



5Rights Foundation

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

31 MARCH 2023

Company Registration Number
011271356 (England and Wales)

Charity Registration Number
1178581

**5RIGHTS FOUNDATION
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FOR THE YEAR ENDED 31 MARCH 2023**

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Trustees

Dr Amani Abou-Zeid
Anna Maria Corazza Bildt (Appointed – 24 July 2023)
Manuel Costescu – Honorary Treasurer
Elizabeth Denham CBE
Baroness Helena Kennedy QC *
Baroness Beeban Kidron OBE – Chair
Dr Ansgar Koene
Rhiannon Lawson (Resigned – 24 July 2023)
Louise Macdonald OBE
Dr Towela Nyirenda Jere – vice-Chair *
(Resigned – 24 July 2023)
Sir Peter Wanless CB *
Shoshana Zuboff

*Members of Governance and Remuneration Committee

Registered office

14 Fowler Road
London
N1 2EP

Charity registration number (England and Wales)

1178581

Company registration number

11271356

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers

Lloyds Bank
7 Carter Street
Uttoxeter
Staffordshire
ST14 8HD

Introduction

The trustees present their statutory report together with the financial statements of 5Rights Foundation for the year ended 31 March 2023.

The report, which constitutes a trustees' report for the purposes of charity legislation and a directors' report for the purposes of company legislation, complies with Charity's constitution, and has been prepared in accordance with Part 8 of the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice.

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15 of the attached financial statements and comply with the Charity's Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom (FRS 102).

Objects and public benefit

The Charity's objectives are set out in its Articles of Association, for which the organisation is established and supports the Charity's mission to make the digital environment fit for children and childhood.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit and advice for charities of an appropriate size when reviewing Charity's objectives and in planning its activities. To further 5Rights' charitable objects for public benefit, all work is directed towards understanding and promoting the well-being of children and young people, by working with others to ensure that the digital environment observes the rights and privileges of childhood.

5Rights Foundation achieves public benefit for the population as a whole by advocating for fair legislation, regulation, standards and technical controls that uphold children's rights in the digital world.

Our achievements in the year

We achieved remarkable milestones during the year 2022/23 while navigating the ever-evolving challenges of the post-Covid landscape. The foundation has streamlined its efforts, focusing on its core pillars: Advocacy, Research, and Accountability.

Advocacy

Within the UK, our advocacy efforts were driven by our mission of building the digital environment children deserve, we brought together an alliance of 39 charities, endorsed by prominent faith leaders. This coalition generated extensive public awareness and media attention, fostering a valuable dialogue around the Online Safety Bill. Consequently, our steadfast advocacy influenced the bill's provisions, securing a priority for children's safety and welfare.

The Molly Russell inquest ruling underscored our campaigning to ensure children's online safety, shedding light on the harmful effects of online content on children's mental health. Responding to this, we developed a comprehensive Child Safety Duties Code of Practice.

We were delighted that our advocacy reached the European Union which decided to adopt the 5Rights-inspired IEEE 2089 Standard as an EU Standard and the inclusion of the "children's clause" in the Digital Services Act. Equally exciting was the invitation to support the African Union to draft its policy and action plan for child online safety, in the light of our much loved and universally applicable Child Online Safety Toolkit.

Youth engagement

Central to the ethos of 5Rights Foundation is a key principle: Engagement with children and young people. Recognising that the perspectives of the young are instrumental in shaping the digital world, we consider them not merely as passive users but as proactive stakeholders. This approach allows us to gather authentic experiences and viewpoints of children and young people, and transform them into powerful influencers for advocacy and policy development.

Our partnership with the Gifted Young Generation on Safer Internet Day in February 2023 facilitated a global conversation series. This initiative empowered young voices to express their experiences, challenges, and recommendations regarding online safety and enriched the overall discourse with first-hand perspectives. Nowhere was this more evident in our collaboration with the Digital Futures Commission, we involved children and young people in the co-design of Playful by Design®, a tool intended to redefine digital play opportunities for children. Their involvement ensured the tool's relevance, effectively mirroring children's preferences, needs, and rights.

Research

Building on the 2021 Pathways report, we conducted an in-depth follow-up study to investigate the dangers children face due to inadequately designed digital services. The insights derived from this research have significantly enriched our efforts to socialise the need for safety by design reinforcing our arguments with powerful evidence.

Our fruitful three-year research collaboration with the London School of Economics, and the Digital Futures Commission, concluded on 31 March 2023, culminating in significant successes. Our work, aligned with the United Nations Convention on the Rights of the Child (UNCRC), concentrated on three key themes: free play in a digital world, beneficial uses of education data, and designing for children's rights. This comprehensive approach has yielded invaluable insights and practical tools for navigating today's intricate digital landscape the results of which are on the DFC website.

Accountability

We have achieved significant milestones in our accountability work. Firstly, we successfully influenced the ICO's interpretation of 'likely to be accessed' in relation to adult-only sites. By challenging the exclusionary definition that overlooked children's unrestricted access to these sites, we emphasised the need for action. The ICO acknowledged this issue through a clarifying press release, recognising that adult sites are indeed likely to be accessed. Consequently, active supervision under the Age-Appropriate Design Code (AADC) was established. This achievement holds global implications, as other jurisdictions have started adopting the UK AADC's definition.

While we undertake to research efforts at compliance and report where we see systemic failures our key interest is in developing up-stream safety by design. We have pursued direct engagements with companies to address issues in their products. We have been surprised and pleased that a number of companies have chosen to engage and we are looking forward to a series of announcements before the year end.

Plans for 2023/24

Next year, our commitment to delivering impactful changes remains steadfast as we work collaboratively across our three areas of interest, advocacy, accountability, and research initiatives. All of which will be informed by and integral to the work we do with young people. With the changes predicted by AI and the spread of legislative and regulatory initiatives, we will once again focus on supporting NGO's, regulators, governments and international institutions in their efforts to make a more supportive and welcoming digital world for children.

In particular, we see continuing work with the African Union, the spread of data protection regimes, working with investors and advertisers and the launch of our second three-year project in collaboration with the LSE as key pillars of our work. We also intend to build with GYG a more global group of young advisors so we can anticipate the needs of children coming online from varied contexts.

In all our work Our aim is to promote collective understanding, exchange best practices, and foster effective governance frameworks that comprehensively address the ethical and societal implications of AI.

Results and financial position

A summary of the period's results can be found on page 10 of the accounts.

The year's total income reached £1,469,940, a marked rise from £1,153,555 in 2022. This income was largely driven by donations and grants, supplemented slightly by bank interest.

Our yearly expenditure amounted to £1,795,993, an increase from £1,476,524 in 2022. This entire amount was directed towards supporting the charitable operations of 5Rights Foundation.

It should be highlighted that, owing to our funding framework, significant funds were received in prior years to support activities in the year concluding on 31 March 2023. These funds have been used as planned, thereby resulting in a fiscal deficit for this year.

At the conclusion of the year, we have designated £333,000 for committed activities in advocacy, research, and accountability.

Funding

All our funding is received as grants or donations. We do not engage in direct fundraising activities with the public and are not registered with the Fundraising Regulator. We follow best practices in data protection when processing donations, never sharing data with external organisations. We also ensure our supporters and donors have the flexibility to adjust their communication preferences at any point. We handle our fundraising internally without the use of professional fundraisers. We are committed to addressing and investigating any concerns about our fundraising practices, aiming to learn from each experience to enhance our performance. In the fiscal year 2022/23, we did not receive any complaints regarding our fundraising methods.

We closely monitor a range of factors that could influence our financial future. These encompass macro considerations like the overall economic, political, and social landscape, as well as micro considerations like our ability and preparedness to raise funds.

Reserves policy

Our trustees have evaluated the sum that 5Rights Foundation needs to maintain in reserve to assure financial sustainability. In developing our reserves policy, we took into account the necessity for reserves, the possible effects of external factors beyond our control, the level of reserves deemed necessary by the trustees, the strategy for reaching the desired level of reserves, and the approach to monitor and review both the policy and actual reserves.

The Foundation requires reserves to ensure operational continuity during times of economic and social volatility, to manage the ebbs and flows of funding cycles, and to sustain primary activities as we transition between projects. Whenever feasible, a surplus of reserves allows the Foundation to invest in new strategic initiatives.

We are carrying forward a general reserve fund of £535,768 into the following year (a decrease from £598,765 in 2022). Given the prevailing uncertain circumstances, the trustees have opted to continue a prudent approach and have approved the reserves policy to retain three months of operating costs (excluding funds already allocated for funded commitments and designated funds for ongoing work) until at least the end of the current financial year. The operational costs for three months in the year 2023/24 are estimated to be £530,000. This policy will undergo regular reviews.

Risk management

At the 5Rights Foundation, we underpin our operations with strategic risk management, enabling us to navigate the challenges we face as a charity. Our trustees, conscientiously fulfilling their responsibilities, engage in the continuous identification and assessment of strategic and operational risks. Through structured risk assessment practices and regular bi-annual risk reviews, we focus on significant categories: governance, external, financial, and operational risks. Our proactive approach ensures the effectiveness of our strategies and systems, enabling us to control and minimise significant risks.

Principal risks and mitigations

- **Governance Risks:** With a commitment to mitigate risks associated with governance, we've made considerable headway by diversifying our board through the recruitment of new trustees and the appointment

of a Vice-Chair. This strategic reinforcement of our governance structure, coupled with the creation of a governance committee, allows us to address any potential conflicts of interest among trustees and ensures a thorough risk management process.

- **Operational Risks:** We've pinpointed two operational risks that could potentially impact our productivity - potential misuse of funds or excessive spending, and increased staff turnover. We've devised strategic interventions to prevent these risks from impeding our operations, ensuring the continuity and efficacy of our work.
- **Financial Sustainability:** The financial sustainability of our operations remains a primary focus of our risk mitigation efforts. We've cultivated strong relationships with our current funders, allowing us to optimise our budget. However, to safeguard our operations and facilitate positive change on a global scale, diversifying our funding sources is a strategic imperative. With the guidance of our Chair, we're formulating an efficient funding plan aimed at securing new, sustainable sources of funding.

Structure, governance and management

The Charity and Company is governed by Articles of Association, was incorporated as a company limited by guarantee on 22 March 2018, and registered as a charity on 31 May 2018.

The governance of 5Rights Foundation is overseen by the board of trustees. New trustees are invited onto the board by the Chair and trustees and on recommendation from industry, NGO and other contacts. They are generally individuals who bring specific high-level skills and contacts to complement, support and advise. New trustees undergo a comprehensive induction programme to ensure they can contribute effectively to their roles as trustees.

The board meets four times each year and guides the strategic direction of the Charity. 5Rights vice-chair leads the Governance and Remuneration Committee makes recommendations to the board on matters of governance and HR; recruitment and nomination of trustees; reviews governance arrangements and policies; resolve disputes or complaints; remuneration decisions for senior staff and advise on matters relating to human resources.

Decisions made by staff are made according to the levels of delegated authority defined in the organisation's policies and procedures and according to role descriptions and commensurate levels of authority. Senior Management Team currently (from April 2023) comprises the Director of Policy, the Director of International Advocacy, and the Director of Operations.

The trustees receive no remuneration for their services as trustees but are reimbursed for appropriate travel and expenses in the performance of the work of the Charity. The pay of all staff is reviewed annually by the board of trustees and is based on comparisons with similar organisations using industry-standard benchmarking.

Statement of trustees' responsibilities

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards. Company law requires the trustees to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Charity of the income and expenditure of the Charity 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 Account and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable United Kingdom Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with

**5RIGHTS FOUNDATION
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that

- So far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware
- Each trustee has taken all of the steps they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the board of trustees on 24 July 2023 and signed on its behalf by



MANUEL COSTESCU

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 5RIGHTS FOUNDATION

Opinion

We have audited the financial statements of 5Rights Foundation for the year ended 31 March 2023, which comprise the statement of financial activities, the balance sheet and statements of cash flows, the principal accounting policies and notes to the financial statements. 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 charitable company's affairs as at 31 March 2023 and of the income and expenditure for the period 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 5RIGHTS FOUNDATION (CONTINUED)

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 trustees' annual report, which is also the directors' report 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 trustees' report, which is also the directors' report for the purposes of company law, has 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 trustees' report.

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

- ◆ adequate accounting records have not been kept by the charitable company; or
- ◆ the charitable 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; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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; and
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 5RIGHTS FOUNDATION (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

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 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.

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;

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

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to the presence of any actual or potential litigation and claims.

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 trustees 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.

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.



Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 20 September 2023

5RIGHTS FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
INCOME					
Income from:					
Grants and donations	3	1,338,290	130,226	1,468,516	1,151,682
Investment income: bank interest		1,424	-	1,424	1,873
TOTAL INCOME		1,339,714	130,226	1,469,940	1,153,555
EXPENDITURE					
Expenditure on:					
Charitable Activities		1,642,458	153,535	1,795,993	1,476,524
TOTAL EXPENDITURE	4	1,642,458	153,535	1,795,993	1,476,524
Net (expenditure) before transfers		(302,744)	(23,309)	(326,053)	(322,969)
Transfers between funds	9	10,747	(10,747)	-	-
NET MOVEMENT IN FUNDS		(291,997)	(34,056)	(326,053)	(322,969)
Balances brought forward		1,160,765	34,056	1,194,821	1,517,790
Balances carried forward		868,768	-	868,768	1,194,821

There are no recognised gains or losses other than those shown in the Statement of Financial Activities.

All income and expenditure in each of the above two years derive from continuing activities.

5RIGHTS FOUNDATION (Registered Company No. 11271356)**BALANCE SHEET**

AS AT 31 MARCH 2023

	Note	£	2023 £	£	2022 £
CURRENT ASSETS					
Debtors	7	75,965		30,648	
Cash at bank and in hand		<u>950,502</u>		<u>1,361,563</u>	
		1,026,467		1,392,211	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	8	(157,699)		(197,390)	
			868,768		1,194,821
NET CURRENT ASSETS					
			868,768		1,194,821
NET ASSETS					
			868,768		1,194,821
FUNDS					
Restricted funds	9		-		34,056
Unrestricted funds					
Designated funds	9	333,000		562,000	
General fund	9	<u>535,768</u>		<u>598,765</u>	
			868,768		1,160,765
			868,768		1,194,821

Approved, and authorised for issue, by the directors on 24 July 2023 and signed on their behalf by:-



MANUEL COSTESCU

5RIGHTS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	£	2023 £	£	2022 £
Cash (used in) operating activities				
Net movement in funds	(326,053)		(322,969)	
(Increase) / decrease in debtors	(45,317)		12,752	
(Decrease) / increase in creditors	(39,691)		41,649	
Net cash (used in) operating activities		(411,061)		(268,568)
(Decrease) in cash and cash equivalents in the year		(411,061)		(268,568)
Cash and cash equivalents at the beginning of the year		1,361,563		1,630,131
Total cash and cash equivalents at the end of the year		950,502		1,361,563
Analysis of changes in net debt				
		Balance at 1 April 2022 £	Cash flows £	Balance at 31 March 2023 £
Cash at bank and in hand		1,361,563	(411,061)	950,502
		1,361,563	(411,061)	950,502

The charity held no debt during the period, as such the above analysis of cash and cash equivalents serves as reconciliation of changes in net debt.

1. STATUTORY INFORMATION

5Rights Foundation is a charitable company limited by guarantee and is incorporated in England and Wales (Company no.011271356). The registered office address is 14 Fowler Road, London, England, N1 2EP.

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

These accounts have been prepared for the year 31 March 2023 with comparative information for the period to 31 March 2022.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include the allocation of support costs between charitable expenditure categories; and the formulation of the reserve policy.

Assessment of going concern

The Trustees of 5Rights Foundation confirm that they have prepared the financial statements for the year ended 31 March 2023 on a going concern basis, having concluded that the Foundation has the resources to continue in business for the foreseeable future, a period of at least twelve months from the date of approval of these financial statements.

This confirmation is based on the Foundation's financial performance, budget, and cash flow projections, as well as its confirmed funding and expected income. As of 31 March 2023, the Foundation has a robust financial position, with sufficient reserves and a well-balanced portfolio of income sources.

The detailed budget and cash flow projection for the subsequent period, considering both routine operating costs and project-related costs, have been thoroughly reviewed and approved by the Trustees. The budget reflects a level of activity consistent with the previous year and a conservative estimate of income based on confirmed and expected funding sources.

5Rights Foundation has a substantial amount of funding confirmed for the next financial year. The Trustees are confident in the ability to secure additional funding based on ongoing relationships with existing donors, planned fundraising activities, and a consistent track record of support.

The Foundation demonstrated its resilience and adaptability in the face of global challenges, such as the COVID-19 pandemic, and continues to operate effectively amidst macroeconomic uncertainties.

Assessment of going concern (Continued)

While 5Rights Foundation's ability to continue as a going concern, like many charities, depends on ongoing donor support and the success of future fundraising efforts, the Trustees have determined that there are no material uncertainties casting significant doubt on the Foundation's ability to continue its operations.

However, the Trustees continue to monitor the Foundation's financial health, income streams, and the external environment. They are committed to taking necessary actions to ensure the sustainability of the Foundation. The Trustees acknowledge their responsibilities concerning the assessment of the Foundation's ability to continue to adopt the going concern basis of accounting and the obligations to report any significant doubts that might arise.

In conclusion, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue its activities for the foreseeable future, thus they continue to adopt the going concern basis in preparing the annual financial statements.

Income recognition

Donations have been credited to the statement of financial activities on an accruals basis. Revenue grants are credited to the Statement of Financial Activities (SOFA) when the charity is considered to have entitlement to the assets, it is probable that the resources will be received, and the monetary value of income can be measured with sufficient reliability.

Grants have been included either as income from activities in furtherance of the charity's objectives where these amount to support for specific activities and services, or as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis.

Expenditure consists of the costs of charitable activities. This includes all costs associated with furthering the charitable purposes of the charity; direct and indirect expenditure on the charity's children's digital rights.

Allocation of support and governance costs

Support costs, represent indirect charitable expenditure. In order to carry out primary purposes of the charity it is necessary to provide support such as general management, information technology, communications, insurance and other office support as well as governance of the charity. These costs are allocated between activities they are supporting on the basis of staff numbers employed during the period and the effort and time required to support that activity.

Expenditure is allocated to each activity on a direct basis, or by allocation based on an estimate of the time spent, by each member of staff on each activity or on an estimate of the proportion of costs relating to that activity.

Foreign exchange differences

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the Statement of Financial Activities.

Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions

The charity is part of an occupational pension scheme, which is a defined contribution scheme, the assets of which are held separately from those of the charity in an independently administered fund. The cost of contributions payable by the charity to the scheme is charged to the income and expenditure account as incurred.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Fund structure

Unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity and which may be applied at the discretion of the trustees.

Restricted funds are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the funder/donor or when funds are raised for particular restricted purposes.

Financial instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

- Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.
- Cash at bank – classified as a basic financial instrument and is measured at face value.
- Financial liabilities – accruals and other creditors are financial instruments, and are measured at amortised cost.

5RIGHTS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

3. INCOME FROM GRANTS AND DONATIONS

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	<i>Total Funds 2022 £</i>
Donations	1,000	-	1,000	16
Grants	1,337,290	130,226	1,467,516	1,151,666
	<u>1,338,290</u>	<u>130,226</u>	<u>1,468,516</u>	<u>1,151,682</u>

In the year to 31 March 2022, grants totalling £51,127 were restricted, with the balance of all other grants and donations being unrestricted.

4. EXPENDITURE

CURRENT YEAR

	Direct costs £	Support costs £	Total 2023 £
Staff costs	548,340	65,472	613,812
Staff related costs	12,951	187,294	200,245
Project costs	841,156	-	841,156
Office and administration	-	132,845	132,845
Governance costs - audit and other	-	7,935	7,935
	<u>1,402,447</u>	<u>393,546</u>	<u>1,795,993</u>

PRIOR YEAR

	<i>Direct costs £</i>	<i>Support costs £</i>	<i>Total 2022 £</i>
<i>Staff costs</i>	556,772	69,538	626,310
<i>Staff related costs</i>	11,623	35,123	46,746
<i>Project costs</i>	656,049	-	656,049
<i>Office and administration</i>	-	136,685	136,685
<i>Governance costs - audit and other</i>	-	10,734	10,734
	<u>1,224,444</u>	<u>252,080</u>	<u>1,476,524</u>

5. NET INCOME FOR THE YEAR

This is stated after charging:

	2023 £	2022 £
Auditor's remuneration (excluding VAT)	7,700	6,800
Operating lease charge	<u>28,901</u>	<u>30,399</u>

6. EMPLOYEE AND KEY MANAGEMENT PERSONNEL

The key management personnel of the Charity comprise the trustees (“Directors” for the purposes of the Companies Act) and Senior Management Team. The total amounts paid in respect of the key management personnel of the Charity (including employer’s National Insurance contributions and employers pension contributions) were £234,168 (2022: £178,605).

None of the trustees (or any persons connected with them) received any remuneration during the year or the previous year. During the year, three trustees were reimbursed expenses totalling £17,378 (2022: £3,467 to two Trustees). Reimbursed costs included travel and accommodation incurred while performing direct activities on behalf of the Charity.

	2023	2022
	£	£
The aggregate payroll costs were:		
Wages and salaries	542,131	556,124
Social security costs	53,105	48,122
Employer pension contributions	18,576	22,064
	613,812	626,310

The number of employees earning £60,000 in the year or more (exclusive of employer pensions and employer National Insurance contributions) was:

	2023	2022
	No.	No.
£60,000- £70,000	-	1
£100,000- £110,000	1	1

Particulars of employees:

The average number of staff employed by the Charity during the financial year amounted to:

	2023	2022
	No.	No.
	11.0	11.3

7. DEBTORS

	2023	2022
	£	£
Prepayments	8,871	9,954
Accrued income	67,094	-
Other debtors	-	20,694
	75,965	30,648

5RIGHTS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

8. CREDITORS: amounts falling due within one year	2023	2022
	£	£
Trade creditors	128,450	16,062
Taxation and social security	8,050	13,377
Other creditors and accruals	21,199	167,951
	<u>157,699</u>	<u>197,390</u>

9. MOVEMENT IN FUNDS

CURRENT YEAR

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2023 £
Restricted funds					
Child Online Protection	<u>34,056</u>	<u>130,226</u>	<u>(153,535)</u>	<u>(10,747)</u>	-
Total restricted funds	<u>34,056</u>	<u>130,226</u>	<u>(153,535)</u>	<u>(10,747)</u>	-
Designed unrestricted funds					
Policy and Advocacy	<u>562,000</u>	-	<u>(562,000)</u>	<u>333,000</u>	<u>333,000</u>
General unrestricted funds	<u>598,765</u>	<u>1,339,714</u>	<u>(1,080,458)</u>	<u>(322,253)</u>	<u>535,768</u>
	<u>1,194,821</u>	<u>1,469,940</u>	<u>(1,795,993)</u>	<u>-</u>	<u>868,768</u>

PRIOR YEAR

	Balance at 1 April 2021 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2022 £
Restricted funds					
Child Online Protection	297,613	-	(235,796)	(27,761)	34,056
Children's Rights	-	33,424	(33,424)	-	-
Child Centred Design	2,700	17,703	(20,403)	-	-
Data and Privacy	<u>505,593</u>	-	<u>(505,593)</u>	-	-
Total restricted funds	<u>805,906</u>	<u>51,127</u>	<u>(795,216)</u>	<u>(27,761)</u>	<u>34,056</u>
Designed unrestricted funds					
Policy and Advocacy	<u>375,000</u>	-	<u>(375,000)</u>	<u>562,000</u>	<u>562,000</u>
General unrestricted funds	<u>336,884</u>	<u>1,102,428</u>	<u>(306,308)</u>	<u>(534,239)</u>	<u>598,765</u>
	<u>1,517,790</u>	<u>1,153,555</u>	<u>(1,476,524)</u>	<u>-</u>	<u>1,194,821</u>

9. MOVEMENT IN FUNDS (Continued)

Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances held on trust to be applied for specific purposes. The restricted funds held by the charity comprise:

Child Online Protection – Funds received for children’s online protection.

Transfers from restricted to unrestricted funds represent contributions to general overhead costs of the charity, permitted under the terms of the respective grant agreements.

Designated funds

Policy and Advocacy - Funds designated by the trustees to support future work in the areas of policy and advocacy.

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

As at 31 March 2023	Unrestricted Funds £	Restricted Funds £	Total Funds £
Net current assets	868,768	-	868,768
Net assets at the end of the year	868,768	-	868,768
As at 31 March 2022	<i>Unrestricted Funds £</i>	<i>Restricted Funds £</i>	<i>Total Funds £</i>
Net current assets	1,160,765	-	1,160,765
Net assets at the end of the year	1,160,765	-	1,160,765

11. RELATED PARTY TRANSACTIONS

Other than as those disclosed within Note 6, there were no further transactions with related parties.

12. OPERATING LEASE COMMITMENTS

At the reporting end date the charity had the following future minimum lease payments under non-cancellable operating leases (all for property) which fall due as follows:

	2023 £	2022 £
Less than one year	-	31,041

5RIGHTS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

13. STATEMENT OF FINANCIAL ACTIVITIES - PRIOR YEAR

	<i>Unrestricted Funds 2022 £</i>	<i>Restricted Funds 2022 £</i>	<i>Total Funds 2022 £</i>
<i>INCOME</i>			
<i>Income from:</i>			
<i>Grants and donations</i>	1,100,555	51,127	1,151,682
<i>Other income</i>	1,873	-	1,873
TOTAL INCOME	1,102,428	51,127	1,153,555
<i>EXPENDITURE</i>			
<i>Expenditure on:</i>			
<i>Charitable Activities</i>	681,308	795,216	1,476,524
TOTAL EXPENDITURE	681,308	795,216	1,476,524
<i>Net income / (expenditure) before transfers</i>	<u>421,120</u>	<u>(744,089)</u>	<u>(322,969)</u>
<i>Transfers between funds</i>	27,761	(27,761)	-
NET MOVEMENT IN FUNDS	448,881	(771,850)	(322,969)
<i>Balances brought forward</i>	711,884	805,906	1,517,790
<i>Balances carried forward</i>	<u>1,160,765</u>	<u>34,056</u>	<u>1,194,821</u>