trustees by:



**MARK GRINONNEAU**  
Trustee and Treasurer



**RICHARD GREENHALGH**  
Trustee and Chairman

**HOPE AND HOMES FOR CHILDREN**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2018

	Notes	2018 £	2017 £
<b>Cash flows from operating activities:</b>			
Net cash (used in)/provided by operating activities	20	(2,585,239)	1,312,673
<b>Cash flows from investing activities:</b>			
Interest received		3,992	2,728
Purchase of property		(82,553)	(119,488)
Purchase of other fixed assets		(21,905)	(70,796)
Net cash (used in) investing activity		(100,466)	(187,556)
<b>Cash flows from financing activities:</b>			
Cash inflows/(outflows) from loan		(2,381)	1,443,071
Interest paid		(28,861)	-
Net cash (used in)/provided by financing activity		(31,242)	1,443,071
<b>Change in cash and cash equivalents in the year</b>		<b>(2,716,947)</b>	<b>2,568,188</b>
Cash and cash equivalents at the start of the year		4,769,241	2,314,280
Change in cash and cash equivalents due to exchange rate movements		22,694	(113,227)
<b>Cash and cash equivalents at the end of the year</b>		<b>2,074,988</b>	<b>4,769,241</b>

The notes on pages 23 to 36 form part of these financial statements.

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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#### 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: 4193179). The charitable company was incorporated in April 2001 and has no share capital. The members of the company are the Trustees named on page 3. In the event of the company being wound up, the liability in respect of the guarantee for each member is limited to £10. At the balance sheet date there were 11 members.

##### Registered and principal office

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

##### Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP 2015) and the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102).

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

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

##### Basis of consolidation

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

Much of the operational activity of the charity is carried out through branches located in the countries of operation. In line with the requirements of SORP 2015, their results are included within those of the charity on a line by line basis.

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

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

##### Going concern

Hope and Homes for Children's income is secured largely from voluntary income sources together with ongoing support from a number of international donors. Following the disruption to our growth plans in 2018, the focus has been on rebuilding the level of the general reserve in the forthcoming planning period, which will incorporate the outcome of a review of the level of general reserves targeted, while maintaining the capacity to deliver our operational objectives.

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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

- the budget for 2019 was set at a break even position with a focus on continuing to grow income whilst capping expenditure at 2018 levels or lower. Actual results year to date to September 2019 show results slightly ahead of forecast with a forecast year end position in line with expectation.
- the cashflow for the year to 31 December 2020 forecasts a cash inflow across the year and the building of the general reserve.
- the rigour of income pipeline monitoring and cost controls that are in place to ensure the delivery of the forecast position whilst still maintaining capacity to deliver operational objectives.
- cash management and working capital controls are in place to manage the potential risks around the timing and value of income, and ensure restricted and unrestricted assets and reserves are appropriately managed. This includes a £700k line of credit facility in 2019 reducing to £400k in 2020, each repayable by 31 December in the respective years.

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.

#### 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 measureable. 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.



## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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#### Exchange rate gains and losses

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

Exchange movements are recorded in the SOFA.

#### Presentation currency

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

The consolidated financial statements are also presented in pounds sterling.

#### Tangible fixed assets and depreciation

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

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

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

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

#### Assets under development

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

#### Stock

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

#### Debtors

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

#### Short-term bank deposits and cash

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

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

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#### **Creditors**

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

#### **Fund accounting**

*Restricted funds* are funds that can only be used in accordance with specific restrictions imposed by donors or that have been raised by the charity for particular purposes. The costs of administering the restricted funds are charged against the specific fund. The detail of each restricted fund is set out in note 16.

*Designated funds* are funds that have been set aside by the Trustees out of unrestricted general funds for specific purposes. The aim and use of each designated fund is set out in note 16.

*General funds* are unrestricted funds that can be used at the discretion of the Trustees to further the charitable objectives.

#### **Financial instruments**

Hope and Homes for Children only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their amortised cost.

#### **Significant estimates and judgements**

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

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

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

#### **Taxation**

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

#### **VAT**

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

#### **Gifts in kind**

In line with the requirements of SORP 2015, the value of services provided by volunteers is not incorporated in these financial statements.

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

#### 2. DONATIONS AND LEGACIES

	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£	£	£	£	£	£
Individuals	692,805	408,785	1,101,590	1,309,315	582,475	1,891,790
Corporate donors	377,584	1,778,420	2,156,004	1,489,190	1,841,576	3,330,766
Charitable trusts and foundations	154,449	2,595,172	2,749,621	1,573,100	2,347,536	3,920,636
Community groups	62,816	9,530	72,346	69,650	37,691	107,341
Fundraising activities and events	1,403,259	22,107	1,425,366	1,156,937	24,306	1,181,243
Legacies	574,819	-	574,819	433,495	-	433,495
<b>Total</b>	<b>3,265,732</b>	<b>4,814,014</b>	<b>8,079,746</b>	<b>6,031,687</b>	<b>4,833,584</b>	<b>10,865,271</b>

#### 3. LEGACY PIPELINE

There was £352,000 (2017: £295,000) worth of legacies notified to the charity that did not meet the recognition criteria and hence have not been accounted for within these financial statements.

#### 4. CHARITABLE ACTIVITIES

	Unrestricted	Restricted	2018 Total	Unrestricted	Restricted	2017 Total
	£	£	£	£	£	£
DFID UK Aid Match	-	550,768	550,768	-	739,281	739,281
UNICEF Rwanda	-	54,040	54,040	-	-	-
Federal Ministry of Labour and Social Policy, Bosnia and Herzegovina	-	1,603	1,603	-	8,237	8,237
UNICEF Bosnia	-	20,262	20,262	-	22,554	22,554
Forum MNE, Montenegro	-	38,510	38,510	-	-	-
Netherlands Fund for Regional Partnerships (MATRA)	-	45,069	45,069	-	-	-
UNICEF Latin America	-	27,168	27,168	-	10,831	10,831
EU POCU Romania	-	205,333	205,333	-	-	-
EIDHR Sudan	-	64,653	64,653	-	-	-
<b>Total</b>	<b>-</b>	<b>1,007,406</b>	<b>1,007,406</b>	<b>-</b>	<b>780,903</b>	<b>780,903</b>

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

#### 5. ANALYSIS OF EXPENDITURE

	Staff Costs £	Other direct costs £	Grants payable £	Allocated support Costs £	2018 £	2017 £
<b>Costs of raising funds</b>	<b>1,554,300</b>	<b>1,242,016</b>	<b>-</b>	<b>219,251</b>	<b>3,015,567</b>	<b>2,695,019</b>
<b>Charitable expenditure</b>						
Global initiatives	11,879	98,207	43,042	12,006	165,134	163,759
East and Southern Africa						
<i>Rwanda and regional activities</i>	611,534	566,074	49,745	96,233	1,323,586	1,557,299
<i>South Africa</i>	399,509	134,231	-	41,849	575,589	598,340
<i>Sudan</i>	189,633	80,920	-	21,213	291,766	230,912
<i>Uganda</i>	15,877	5,219	186,603	16,285	223,984	-
Central and Southern Europe						
<i>Bosnia and Herzegovina</i>	129,311	132,208	-	20,505	282,024	280,404
<i>Bulgaria</i>	233,995	145,919	-	29,788	409,702	533,344
<i>Moldova and Transnistria</i>	119,746	55,440	450,904	49,090	675,180	600,822
<i>Romania and regional activities</i>	1,197,206	3,240,802	-	347,971	4,785,979	2,686,811
Eastern Europe and Central Asia						
<i>Ukraine and regional activities</i>	149,263	79,550	-	17,941	246,754	242,858
Latin America and the Caribbean	26,133	23,441	154,514	16,002	220,090	346,820
Indian sub-continent	39,175	29,669	79,482	11,630	159,956	63,816
<b>Total charitable expenditure</b>	<b>3,123,261</b>	<b>4,591,680</b>	<b>964,290</b>	<b>680,513</b>	<b>9,359,744</b>	<b>7,305,185</b>
<b>Total</b>	<b>4,677,561</b>	<b>5,833,696</b>	<b>964,290</b>	<b>899,764</b>	<b>12,375,311</b>	<b>10,000,204</b>

Staff costs totalling £457,171 (2017: £393,387) are included in allocated support costs.

#### 6. ANALYSIS OF SUPPORT COSTS

	2018 £	2017 £
Directorate	200,193	181,685
Governance	154,058	120,055
Facilities management	131,713	143,840
Financial management	156,945	154,769
Information technology	108,397	98,686
Human resources	148,458	112,675
<b>Total</b>	<b>899,764</b>	<b>811,710</b>

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

#### 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:

	2018	2017
	£	£
Eurochild, Brussels	35,520	30,584
AVSI Foundation, Rwanda	-	1,965
Community for Children's Rights, Tanzania	-	5,870
ACI, Uganda	3,500	21,868
Child's i Foundation, Uganda	216,603	101,630
International Child Campaign, Uganda	7,523	8,222
Children in Family Focus, Kenya	6,273	3,095
Give a Child a Family, South Africa	-	51,890
Ministry of Community Development and Social Welfare, Zambia	9,971	-
Copil Comunitate, Familie, Moldova	450,904	415,331
Red Latinoamericana de Acogimiento Familiar, Uruguay	154,514	258,941
Child In Need Institute, India	79,482	22,537
<b>Total</b>	<b>964,290</b>	<b>921,933</b>

#### 8. NET INCOME

Net income is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation of fixed assets	364,648	386,619
Donation of Small Group Homes to local authorities	1,087,794	-
Movement on exchange rate	(22,694)	84,476
Interest payable	28,861	12,098
Property rental	97,490	28,170
Auditor's remuneration – statutory audit	23,050	22,600

#### 9. TRUSTEES REMUNERATION AND RELATED PARTY TRANSACTIONS

The trustees were not remunerated during the current or preceding financial years. Reimbursement of £279 was made to two trustees for directly incurred travel expenses (2017: £1,090 to four trustees). Aggregate donations received from trustees during the year were £3,640 (2017: £29,985). No other benefits were awarded to Trustees during the financial year.

There were no related party transactions. (2017: £14,621 was paid to a training company owned by one of the then trustees, Dean Williams, to deliver a coaching course to managers).

Aggregate transactions with the subsidiary undertakings were:

	2018	2017
	£	£
Funds remitted to:		
Hope and Homes for Children Romania	1,920,526	1,888,393
One Child One Family, HHCSA	356,417	-

**HOPE AND HOMES FOR CHILDREN****NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2018**10. STAFF COSTS AND NUMBERS**

	2018	2017
	£	£
The costs of employing the UK contracted staff were :		
Salaries	2,072,826	1,819,498
National insurance	214,432	188,108
Pension scheme	94,322	67,042
	<b>2,381,580</b>	<b>2,074,648</b>
The costs of employing overseas staff on local contracts were:		
Salaries and local taxes	2,753,152	2,398,844
	<b>5,134,732</b>	<b>4,473,492</b>

The average number of contracted staff during the year was:

	2018	2017
	No.	No.
In the UK	57	51
Overseas	150	145
	<b>207</b>	<b>196</b>

The total employee remuneration of the Senior Management Team (Key Management Personnel) was £426,119 (2016: £406,008).

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

	2018	2017
	No	No
£70,000 to £79,999	-	2
£80,000 to £89,999	4	3
£100,000 to £109,999	2	1

Hope and Homes for Children paid pension contributions for higher paid employees to the scheme amounting to £26,698 (2017: £19,240).

**11. PENSION SCHEME**

The charity contributes 6% of members' salaries towards a defined contribution pension scheme, which is administered on its behalf by Friends Provident. At the year-end there were outstanding contributions of £13,158 (2017: £11,123) which are included in creditors.

**HOPE AND HOMES FOR CHILDREN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2018

**12. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Land and Buildings</b>	<b>Land and Buildings under construction</b>	<b>Improvements to leasehold Property</b>	<b>Motor vehicles</b>	<b>Office and Computer Equipment</b>	<b>Total</b>
	£	£	£	£	£	£
Cost at 1 January 2018	4,812,166	119,488	214,725	237,692	245,444	5,629,515
Transfers between categories	119,488	(119,488)	-	-	25,678	25,678
Additions	82,553	-	-	-	21,905	104,458
Disposals	(32,973)	-	-	-	(1,829)	(34,802)
Foreign exchange movement	43,129	-	-	2,035	641	45,805
<b>Cost at 31 December 2018</b>	<b>5,024,363</b>	<b>-</b>	<b>214,725</b>	<b>239,727</b>	<b>291,839</b>	<b>5,770,654</b>
Depreciation at 1 January 2018	1,284,526	-	214,725	176,866	189,602	1,865,719
Charge for the year	313,334	-	-	20,216	31,098	364,648
Disposals	(5,056)	-	-	-	(957)	(6,013)
Foreign exchange movement	15,487	-	-	825	1,407	17,719
<b>Depreciation at 31 December 2018</b>	<b>1,608,291</b>	<b>-</b>	<b>214,725</b>	<b>197,907</b>	<b>221,150</b>	<b>2,242,073</b>
<b>Net book value</b>						
<b>At 31 December 2018</b>	<b>3,416,072</b>	<b>-</b>	<b>-</b>	<b>41,820</b>	<b>70,689</b>	<b>3,528,581</b>
At 31 December 2017	3,527,640	119,488	-	60,826	55,842	3,763,796

<b>CHARITY</b>	<b>Land and Buildings</b>	<b>Land and Buildings under construction</b>	<b>Improvements to leasehold Property</b>	<b>Motor vehicles</b>	<b>Office and Computer Equipment</b>	<b>Total</b>
	£	£	£	£	£	£
Cost at 1 January 2018	59,813	-	214,725	-	202,378	476,916
Additions	-	-	-	-	6,806	6,806
Disposals	-	-	-	-	(1,829)	(1,829)
<b>Cost at 31 December 2018</b>	<b>59,813</b>	<b>-</b>	<b>214,725</b>	<b>-</b>	<b>207,355</b>	<b>481,893</b>
Depreciation at 1 January 2018	59,813	-	214,725	-	152,804	427,342
Charge for the year	-	-	-	-	20,748	20,748
Disposals	-	-	-	-	(957)	(957)
<b>Depreciation at 31 December 2018</b>	<b>59,813</b>	<b>-</b>	<b>214,725</b>	<b>-</b>	<b>172,595</b>	<b>447,133</b>
<b>Net book value</b>						
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,760</b>	<b>34,760</b>
At 31 December 2017	-	-	-	-	49,574	49,574

The freehold property represents a portfolio of buildings acquired or built as part of deinstitutionalisation projects in Romania and Bosnia and Herzegovina. The portfolio comprises 55 properties (2017: 56 properties) which are used as small group homes, day centres, emergency reception centres and as a training centre.

**HOPE AND HOMES FOR CHILDREN**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2018

**13. DEBTORS AND PREPAYMENTS**

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Other debtors and accrued income	795,885	729,499	672,403	666,729
Tax recoverable	41,340	42,581	41,340	42,581
Prepayments	111,720	97,409	88,215	84,257
	<b>948,945</b>	<b>869,489</b>	<b>801,958</b>	<b>793,567</b>

**14. CASH AND CASH EQUIVALENTS**

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Cash in hand				
Held in the UK	1,557,704	4,373,450	1,557,704	4,373,450
Held overseas	517,284	395,791	198,319	74,191
	<b>2,074,988</b>	<b>4,769,241</b>	<b>1,756,023</b>	<b>4,447,641</b>

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

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Trade creditors	259,148	116,663	164,329	105,453
Other creditors	44,330	47,669	17,506	42,861
Grants payable	68,694	36,234	68,694	36,234
Interest payable	12,098	12,098	12,098	12,098
Taxation and social security costs	107,762	85,698	90,308	82,215
Deferred income	13,100	38,050	13,100	38,050
Accruals	59,960	50,770	59,960	50,770
	<b>565,092</b>	<b>387,182</b>	<b>425,995</b>	<b>367,681</b>

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

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Loan	1,440,690	1,443,071	1,440,690	1,443,071



HOPE AND HOMES FOR CHILDREN

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2018

<b>16. GROUP FUNDS</b>						
<b>a) Current year</b>						
	Balance at 1 January 2018	Income	Expenditure	Transfers	Other recognised gains/losses	Balance at 31 December 2018
	£	£	£	£	£	£
<b>Restricted funds</b>						
Overseas property fund	3,647,127	-	-	(258,698)	27,643	3,416,072
Rwanda	256,791	406,172	(662,963)	-	-	-
Rwanda-funded by DFID *	-	550,768	(550,768)	-	-	-
South Africa	30,000	191,311	(221,311)	-	-	-
Sudan	-	71,583	(71,583)	-	-	-
Bosnia and Herzegovina	250,000	602,742	(392,202)	-	-	460,540
Bulgaria	95,320	551,183	(472,933)	-	-	173,570
Moldova and Transnistria	-	374,138	(374,138)	-	-	-
Romania	724,000	2,751,801	(3,373,096)	-	-	102,705
Ukraine	-	447	(447)	-	-	-
Latin America	5,230	27,168	(32,398)	-	-	-
India	96,945	117,679	(159,659)	-	-	54,965
UK Fundraising	195,965	191,766	(387,731)	-	-	-
<i>Sub-total</i>	<i>5,301,378</i>	<i>5,836,758</i>	<i>(6,699,229)</i>	<i>(258,698)</i>	<i>27,643</i>	<i>4,207,852</i>
<b>Unrestricted fund</b>						
Designated funds						
Fixed assets fund	116,669	-	-	(4,603)	443	112,509
PRI Loan fund	1,354,820	158	(480,310)	(874,668)	-	-
General fund	2,086,755	3,281,303	(5,195,772)	1,137,969	(5,392)	1,304,863
<i>Sub-total</i>	<i>3,558,244</i>	<i>3,281,461</i>	<i>(5,676,082)</i>	<i>258,698</i>	<i>(4,949)</i>	<i>1,417,372</i>
<b>Total funds</b>	<b>8,859,622</b>	<b>9,118,219</b>	<b>(12,375,311)</b>	<b>-</b>	<b>22,694</b>	<b>5,625,224</b>
<b>b) Previous year</b>						
	Balance at 1 January 2017	Income	Expenditure	Transfers	Other recognised gains/losses	Balance at 31 December 2017
	£	£	£	£	£	£
<b>Restricted funds</b>						
Overseas property fund	3,763,799	-	-	(221,906)	105,234	3,647,127
Rwanda	209,330	475,238	(427,777)	-	-	256,791
Rwanda-funded by DFID *	-	739,281	(739,281)	-	-	-
South Africa	-	550,522	(520,522)	-	-	30,000
Sudan	-	29,604	(29,604)	-	-	-
Bosnia and Herzegovina	-	301,127	(51,127)	-	-	250,000
Bulgaria	223,040	330,405	(458,125)	-	-	95,320
Moldova and Transnistria	79,700	406,471	(486,171)	-	-	-
Romania	995,345	2,544,233	(2,815,578)	-	-	724,000
Ukraine	-	146,901	(146,901)	-	-	-
Latin America	-	10,831	(5,601)	-	-	5,230
India	50,940	109,788	(63,783)	-	-	96,945
UK Fundraising	250,000	-	(54,035)	-	-	195,965
<i>Sub-total</i>	<i>5,572,154</i>	<i>5,644,401</i>	<i>(5,798,505)</i>	<i>(221,906)</i>	<i>105,234</i>	<i>5,301,378</i>
<b>Unrestricted fund</b>						
Designated funds						
Fixed assets fund	83,105	-	-	25,571	7,993	116,669
PRI Loan fund	-	114,178	(202,429)	1,443,071	-	1,354,820
General fund	1,431,256	5,930,256	(3,999,270)	(1,246,736)	(28,751)	2,086,755
<i>Sub-total</i>	<i>1,514,361</i>	<i>6,044,434</i>	<i>(4,201,699)</i>	<i>221,906</i>	<i>(20,758)</i>	<i>3,558,244</i>
<b>Total funds</b>	<b>7,086,515</b>	<b>11,688,835</b>	<b>(10,000,204)</b>	<b>-</b>	<b>84,476</b>	<b>8,859,622</b>

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

\* This project is funded by the Department for International Development under the UK Aid Match programme. The award was made for regional action to reduce reliance on institutional care of children and fight child poverty in East and Southern Africa through a capacity building approach. The expenditure recorded in the table above for this project has been incurred in accordance with the terms of the grant.

#### Restricted funds

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

The Overseas property fund represents the net book value of fixed assets acquired with restricted funds where the donor agreements require that the assets remain restricted. The transfer of £258,698 to the general fund represents the release of restriction through depreciation charges and exchange rate movements.

#### Designated funds

The fixed asset fund represents the net book value of unrestricted fixed assets. The transfer of £4,603 to the general fund represents the acquisition of assets netted with the release of designations through depreciation charges and exchange rate movements.

The PRI Loan fund represents loan funding which has been secured to invest in fundraising over the next five years to develop a diversified sustainable income to achieve the scale of operation required to deliver the mission. This is considered to be a fundamental part of the charity's operations and therefore managed as part of the unrestricted funds. Therefore during the year a transfer of £874,668 was made to the general fund.

#### Unrestricted funds

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

#### 17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Unrestricted funds 2018	Restricted funds 2018	TOTAL 2018	Unrestricted funds 2017	Restricted funds 2017	TOTAL 2017
	£	£	£	£	£	£
Tangible fixed assets	112,509	3,416,072	3,528,581	116,669	3,647,127	3,763,796
Current assets	3,310,645	791,780	4,102,425	5,271,828	1,654,251	6,926,079
Current liabilities	(565,092)	-	(565,092)	(387,182)	-	(387,182)
Long term liabilities	(1,440,690)	-	(1,440,690)	(1,443,071)	-	(1,443,071)
	1,417,372	4,207,852	5,625,224	3,558,244	5,301,378	8,859,622

CHARITY	Unrestricted funds 2018	Restricted funds 2018	TOTAL 2018	Unrestricted funds 2017	Restricted funds 2017	TOTAL 2017
	£	£	£	£	£	£
Tangible fixed assets	34,760	-	34,760	49,574	-	49,574
Current assets	2,042,476	515,505	2,557,981	4,336,635	930,251	5,266,886
Current liabilities	(425,995)	-	(425,995)	(367,681)	-	(367,681)
Long term liabilities	(1,440,690)	-	(1,440,690)	(1,443,071)	-	(1,443,071)
	210,551	515,505	726,056	2,575,457	930,251	3,505,708

# HOPE AND HOMES FOR CHILDREN

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

### 18. LEASE COMMITMENTS

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

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Expiry date:				
Within one year	24,025	24,025	24,025	24,025
One to five years	46,115	46,115	46,115	46,115

### 19. FINANCIAL INSTRUMENTS

Financial assets that are debt instruments measured at amortised cost:

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Other debtors	795,885	729,499	672,403	666,729
Short term bank deposits and cash resources	2,074,988	4,769,241	1,756,023	4,438,412

Financial liabilities measured at amortised cost:

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Trade creditors	259,148	116,663	164,329	105,453
Other creditors	44,330	47,669	17,506	42,861
Grants payable	68,694	36,234	68,694	36,234
Interest payable	12,098	12,098	12,098	12,098
Accruals	59,960	50,770	59,960	50,770
Loan	1,440,690	1,443,071	1,440,690	1,443,071

### 20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	2018	2017
	£	£
<b>Reconciliation of net income to net cash flow from operating activities</b>		
<b>Net (expenditure)/income</b>	<b>(3,257,092)</b>	<b>1,688,631</b>
Depreciation charge	364,648	386,619
Loss on disposal of fixed assets	872	-
Donation of Small Group Homes to Local Authorities	27,917	-
Exchange rate (losses)/gains	(28,086)	84,476
Interest receivable	(3,992)	(2,728)
Interest payable	28,861	12,098
Decrease/(increase) in assets in the course of development	151,245	(706,944)
Decrease/(increase) in stock	31,934	(75,463)
(Increase) in debtors	(79,456)	(120,299)
Increase in creditors	177,910	46,283
<b>Net cash (supplied by)/used in operating activities</b>	<b>(2,585,239)</b>	<b>1,312,673</b>

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

#### 21. SUBSIDIARY UNDERTAKINGS

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

Hope and Homes for Children – South Africa and One Child One Family HHCSA are dormant and therefore exempt from consolidation under section 394a of the Companies Act 2006.

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

	2018	2017
	£	£
Assets	5,001,430	5,373,415
Liabilities	(139,097)	(19,501)
Funds	4,862,333	5,353,914
Income	3,509,285	3,234,920
Expenditure	(4,000,868)	(2,243,457)
Surplus/(Deficit)	(491,583)	991,463

Summary of the results of One Child One Family HHCSA:

	2018	2017
	£	£
Assets	37,073	-
Liabilities	(26,677)	-
Funds	10,396	-
Income	392,769	-
Expenditure	(382,373)	-
Surplus/(Deficit)	10,396	-

#### 22. CAPITAL COMMITMENTS

	Group 2018	Group 2017	Charity 2018	Charity 2017
	£	£	£	£
Homes and services for beneficiaries	470,616	230,988	-	-