

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Directors' Report (including the Directors' Strategic Report) and Financial Statements
For the year ended 31 December 2020

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Johnson & Johnson Foundation Scotland

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For the year ended 31 December 2020

Objectives and Activities

Mission

The mission of the Johnson & Johnson Foundation Scotland – “The Foundation” – is to make sustainable, long-term differences in human health. It does this by investing in strategic partnerships and innovative solutions that add value to society and impact people's lives.

About Us

The Foundation, formerly known as Johnson & Johnson Corporate Citizenship Trust, is responsible for managing Johnson & Johnson's Global Community Impact programs and initiatives across Europe, the Middle East and Africa (EMEA). The Foundation was founded in 2007 and is a registered charity and a company limited by guarantee. It is an independent organization that reflects the Johnson & Johnson's Family of Companies' commitment to improve the quality of life of the communities that its employees live and work in. The Foundation is funded by the Johnson & Johnson Family of Companies through Johnson & Johnson Global Community Impact and Johnson & Johnson Operating Companies in EMEA and our work guided by the Johnson & Johnson Centre for Health Worker Innovation.

Strategic Framework

Our Strategic Framework guides the future direction of the Foundation. It is based on three strategic focus areas which are all closely interconnected and build-on and amplify the impact and reach generated by each:

1. Partnerships: Empowering strategic and innovative partnerships across EMEA
2. People: Connecting people and creating networks to share knowledge and skills
3. Impact Investment: Addressing social issues in a sustainable way through impact investment.

Alignment With the Johnson & Johnson Global Community Impact Strategy

The Foundation's Strategic Framework is fully aligned with the Johnson & Johnson Global Community Impact Strategy “to support and champion the people on the front lines who are at the heart of delivering care.” These primarily include nurses, midwives and community health workers working at the intersection between community health and the primary health system in reaching vulnerable populations and contributing to the Sustainable development Goal of Health for All (Universal Health Coverage).

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Grant Making Policy

The Board of Directors has developed a Grant Making Policy to ensure that grant making decisions are made effectively and transparently. Given the geographical spread of the Foundation, consideration and thought is given to the individual needs and challenges of each country. To this end, the Foundation supports both cross-border programs and initiatives and national programs and initiatives.

Every approved national and cross-border grant requires approval against strategic priorities and health care compliance. Each program supported by the Foundation has a dedicated Project Leader, Health Care Business Integrity Officer and Grant Coordinator, all of whom have a role in the grant application process. The Board of Directors gives final approval.

Impact Investment Policy

Our impact investing mission is to demonstrate that health & wellness investing in low-resource settings can generate sustainable social impact with financial returns. All impact investments are aligned with the Johnson & Johnson Global Community Impact Strategy and focus on health and wellness based social enterprises with a broad geographical spread.

In 2015 an impact investment effort was launched to focus on a limited number of investment opportunities over a 5-7 year time horizon, to demonstrate that health & wellness investing in low-resource settings could deliver sustainable impact and a financial return.

In 2019, the initiative formally launched as Johnson & Johnson Impact Ventures (JJIV), targeting innovations including digital health platforms and artificial intelligence technologies to support the access and delivery of quality and affordable care. JJIV has committed \$7 million to seven impact investments in Kenya, the UK and South East Asia that have been 70% executed. \$1 million dollars was granted in seed funding for impact investments.

During the year, the Foundation Board of Directors delegated authority to its Investment Committee to make appropriate innovative finance and impact investment decisions on its behalf following a rigorous due diligence process. Post investment we are developing a coherent portfolio management strategy to ensure these investments achieve both social impact and meet our financial requirements.

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JJIV is building a global portfolio of innovative social enterprises and start-ups, focusing on addressing the needs of low-income populations.

A section of our investments to date include:

- Jacaranda Maternity, a maternity hospital focused on providing affordable, patient-centered care to urban mothers in Kenya.
- Flare, a Kenya-based emergency response technology platform, that connects the largest network of first responders and has reduced emergency response time from an average of 162 minutes to 20 minutes.
- WaterEquity, a fund that invests in social enterprises and microfinance institutions that deliver access to clean water to homes and communities across Southeast Asia and is expected to provide 4.5 million people with water access in seven years.
- mClinica, the first digital pharmacy platform in Southeast Asia, developing a network that connects over 180,000 pharmacy professionals

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Strategic Report

Achievements and Performance

Our 2020 grant making activities were guided by the Johnson & Johnson Global Community Impact strategy, which is to support and champion people on the front lines of care. As the COVID-19 crisis unfolded, the Foundation remained steadfast in prioritizing the needs of frontline health workers and the new realities on the ground facing our partners.

In 2020, the Foundation engaged with 70 partners in 54 countries delivering over £15.5 million to programs within the EMEA region¹.

2020 Significant Areas of Activity

- **Aga Khan Development Network (AKDN)** – The Foundation has a long-term partnership with the AKDN working together on a number of innovative programs and initiatives in Asia and Africa aimed at supporting frontline health workers and improving access to quality healthcare. This includes creating a nursing and midwifery platform in Kenya to strengthen and professionalize these cadres in East Africa, COVID-19 response in Pakistan, and psychosocial well-being and resiliency of frontline health workers in the context of COVID-19 and beyond.
- **International Federation of Red Cross and Red Crescent Societies** – The Foundation supported emergency response programs across Europe and the Middle East, including Italy, Spain, France and the UK, as well as in India, Indonesia, the Philippines, Brazil, Colombia and other countries. The response included medical care, and a multitude of interventions at the community level such as communication of risks, hygiene promotion, livelihoods and food security, emergency medical transportation and care, and creating isolation spaces for suspected patients among others.
- **UNICEF** – The Foundation supported efforts to build the capacity of health workers by strengthening primary care health services to provide quality and accessible maternal, new-born, child and adolescent health and nutrition services for the most vulnerable communities in Lebanon. The Foundation also supported the procurement of protective equipment for healthcare professionals and experts in the field within UNICEF's COVID-19 emergency programming in Croatia and also supported quality and continuity of healthcare services for the most effected population by COVID-19 pandemic in Serbia.

¹ These numbers include donor advised funding partnerships.

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- **World Continuing Education Alliance** – The lack of standard COVID-19 procedures and guidelines for nurses at the community level early in the pandemic led to a project with the World Continuing Education Alliance which has contributed to the training of 285,000 nurses to date and the completion of 2.2 million continued education certifications across Sub-Saharan Africa. The program has the potential to reach up to 650,000 nurses and midwives.
- **Secondment Program** – Launched in 2014, the Secondment Program provides Johnson & Johnson employees with the unique opportunity to give back to society by sharing their business skills and knowledge with our NGO partner organizations in long-term assignments (up to six months).
- **One Young World (OYW)** – Johnson & Johnson has partnered with OYW, an NGO which connects the world's most impactful young leaders to create a better world, since 2013. OYW leaders (aged 18-30) from across the globe have participated in providing a unique opportunity to debate and formulate innovative solutions to some of the world's most pressing health issues.

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Financial Review

Results for the Period

The Statement of Financial Activities is reported on page 21 of the accounts. The Foundation incurred net income of £9.2m (2019: £15.4m, net income) as a result of increased grant awards towards the end of the year.

The financial position at 31 December 2020 was £57.5m of net assets (2019: £48.4m) which primarily consisted of cash deposits of £6.4m (2019: £34.5m), money market funds of £48.8m (2019: £nil) and the impact investments of £3.4m (2019: £3m).

Principal Funding Sources

The Foundation's activities are funded through donations from the Johnson & Johnson Family of Companies.

Within the portfolio of the Foundation, various types of funds have been created to effectively manage donations. These are *endowment funds*, *designated funds* and *restricted funds*.

Endowment Funds

These are restricted investment funds donated to the Foundation with the intention to produce income. While withdrawals from the principal amount may only be used for purposes of the Foundation upon the donors' decision, any investment income generated from the endowment can be spent for the Foundation's ongoing operations or other specific purposes. As of the close of 2020, the Foundation does not have any active endowment funds.

Designated Funds

These are unrestricted funds that are earmarked by the directors to be used for particular purposes in the future. They are still accounted for as part of the charity's unrestricted funds, as the directors have the power to re-designate these funds to other purposes. Please refer to page 36 for a list of designated funds.

Restricted Funds

These are restricted funds that are earmarked by the donors to be used for particular projects. They are accounted for as part of the charity's restricted funds. Please refer to page 36 for a list of restricted funds.

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Investment Policy

The Directors have full power of investment. In 2020, the Investment Committee established two low risk money-market fund accounts following the guidance of the established investment policy.

Reserves Policy

The Foundation's reserves policy is set to a level of spending intended to deliver our charitable mission today and to meet our commitments to our partners in the future; unrestricted funds are maintained at the value of approximately four months of on-going activities.

Total funds held at 31 December 2020 were £57.5m (2019: £48.4m), of which £23k (2019: £23k) were restricted for specific purposes by the donor, £nil (2019: £103k) were endowment funds, £46.2m (2019: £29.2m) were designated, and a further £3.4m (2019: £3m) were held within programme related investments. The remaining free reserves at 31 December 2020 were £7.9m (2019: £16 m).

Plans for the Future

As the COVID-19 pandemic evolves, the management team will continue to explore how the Foundation can help meet the critical needs of organizations supporting front line healthcare workers and communities affected by Covid-19. This may result in decisions that could divert some of our uncommitted funds towards further supporting an emergency response as the situation evolves quickly.

We do not see any significant impacts for the Foundation as it relates to our operations in 2021. The donation from Johnson & Johnson to fund our budgeted programs for the coming year is committed and our operating costs, as usual, will be covered by the J&J Corporate Global Community Impact team. As to be expected, with the restrictions that are in place globally, is likely to have a slowdown effect on a number of our programs but we will endeavour to keep moving forward in close partnership with our partners and will remain agile yet focused.

Looking ahead, the Foundation will continue to deliver against its strategic framework, guided by the Johnson & Johnson Centre for Health Worker Innovation, and closely focused on partnerships, people and scaled investment, aligned with the Johnson & Johnson Global Community Impact Strategy which focuses on supporting those on the frontlines of health care, particularly Nurses, Midwives and Community Health Workers.

Continued efforts will be made to strengthen primary care systems and the health workers operating there with a primary focus on; nurses, midwives, community health workers and others who are at the very foundation of any health care system. Investments will be made to support formal and informal care structures to ensure there

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is a workforce ready and able to respond to the benefit of vulnerable populations who do not otherwise have access to quality basic health services. As we have seen many health systems struggle due to the impact of the Covid-19 pandemic, we will also conduct an inquiry with experts to assess how the Foundation can take on board learnings, assess the impact of its programs and inform its forward looking strategy in strengthening health systems.

Structure, Governance and Management

Governing Document

The Foundation is governed by its Memorandum and Articles of Association. The liability of the members of the charity is limited and every member undertakes to contribute such amount as may be required (not exceeding £1) in the event of the charity winding up.

Relationship to Johnson & Johnson Family of Companies

The Foundation is funded by the Johnson & Johnson Family of Companies as part of its commitment to Johnson & Johnson Global Community Impact in the EMEA region. The Johnson & Johnson Family of Companies' commitment to the Foundation extends to the provision of office space, facilities and the release of its employees to sit on local, informal committees that provide advice to the Foundation.

In 2010, the Foundation signed a trademark licensing agreement with the Johnson & Johnson Family of Companies for the use of the Johnson & Johnson name and logo.

As of the 31st of December 2020, all Directors are employees of the Johnson & Johnson Family of Companies.

Recruitment and Appointment of Directors

The Foundation is managed by a Foundation Board of Directors consisting of senior Johnson & Johnson leaders across the Pharmaceutical, Consumer, Medical Devices and Global Supply Chain organization in the EMEA region. The Directors are responsible for managing the affairs of the Foundation and ensuring that it delivers on its mandate of public benefit.

The Foundation has the capacity to appoint 15 Directors to its Board. Nominations for new appointees are made to and approved by the Board. The aspiration is to build a balanced and diverse board. Therefore, the following factors are taken into consideration when recruiting new Board members: an interest in the health and societal challenges of the EMEA region, relevant business track record, cultural background and gender.

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Upon appointment, new Directors are provided with training and information on their role and responsibilities, the mission of the Foundation, and the Global Community Impact Strategy to which the Foundation adheres. They are also invited to meet and discuss their role, responsibilities and areas of interest with the Executive Director of the Foundation.

Directors who formally and contractually leave the Johnson & Johnson Family of Companies must tender their resignation to the Board.

The Directors are the decision-making body on the Foundation commitments and do not receive any remuneration for this.

Organization and Decision Making

The Board of Directors meets biannually and presides over the strategic direction of the charity, having responsibility and control of its affairs and activities.

The day-to-day running of the Foundation is delegated to the Executive Director, an employee of the Johnson & Johnson Family of Companies whom is not remunerated by the Foundation.

Program Operations Committee

Whilst overall management of the Foundation is decided by collective decision of the Board, much of the Foundation's functioning is undertaken by the Program Operations Committee (Foundation staff). The Committee is made up of employees of the Johnson & Johnson Family of Companies. The activities of the Program Operations Committee during 2020 were aligned to the Foundation strategy and in reflection of the Johnson & Johnson Global Community Impact organisational structure.

Finance Advisory Committee

The Finance Advisory Committee was created in January 2014. The role of the Finance Advisory Committee is to provide expert counsel to the Board on strategic finance decisions, build and prioritize the 2015 - 2020 Finance Strategy, and support the Foundation on the implementation of its recommendations. The Committee is made up of senior finance executives of the Johnson & Johnson Family of Companies.

Impact Advisory Committee

The Impact Advisory Committee was created in 2015. The role of the Impact Advisory Committee is to provide expert counsel on strategic investment decisions, assess and select for recommendation to the Board, build and prioritize the Johnson & Johnson Global Community Impact Strategy, and support the Foundation on the

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implementation of its recommendations. The Committee is made up of senior internal and external experts from the field of impact investment.

Risk Management and Assessment

A risk matrix is reviewed on an annual basis ensuring the Directors have considered the major risks faced by the Foundation and to ensure the necessary steps are taken to mitigate against the risks.

One of the risks which has been identified by the Directors relates to the appropriate use of funds. The Foundation regularly reviews its grant making policy and controls to monitor this risk and to ensure funds are spent according to highest standards of diligence and transparency. An example of one of the controls in place is the contractual "right to audit" clause allowing the Foundation to ensure that funding was used for the intended purposes.

Another risk identified relates to the ability of the Foundation to fulfil its multi-year grant making commitments without a guaranteed annual corporate grant making income. The resources that have come into the Foundation and the reserves set aside however provide a sufficient buffer to meet current and future intended expenditure. The Directors are of the opinion that the Foundation can continue to meet its obligations as they fall due for the foreseeable future. As a consequence they have prepared the financial statements on the going concern basis.

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2020 List of Directors

Directors	<p>Alissa Hsu Lynch (resigned 20 March 2020)</p> <p>An Claes (appointed 16 February 2021)</p> <p>Angelika Elser</p> <p>Carol Ella Leland (appointed 22 June 2020)</p> <p>Demet Gurunlu Russ (resigned 16 February 2021)</p> <p>Frank Welvaert</p> <p>Frederik Richard Van Batenburg (appointed 23 July 2020)</p> <p>Hani Souheill Abouhalka</p> <p>Inder Sheel Kumar Khosla (resigned 4 November 2020)</p> <p>Jaak Peeters (resigned 20 March 2020)</p> <p>Jessica Lindsay Moore (appointed 23 November 2020)</p> <p>Kris Emiel Sterkens (Chair)</p> <p>Luis Diaz-Rubio</p> <p>Mireille Maes (appointed 4 January 2021)</p> <p>Neil Wood</p> <p>Patrick Smallcombe (resigned 31 December 2020)</p> <p>Paula Patino Conde</p> <p>Wim Bossens (resigned 18 September 2020)</p> <p>Zeger Vercouteren</p>
Executive Director*	Ben Davies
Company Secretary	<p>Gillespie MacAndrew Secretaries Ltd</p> <p>5 Atholl Crescent</p> <p>Edinburgh EH3 8EJ</p> <p>United Kingdom</p>
Registered Office	<p>5 Atholl Crescent</p> <p>Edinburgh EH3 8EJ</p> <p>United Kingdom</p>
Auditor	<p>Azets Audit Services</p> <p>Exchange Place 3</p> <p>Seample Street</p> <p>Edinburgh EH3 8BL</p> <p>United Kingdom</p>
Banker	<p>Royal Bank of Scotland</p> <p>36 St. Andrews Square</p> <p>Edinburgh EH2 27B</p> <p>United Kingdom</p>
Solicitor	<p>Gillespie MacAndrew LLP</p> <p>5 Atholl Crescent</p> <p>Edinburgh EH3 8EJ</p> <p>United Kingdom</p>
Company Number	SC327028
Charity Number	SC017977

* Executive Director is a job title and not a director for Companies Act 2006 purposes.

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Directors' Report (including the Directors' Strategic Report) (continued)

For the year ended 31 December 2020

Directors' Responsibilities

The directors (who are also the trustees of the Foundation for the purpose of charity law) are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under this law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the directors 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 Foundation and of the income and expenditure of the Foundation for the period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the charities SORP;
- Make judgments and accounting 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 company will continue in business.

The directors are responsible for keeping accounting records that are sufficient to show and explain the Foundation's transactions and disclose, with reasonable accuracy and at any time, the financial position of the Foundation. The records must also enable the directors to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended). In addition, the directors are responsible for safeguarding the assets of the Foundation, and hence for taking reasonable steps towards the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

As far as each of the directors, at the time the report is approved, are aware:

- There is no relevant information of which the organisation's auditor is unaware, and
- the directors have taken all steps needed to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.

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The Directors' Report and Strategic Report is approved by the Directors on 7 June 2021, and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Kris', with a large, stylized initial 'K' and a trailing flourish.

Kris Emiel Sterkens

Chair, Johnson & Johnson Foundation Scotland

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Independent Auditor's Report to the Members and Directors
For the year ended 31 December 2020

Independent Auditor's Report to the Members and Directors

Opinion

We have audited the financial statements of Johnson & Johnson Foundation Scotland (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our 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 audit opinion.

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Independent Auditor's Report to the Members and Directors (continued)

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Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

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Independent Auditor's Report to the Members and Directors (continued)

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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 the audit:

- the information given in the Directors' incorporating the Strategic 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 Directors' incorporating the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report incorporating the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

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

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors (who are the directors for the purposes of company law and trustees for the purposes of charity 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 directors 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 directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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Independent Auditor's Report to the Members and Directors (continued)

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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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators, and the charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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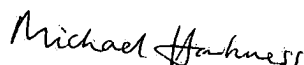
Independent Auditor's Report to the Members and Directors (continued)

For the year ended 31 December 2020

Use of this 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 and to the charitable company's directors as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's directors, as a body, 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, the charitable company's members, as a body, and the charitable company's directors as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Harkness, Senior Statutory Auditor

For and on behalf of

Azets Audit Services, Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Date: 7 June 2021

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Statement of Financial Activities (Incorporating the Income and Expenditure Account)

For the year ended 31 December 2020

Statement of Financial Activities

	Notes	Endowment 2020 £	Restricted 2020 £	Unrestricted 2020 £	Total 2020 £	Total 2019 £
Income from endowments from:						
Donations and legacies	4	-	193,483	27,721,177	27,914,660	26,696,849
Investments		-	-	192,466	192,466	208,057
Other		-	-	21,001	21,001	37,376
Total		-	193,483	27,934,644	28,128,127	26,942,282
Expenditure on:						
Charitable activities	5	-	193,483	18,213,128	18,406,611	10,747,724
Exchange losses		-	-	555,552	555,552	833,267
Total		-	193,483	18,768,680	18,962,163	11,580,991
Net income		-	-	9,165,964	9,165,964	15,361,291
Transfers between funds	15	(102,629)	-	102,629	-	-
Net movement in funds		(102,629)	-	9,268,593	9,165,964	15,361,291
Reconciliation of funds:						
Total funds brought forward	15	102,629	22,729	48,248,132	48,373,490	33,012,199
Total funds carried forward	15	-	22,729	57,516,725	57,539,454	48,373,490

There are no recognised gains or losses other than those shown in the statement of financial activities above.

All the activities relate to continuing activities.

The notes on pages 25 to 40 form part of these financial statements.

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Balance Sheet

For the year ended 31 December 2020

Balance Sheet

	Notes	2020 £	2019 £
Fixed Assets			
Investments	10	3,361,688	2,954,881
Current assets			
Debtors	11	278,625	11,576,980
Cash and cash equivalents	12	55,268,947	34,473,276
		<u>55,547,572</u>	<u>46,050,256</u>
Creditors: amounts falling due within one year	13	<u>(1,369,806)</u>	<u>(631,647)</u>
Net current assets		<u>54,177,766</u>	<u>45,418,609</u>
Net assets		<u>57,539,454</u>	<u>48,373,490</u>
Funds			
Endowment funds	15	-	102,629
Restricted funds	15	22,729	22,729
Unrestricted	15	11,297,779	19,033,235
Designated funds	15	46,218,946	29,214,897
Total funds		<u>57,539,454</u>	<u>48,373,490</u>

Authorised for issue and approved and authorised by the Board on 7 June 2021 and signed on its behalf by:



Kris Emiel Sterkens

Company Registration No: SC327028
Charity Number: SC017977

Johnson & Johnson Foundation Scotland
(Formerly Johnson & Johnson Corporate Citizenship Trust)
Balance Sheet
For the year ended 31 December 2020

The notes on pages 25 to 40 form part of these financial statements.

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Statement of Cash Flows

For the year ended 31 December 2020

Statement of Cash Flows

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities:					
Net cash provided by operating activities	15		21,158,757		4,183,498
Cash flows from investing activities:					
Investment income		192,466		208,057	
Net cash provided by investing activities			192,466		208,057
Change in cash and cash equivalents in the year			21,351,223		4,391,555
Cash and cash equivalents at the beginning of the year			34,473,276		30,914,988
Change in cash and cash equivalents due to exchange rate movements			(555,552)		(833,267)
Cash and cash equivalents at the end of the reporting period			55,268,947		34,473,276

Analysis of cash and cash equivalents and reconciliation of net debt

	2019	Cash flows	Foreign exchange movements	2020
	£	£	£	£
Cash at bank	34,473,276	21,351,223	(555,552)	55,268,947

The charitable company has no debt financing.

The notes on pages 25 to 40 form part of these financial statements.

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

1. Charity information

The principal activity of the Johnson and Johnson Foundation Scotland is to to make sustainable, long-term differences in human health. It does this by investing in strategic partnerships and innovative solutions that add value to society and impact people's lives.

The Johnson and Johnson Foundation Scotland is a charitable company limited by guarantee incorporated in the United Kingdom and registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC017977. In the event of the winding up of the charitable company a member is liable to contribute a sum not exceeding £1. Details of the registered office and company registration number can be found on page 12 of these financial statements.

The charitable company was known as Johnson & Johnson Corporate Citizenship Trust until 25 July 2019.

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" and the Companies Act 2006. They are prepared on the historical cost basis. Johnson & Johnson Foundation Scotland meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transition value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as the Foundation is incorporated in Scotland. The Foundation incurs transactions in sterling (GBP), US dollars and euros. The Foundation's functional currency is US dollars, being the currency in which the highest value of transactions takes place.

Going concern

The directors are of the opinion that the Foundation can continue to meet its obligations as they fall due for the foreseeable future. The Foundation has sufficient levels of unrestricted funds to support ongoing activities. As a consequence they have prepared the financial statements on the going concern basis.

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

2. Accounting policies (continued)

Recognition and allocation of income

Income is recognised when the Foundation has legal entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Deferred income

Where the charity has received income in the current year that has time related restrictions for future years or will not be earned until future years, this income is deferred to be released in the year to which it relates.

Recognition and allocation of expenditure

Expenditure is recognised when the Foundation has entered into a legal or constructive obligation. Expenditure is allocated to the function to which it relates. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

Governance costs are those incurred in connection with setting and monitoring the strategic direction of the Foundation and compliance with constitutional and statutory requirements.

Grants awarded

Grants awarded are recognised in full when there is a constructive obligation in the Foundation to make the payment.

Foreign currency transactions

Transactions in currencies other than in the presentational currency (Sterling - GBP) are recorded at exchange rates ruling at the date of the transaction. Balances at the year-end date are retranslated at the exchange rates ruling at the year-end date. All gains and losses arising are included in the Statement of Financial Activities in full in the year in which they arise.

Programme-related investments

Concessionary loans are measured at the amounts paid less any subsequent repayments, and adjusted if necessary for any impairment. As fair values could not be measured reliably, equity investments are measured at cost and adjusted if necessary for any impairment.

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

2. Accounting policies (continued)

Fund accounting

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the Foundation.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor.
- Designated funds are earmarked from the unrestricted funds by the directors for a specific purpose.
- Endowment funds are restricted investment funds donated to the Foundation with the intention to produce income. Withdrawals from the principal amount may only be used for purposes of the Foundation upon the donors' decision, any investment income generated from the endowment can be spent for the Foundation's ongoing operations or other specific purposes. The Foundation does not have any active endowment funds as of the close of 2020.

Financial assets and financial liabilities

Financial instruments are recognised in the statement of financial activities when the Foundation becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price. Subsequent to initial recognition, they are accounted for as set out below.

Financial instruments are all classified as 'basic' in accordance with Chapter 11 of FRS102. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, including money-market funds, and are measured at amortised cost.

Debtors

Accrued donation income includes donations due in the year but not received until the next financial year. Accrued donations are recognised at the undiscounted amount of cash receivable, which is normally the amount per the donation letter.

Taxation

The Foundation is a charity and is recognised as such for taxation purposes, therefore no corporation tax is payable. The Foundation is not registered for VAT and therefore all costs are shown inclusive of VAT.

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

2. Accounting policies (continued)

Creditors

Grants payable and accruals are obligations to pay for commitments made before the year end. They are recognised at the undiscounted amount owed to the grantee or supplier, which is normally the amount per the grant agreement or the invoice price.

Pension costs

The Foundation is recharged the costs of a defined contribution pension scheme for employees. The cost of providing pensions is charged to expenditure in the period in which contributions are made.

3. Critical judgements and estimates

In the application of the Foundation's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The directors are satisfied that accounting policies are appropriate and applied consistently. Key sources of accounting estimation have been applied to the valuation of investments, including concessionary loans. The Foundation assesses impairment at each reporting date by evaluating conditions that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

4. Donations and legacies

	2020 Total £	2019 Total £
Donations – Cilag	8,201,797	7,392,492
Donations – Janssen EMEA fund	13,175,231	13,565,453
Donations – Janssen Benelux Fund	876,562	495,576
Donations – GPH Funding	5,010,754	4,659,422
Donations – Matched funding	193,483	219,484
Donations – In-kind income	456,833	364,422
	<u>27,914,660</u>	<u>26,696,849</u>

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements
For the year ended 31 December 2020

5. Charitable activities – grant making

	2020 Total £	2019 Total £
Grants (note 7)	16,381,113	8,465,741
Staff costs (note 9)	694,234	547,783
Administrative costs	1,309,665	1,707,083
Governance costs (note 6)	21,599	27,117
	<u>18,406,611</u>	<u>10,747,724</u>

6. Governance costs

	2020 Total £	2019 Total £
Legal & professional fees	9,599	15,117
Audit fees	12,000	12,000
	<u>21,599</u>	<u>27,117</u>

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

7. Analysis of grants

The Foundation does not make grants to individuals. An analysis has been provided below of each of the main grants paid by beneficiary noting all projects that are included within the payments.

Beneficiary	Project	2020	2019
International Federation of Red Cross and Red Crescent Societies	- COVID-19 Global Emergency Appeal - Floods Relief	£3,917,685	-
INSEAD - The Business School for the World	- Middle East Health Leadership Program - Innovating Health for Tomorrow (2019 only) - Middle East Health Leadership Program (2019 only)	£234,122	£694,858
Aga Khan Foundation	- Capacity-Building for Senior Caregivers - Nursing and Midwifery Platform - AKU-SONAM - Strengthening preparedness, readiness and response action for Covid-19 - Protecting the wellbeing and strengthening the resilience of Frontline Health Workers - MECP Transformation (2019 only)	£1,523,849	£763,502
US Fund for UNICEF	-Maternal Newborn Child Adolescent Health Initiative (Lebanon)	£699,150	-
Aquity Innovations	- Paediatric drug resistant TB: scaling up care in children	£493,990	-
Elizabeth Glaser Pediatric AIDS Foundation	- New Horizons Advancing Pediatric HIV Care Collaborative	£398,071	-
Infectious Diseases Institute Limited	- The Ugandan Academy for Health Innovation and Impact (2019 only)	-	£1,281,376
AO Alliance	- Fracture solutions Trauma Educational Development for West Africa	£386,270	£386,569
International Union Against Tuberculosis and Lung Disease	- DR - TB Academy	£342,648	-
CCBRT	- Continued investment in sustainable capacity building of frontline health workers to increase access to quality healthcare in Tanzania	£339,974	-

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

The African Academy of Sciences	- J&J-AESA Research & Development (R&D) Fellowship Program	£328,467	-
Friends of UNFPA	- UNFPA South Africa DREAMS Thina Abnatu	£317,410	£372,324
Save the children Federation	- Improving Maternal, Newborn & Child Health Outcomes	£293,473	-
BIO Venture	- African Access Initiative (AAI) / Rwanda EST Program	£237,667	-
The Forum for the Future	- System Change Capacity for Health Transformation	£226,705	-
BasicNeeds-Ghana	- Support to mental health capacity strengthening in Ghana - Response to the mental health impact of COVID-19 on the populations of Ghana	£198,430	-
Tropical Health and Education Trust	- Saving Mothers at Delivery - The Tropical Health Education Trust, Sub-Saharan Africa (2019 only) - THET AGP 2017/18 grants funds and THET (2019 only)	£198,306	£378,888
Italian Red Cross	- A time of kindness	£189,774	-
Spanish Foundation of Psychiatry and Mental Health	- Grants for active projects whose aim is to help mitigate the impact of COVID-19 on the mental health of health professionals.	£180,099	-
The World Continuing Education Alliance	- COVID 19 Emergency Response for Nurses & Midwives	£158,705	-
Helen Keller International	- HKI Bangladesh - Deworming Campaign	£157,911	-
International Rescue Committee	- COVID-19 Health Response for Vulnerable Populations in Jordan and Syria	£152,288	-
Turkish Red Crescent Society	- Providing PPE to Healthcare Providers	£152,288	-
Lebanese Red Cross	- Response to Lebanon Crisis	£149,533	-
Kenya Kamili	- Mental Health Awareness	£147,004	-
Grameen Foundation USA	- MOTS Enabled Response to COVID In Rwanda (MERCIR)	£121,598	-
Foundation for Professional Development (FPD)	- COVID-19 Mental Health Resilience e-learning course for Healthcare Professionals	£113,186	-
Liverpool School of Tropical Medicine	- Support for COVID-19 response in Nigeria - Sustaining the impact of mentorship program introduced in Sierra Leone (2019 only)	£94,054	£76,746
Medical and Surgical Skills Institute Ghana	- Medical and Surgical Skills Institute program	£142,045	£143,844

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

Amref Health Africa	- Capacity building of Oncology Nurses in Kenya	£131,945	£276,883
International Confederation of Midwives	-International Confederation of Midwives Young Midwifery Leaders Program (2019 only)	-	£237,718
PINPOINT	-Infection control in community (2019 only)	-	£176,084
Boston Children's Hospital	-Dengue Hotspot detection and monitoring	£283,354	£147,280
Partners in Health	- Community-Based Mental Healthcare: PIH MESH Scale-up	£583,968	£577,413
Stichting zin	- Care days	£19,763	£125,668
SOS Children Villages Romania	- "Strong & Healthy" Balkans Program	£135,135	£134,481
North Star Alliance	- North Star Alliance 2018, Mozambique, South Africa, Zimbabwe, Kenya, Tanzania,	-	£153,492
The Aurum Institute NPC	- Oto-toxicity research for MDR TB	£226,811	£221,117
Global Health Innovation Technology Fund	- Global Health Innovation Technology Fund	£199,012	£202,411
World Health Organization	- WHO, 2019, Geneva --> cross region	£469,557	-
Hi Hopes	- Hearing Loss and early intervention (2019 only)	-	£124,303
Mental Health UK	- Mental Health UK, 2019, United Kingdom - Emergency relief through Covid-19	£271,663	£122,414
EUFAMI	- Supporting Family Caregivers in Mental Health (Prospect Plus Program)	£108,059	£115,299
SOS Children's Villages Austria	- YouthCan - Child protection and advocacy in Algeria	£135,045	£106,688
Attigo	- Ghanaian Community Project	-	£64,318
Museum Dr Guislain	- Museum Dr. Guislain	£134,771	£127,834
Optidel	- Drug Resistant TB – Support New molecules introduction in Kenya	£32,597	£147,245
SOS Children Villages CEE	- Grow Happily project CEE	-	£137,118
Other grants below £100,000 in the current year		£1,754,731	£1,169,868
Total		£16,381,113	£8,465,741

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

8. Surplus for the year

	2020 £	2019 £
This is stated after charging:		
Exchange loss	555,552	833,267
Auditor's remuneration in respect of		
- audit	12,000	12,000
- taxation services	850	1,550
- other non-audit services	-	3,000
	<u>12,850</u>	<u>16,550</u>

9. Salaries

	2020 £	2019 £
Salaries and associated costs	580,842	322,775
Other staff costs	26,808	68,412
Temporary staff costs	86,584	156,596
	<u>694,234</u>	<u>547,783</u>

None of the staff carrying out work for the Foundation are employees of Johnson & Johnson Foundation Scotland (2019: none). The majority of salaries and associated costs relating to Johnson & Johnson Foundation Scotland are recognised as an in-kind donation.

The Directors and Executive Director are deemed to be the only key management personnel. None of the Directors received any remuneration during the current or prior period. No expenses were reimbursed to Directors during the current or prior period. The donation in kind for the total employee benefits of Key Management Personnel is estimated to be approximately £110,000 (2019 £101,000).

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

10. Investments

	Equity investment £	Concessionary loans £	2020 Total £
Balance at 1 January 2020 at cost	564,862	2,390,019	2,954,881
Additions during the year	217,791	-	217,791
Returns during the year	124,013	122,026	246,039
Conversion to equity	531,191	(531,191)	-
Adjustments and transfers	-	(57,023)	(57,023)
Balance at 31 December 2020 at cost	1,437,857	1,923,831	3,361,688

An investment of £0.6m was paid during 2018 to an unlisted Delaware Limited Partnership registered in Delaware, U.S.A., in the furtherance of the charitable objectives of the Foundation. As a limited partner the Foundation does not have control over the Delaware Limited Partnership. Under the terms of the limited partnership agreement, the Foundation is committed to a further investment of £0.2m, if required by the Delaware Limited Partnership, which was called and paid during 2020.

A concessionary loan of £1.5m was made in 2017, in the furtherance of the charitable objectives of the Foundation. The loan falls due for repayment during 2022. Interest accrues at 3% per annum; a total interest income of £45,000 (2019: £45,000) was received. The loan is secured via share warrants issued by the borrower. There was no commitment to provide further loans at 31 December 2020.

Three further concessionary loans were made in 2019, in the furtherance of the charitable objectives of the Foundation:

- £0.4m convertible loan which was converted to equity during the year at a gain. This was transferred from concessionary loans to equity investments.
- £0.3m repayable based on certain key performance indicators of the borrower with any remaining balance to be repaid during 2029. The loan is interest-free until 2026, whereupon interest accrues at 7%. The loan is unsecured.
- £0.2m repayable based on certain key performance indicators of the borrower with any remaining balance to be repaid during 2031. The loan has an effective interest rate of 1% and is unsecured.

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements
For the year ended 31 December 2020

11. Debtors

	2020 £	2019 £
Accrued donation income	-	11,304,544
Other debtors	25,252	212,403
Prepayments	253,373	60,023
	<u>278,625</u>	<u>11,576,980</u>

12. Cash and cash equivalents

	2020 £	2019 £
Cash at bank	6,434,434	34,473,276
Cash equivalents	48,834,513	-
	<u>55,268,947</u>	<u>34,473,276</u>

13. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade Creditors	31,891	45,739
Grants payable	977,170	81,084
Accruals	136,957	62,364
Deferred income (note 14)	223,788	442,460
	<u>1,369,806</u>	<u>631,647</u>

14. Deferred income

	2020 £	2019 £
Balance at 1 January 2020	442,460	42,003
Donation income received in advance during the year	-	401,774
Income recognized on grants paid	(218,672)	(1,317)
	<u>223,788</u>	<u>442,460</u>

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

15. Analysis of reserves

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfer £	Balance at 31 December 2020 £
Endowment funds	102,629	-	-	(102,629)	-
Restricted funds					
Matched Partnership Fund	22,729	193,483	(193,483)	-	22,729
Designated funds					
Janssen EMEA Fund	20,859,856	13,175,231	(6,866,128)	(1,182,521)	25,986,438
Janssen Benelux Fund	-	876,562	(654,500)	1,182,521	1,404,583
Designated Corporate Budget	2,658,062	480,162	(1,921,448)	669,896	1,886,672
Global Public Health Innovation Fund	5,696,979	5,010,754	(3,970,017)	-	6,737,716
Impact Investments Fund	-	176,414	(59,052)	10,086,175	10,203,537
Total designated funds	29,214,897	19,719,123	(13,471,145)	10,756,071	46,218,946
Unrestricted funds	19,033,235	8,215,521	(5,297,535)	(10,653,442)	11,297,779
Total	48,373,490	28,128,127	(18,962,163)	-	57,539,454

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

14. Analysis of reserves (continued) – prior year

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfer £	Balance at 31 December 2019 £
Endowment funds	102,629	-	-	-	102,629
Restricted funds					
Matched Partnership Fund	22,034	219,484	(218,789)	-	22,729
Designated funds					
Janssen EMEA Fund	8,624,366	14,061,029	(1,825,539)	-	20,859,856
Designated Corporate Budget	3,445,265	763,698	(1,550,901)	-	2,658,062
Global Public Health Innovation Fund	4,084,440	4,659,422	(3,046,883)	-	5,696,979
Total designated funds	16,154,071	19,484,149	(6,423,323)	-	29,214,897
Unrestricted funds	16,733,465	7,238,649	(4,938,879)	-	19,033,235
Total	33,012,199	26,942,282	(11,580,991)	-	48,373,490

Endowment Fund

The endowment fund is for the benefit of the College of Surgeons West, East and Central Africa. These are restricted investment funds donated to the Foundation with the intention to produce income. In the current year the endowment fund was released to the Designated Corporate Budget fund following OSCR approval.

Matched Partnership Fund

This fund was created to facilitate the administration of co-funding payment of EMEA CSR Partnerships by Johnson & Johnson entities to approved external community based partnerships in the EMEA region.

Johnson & Johnson Foundation Scotland

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Notes to the Financial Statements

For the year ended 31 December 2020

14. Analysis of reserves (continued)

Janssen EMEA Fund	The Janssen designated fund, which is comprised of donations from Janssen EMEA entities, is used to explore and support innovative solutions that improve health and well-being in underserved communities.
Lifescan Scotland Community Fund	This fund is administered as part of the Lifescan Scotland (a Johnson & Johnson Family of Companies entity) commitment to communities in the Highlands and Islands of Scotland.
Designated Corporate Budget	Funds donated by Johnson & Johnson Global Community Impact, New Jersey and United States of America, are allocated towards a number of budgeted initiatives and are designated for these purposes.
Global Public Health Innovation Fund	Through a newly established partnership with the Johnson & Johnson Global Public Health organization, the Foundation plays an integral role in supporting the programs initiated by Global Public Health.
UNICEF and Rwanda Fund	This fund was created to support two programs, namely Rwanda and UNICEF, to strengthen and support primary health care development in Rwanda and to build a multi-year, multi-country approach to child health interventions with UNICEF.
Benelux	The fund, comprised from Jansen Benelux entities, is used to explore and support innovative solutions that improve health and well-being of underserved communities. Next to that the choice of charities in J&J Benelux is linked to the Sustainable Development Goals.
Impact Investments	Recognising the severe shortage of health workers around the world the fund invests in business models that enable access to delivery of care.

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

15. Reconciliation of net income to net cash flow from operating activities

	2020 £	2019 £
Net income for the year	9,165,964	15,361,291
Adjustments for:		
Investment income	(192,466)	(208,057)
Foreign exchange loss	555,552	833,267
Increase in programme-related investment	(406,807)	(887,307)
Decrease/(increase) in debtors	11,298,355	(10,315,132)
Increase/(decrease) in creditors	738,159	(600,564)
Net cash provided by operating activities	<u>21,158,757</u>	<u>4,183,498</u>

16. Related party transactions

The charity is ultimately controlled by Johnson & Johnson as the majority of trustees and staff are employed by the Johnson & Johnson group of companies.

The majority of donation income was received from Johnson & Johnson group companies during the current and previous year, as detailed in note 4, of which £nil (2019: £11,337,393) was included within debtors at 31 December 2020. Johnson & Johnson group companies recharged £504,619 (2019: £648,647) of staff and other costs during the year, of which £80,803 (2019: £nil) was included in accruals at 31 December 2020.

17. Membership

The Foundation is a company limited by guarantee. The liability of the members is limited to £1 each.

18. Grant funding commitments

The Foundation has awarded grant funding amounting to £6,204,541 at 31 December 2020. This amount has not been recognised in these financial statements as the Foundation retains the discretion to avoid the expenditure. The expenditure will be met from designated and unrestricted reserves. There are also second tranches of £206,626 and £274,484 respectively which are committed at 31 December 2020 for two of the Impact investments. The expenditure will be met from designated reserves.

Johnson & Johnson Foundation Scotland

(Formerly Johnson & Johnson Corporate Citizenship Trust)

Notes to the Financial Statements

For the year ended 31 December 2020

19. Comparative Statement of Financial Activities

	Endowment 2019 £	Restricted 2019 £	Unrestricted 2019 £	Total 2019 £
Income from endowments from:				
Donations and legacies	-	219,484	26,477,365	26,696,849
Charitable activities	-	-	208,057	208,057
Investments	-	-	-	-
Exchange gains	-	-	37,376	37,376
Total	-	219,484	26,722,798	26,942,282
Expenditure on:				
Charitable activities	-	218,789	10,528,935	10,747,724
	-	-	833,267	833,267
Total	-	218,789	11,362,202	11,580,991
Net income and movement in funds	-	695	15,360,596	15,361,291
Reconciliation of funds:				
Total funds brought forward at 1 January 2019	102,629	22,034	32,887,536	33,012,199
Total funds carried forward at 31 December 2019	102,629	22,729	48,248,132	48,373,490