

5Rights Foundation

Report and Financial Statements

31 March 2021

Company Registration Number
11271356 (England and Wales)

Charity Registration Number
1178581

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Reference and administrative details of the charity, its trustees and advisers

Trustees	Dr Amani Abou-Zeid Manuel Costescu – Honorary Treasurer Baroness Helena Kennedy QC * Baroness Beeban Kidron OBE – Chair Dr Ansgar Koene Rhiannon Lawson (appointed October 2020) Louise Macdonald OBE Stephanie Nguyen (appointed October 2020) Dr Towela Nyirenda Jere – vice-Chair * Sir Peter Wanless CB * Shoshana Zuboff (appointed July 2020) *Members of Governance and Remuneration Committee
Registered offices	Suite 6, Islington House 313-314 Upper Street London N1 2XQ
Company registration number	1178581
Charity registration number	11271356
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal bankers	Lloyds Bank 7 Carter Street Uttoxeter Staffordshire ST14 8HD

Chair's statement Year ended 31 March 2021

5Rights Foundation has worked hard over the past year to fulfil our mission of building the digital world children deserve. We have made significant progress against each of our key areas of interest; data protection, child centred design and children's rights.

Our team has doubled in size to support the additional work we are undertaking. We have enriched our board of directors to enhance its skills and experience in service design, technology standards and human-computer interaction design and research. A vice-Chair has been appointed, and we have instituted a governance and remuneration committee. We conducted our first independent data protection audit and have reviewed and updated our safeguarding and research ethics protocols.

COVID-19 has been a strain for both our team and the children we serve. We worked remotely successfully since March 2020 and the whole team is to be commended for their commitment and the seamless way they adapted. Despite the difficulties we have faced, the team has worked brilliantly to build the charity's reputation for pragmatic policy and principled interventions that impact on children's lived experience.

Introduction

The trustees present their statutory report together with the financial statements of 5Rights Foundation for the year ended 31 March 2021.

The report, which constitutes a trustees' report for the purposes of charity legislation and a directors' report for the purposes of company legislation, comply with the 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 16 to 19 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 objects are set out in its Articles of Association, for which the organisation is established and support 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 the Charity's objects 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.

Summary of activities and achievements

All activities support 5Rights' charitable objects and are designed to focus on long-term, systemic change for children using digital services.

Data and privacy: The Age Appropriate Design Code, which the charity's Chair introduced as an amendment to the Data Protection Act 2018, passed into UK law in September 2020. It is a matter of great pride to the entire team that the code is increasingly cited as best practice in legislation, regulation and policy documents in the UK and around the globe.

Child-centred design: For the past two years we have been driving a programme of work with IEEE, the international association of electrical engineers to create a child centred design standard. The standard establishes a set of processes by which organisations can make their products and services age appropriate. This standard will help organisations ask the right questions to identify risks and opportunities by which to make their services age appropriate, it also encourages them to mitigate risks and embed beneficial systems that support age-appropriate engagement.

The Digital Futures Commission is an exciting research collaboration of unique organisations that invites innovators, policy makers, regulators, academics and civil society, that seeks to unlock digital innovation in the best interests of children and young people. We have started to see the fruits of its work, and over the last year have seen the publication of several highly regarded reports and enjoyed the benefits of remote meetings that allow contributions from experts all over the world.

Children's rights: In many parts of the world the United Nations Convention on the Rights of the Child (UNCRC) is the primary document from which child protection flows. We were delighted to be the consultants to the Committee on the Rights of the Child in drafting the General comment 25 children's rights in relation to the digital world. In March the GC was formally adopted by the UNCRC as the authoritative document on how children's rights apply to the digital world. It has since been widely welcomed by states and international organisations.

We have been compiling a **Global Child Online Protection handbook/toolkit** to offer the necessary road maps, signposts, and exemplars of good practice in a single volume/entity. Working closely with the international community an online consultation ran in six countries in five languages in late 2020.

Monitoring and evaluation continue to be central to the charity's ability to review the effectiveness and success of its activities over the long-term.

Documents published for public benefit during the year included *'Freedom Security Privacy: The Future of Childhood in the Digital World'* (July 2020) *'Building the Digital World that Young People Deserve: Priorities for the Online Harms Bill'* (October 2020) *'UNCRC General comment No. 25: Explanatory Notes'* (March 2021) *'Our Rights in a Digital World: A Snapshot of children's views from around the world'* (March 2021) *'In Our Own Words: Young People's version of general comment No. 25'* (March 2021) *'Know your rights! general comment No. 25 Poster for Schools'* (March 2021) *'But how do they know it is a child? Age Assurance in the Digital World'* (March 2021).

The Charity contributed to consultations in the UK and abroad, and have been successful in inserting children's data privacy, child centred design and children's rights in a large number of high-profile legislative, treaty and policy documents. We continue to build awareness of children as any person under the age of 18, and work with a large number of organisations and legislators in the UK and beyond, to support their efforts to build the digital world young people deserve.

5Rights grew from six full-time employees at the beginning of the year to 11 by year end by investing in our operations, policy and advocacy teams.

Covid-19 was the dominant external factor outside the Charity's control which had the potential to impact 5Rights' work and operation. The team successfully worked remotely from March 2020, adjusting quickly and effectively and has delivered exceptional results and no staff were furloughed.

In all our work, we are careful to consult with children and to support their desire for a digital world that is rights respecting and age appropriate.

Plans for the future

Our plans include the publication of a child risk assessment tool for online services, and the continued advocacy and development of our three core areas, data privacy, child centred design and children's rights – being mandatory. The Charity has designated funds to continue this work and deliver against its commitments and promises.

Results and financial position

A summary of the period's results can be found on page 13 of the accounts.

Total income for the year amounted to £1,765,161 (2020: £1,114,603) and was derived from donations and grants.

Expenditure in the year totalled £1,040,906 (2020: £592,996) exclusively to support 5Rights' charitable activities.

Due to COVID some of our 2020 projects have taken a little longer, the underspend from this year is scheduled to be spent in the next 12-months.

Funding

All funding received is in the form of grants or donations. The Charity does not fundraise directly with the general public and is not registered with the Fundraising Regulator. When donations are received, the Charity applies best practice to protect personal data and never sells data to other organisations and ensures that supporters' and donors' communications preferences can be changed at any time. The Charity manages its own fundraising activities and does not employ the services of professional fundraisers. The Charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2020/21, the Charity received no complaints about its fundraising activities.

The Charity takes a number of factors into account which could affect its future financial performance. Macro factors such as the general economic, political and social situation, and micro factors such as capability and capacity to raise funds.

Reserves policy

Trustees have considered the amount that 5Rights Foundation needs to hold in reserve to ensure financial sustainability. In developing its Reserves Policy the trustees have considered:

- The reasons why the Charity needs reserves
- Potential impacts of external factors outside the Charity's control
- The level of reserves the trustees believe the Charity needs
- How the Charity is going to establish the level of reserves required
- How the trustees monitor and review the policy and the actual reserves.

Reserves policy (continued)

The Charity needs reserves in order to protect the continuity of operations during periods of economic and social uncertainty, through peaks and troughs of funding cycles and to maintain core activities as individual projects finish and new projects start. In addition to such operational reserves, where possible, a fund of accumulated reserves allows the Charity to invest appropriately in new strategic initiatives.

The general reserve fund carried forward into the next year, excluding restricted and designated funds was £336,884 (2020: £208,564). The trustees have concluded that the Charity can now revert to its original reserve policy of three months of operating costs, excluding restricted funds of £805,906 (2020: £584,971) already set aside to complete funded commitments; and designated funds of £375,000 (2020: £nil) to complete work already commenced. The trustees have reviewed funds available and are confident that the general reserves fund will comply with the policy in 2022. This policy will be reviewed regularly.

Risk Management

The trustees are mindful of their responsibility as charity trustees to identify both the strategic and operational risks the Charity faces, and to establish and implement systems and procedures to mitigate those risks identified. The major risks to which the organisation is exposed are consistently reviewed at the request of trustees and, where necessary, amended and risk management policies, strategies, actions and procedures identified and implemented to minimise these risks.

A risk review was carried out in 2020/21 and was reviewed by the board of trustees in May 2021. This assessed strategic and operational risks under the five categories: governance, external, regulatory & compliance, financial and operational. The trustees confirm that they are satisfied that strategies, systems and controls are in all areas and as far as possible in place to mitigate any significant risks.

Of all the potential risks posed to the Foundation during the year, COVID-19 had the potential to be the greatest. However, the charitable work and day-to-day running of the Charity continued with as little disruption as possible. The trustees are pleased to report that workplans and strategies are in place to ensure ongoing external relationships and funding of the Foundation.

Risk Management (continued)

Structure, governance and management

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 comprises of the Director of Operations and Director of External Engagement who meet twice weekly.

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 trustees receive no remuneration for their services as trustees but are reimbursed for appropriate travel and expenses in 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 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 2 August 2021 and signed on its behalf by

Manuel Costescu

Manuel Costescu

Independent auditor's report to the trustees of 5Rights Foundation

Opinion

We have audited the financial statements of 5Rights Foundation for the year ended 31 March 2021, 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 2021 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.

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' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report 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).
- ◆ We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

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

- ◆ 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.

 14.9.2021

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

Statement of financial activities Year to 31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	Total year ended 31 March 2021 £	Unrestricted funds £	Restricted funds £	Total year ended 31 March 2020 £
Income from:							
Grants and donations	1	1,034,774	721,387	1,756,161	435,540	679,063	1,114,603
Other		9,000	—	9,000	—	—	—
Total income		1,043,774	721,387	1,765,161	435,540	679,063	1,114,603
Expenditure on:							
Charitable activities	2	548,712	492,194	1,040,906	482,284	110,712	592,996
Total expenditure		548,712	492,194	1,040,906	482,284	110,712	592,996
Net income (expenditure) for the period	3	495,062	229,193	724,255	(46,744)	568,351	521,607
Transfers between funds		8,258	(8,258)	—	—	—	—
Net movement in funds		503,320	220,935	724,255	—	—	—
Total fund brought forward		208,564	584,971	793,535	255,308	16,620	271,928
Total funds carried forward at 31 March							
. Restricted funds		—	805,906	805,906	—	584,971	584,971
. Designated funds		375,000	—	375,000	—	—	—
. General reserve fund		336,884	—	336,884	208,564	—	208,564
		711,884	805,906	1,517,790	208,564	584,971	793,535

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

Balance sheet 31 March 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Current assets					
Debtors	6	43,400		18,163	
Cash at bank and in hand		1,630,131		810,138	
		<u>1,673,531</u>		<u>828,301</u>	
Current liabilities					
Creditors: amounts falling due within one year	7	(155,741)		(34,766)	
Net current assets			<u>1,517,790</u>		<u>793,535</u>
Total net assets			<u>1,517,790</u>		<u>793,535</u>
Represented by:					
The funds of the charity					
Restricted funds	9		805,906		584,971
Unrestricted funds					
. Designated funds			375,000		—
. General reserve fund			336,884		208,564
			<u>1,517,790</u>		<u>793,535</u>

Approved by the trustees on 2 August 2021 and signed on their behalf by

Manuel Costescu

Manuel Costescu

Company Registration Number 11271356 (England and Wales)

Statement of cash flows Year to 31 March 2021

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Cash flows from operating activities			
Net cash provided by operating activities	A	819,993	544,367
Change in cash and cash equivalents in the period		819,993	544,367
Cash and cash equivalents at 1 April 2020		810,138	265,771
Cash and cash equivalents at 31 March 2021	B	1,630,131	810,138

Notes to the statement of cash flows for the year to 31 March 2021

A Reconciliation of net movement in funds to net cash provided by operating activities

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Net movement in funds (as per the statement of financial activities)	724,255	521,607
Adjustments:		
(Increase) decrease in debtors	(25,237)	45,007
Increase (decrease) in creditors	120,975	(22,247)
Net cash provided by operating activities	819,993	544,367

B Analysis of cash and cash equivalents and change in net debt

	At 1 April 2020 £	Movement in year £	At 31 March 2021 £
Cash at bank and in hand	810,138	819,993	1,630,131
Total cash and cash equivalents	810,138	819,993	1,630,131

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.

Principal accounting policies Year to 31 March 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below:

Basis of preparation

These accounts have been prepared for the year 31 March 2021 with comparative information for the year to 31 March 2020.

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) effective 1 January 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 have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements.

The Trustees have considered the effect of COVID-19 on the organisation's work and objects. The Trustees consider that the pandemic has not, and is not, likely to cause disruption to the Charity's work and are confident that the Charity can continue as a going concern for a period of at least twelve months from the date of approval of these financial statements. The Trustees have a good expectation that the Charity has adequate resources to continue in operation for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

Assessment of going concern (continued)

The senior management team has been planning different scenarios, have put contingency measures and plans in place to make sure the Foundation remains as functional and focused as possible, considering human, project and operational factors. This planning has provided a high level of confidence over maintaining the delivery of commitments.

5Rights have focussed on wellbeing and team building since staff started working from home due to COVID-19 and have put substantial efforts into staff health and safety, home working procedures and wellbeing initiatives. 5Rights is continuing with on-boarding new recruits while working remotely to maximise its ability to continue its work and take every opportunity presented by the current situation. The senior management team believe that these measures and the resulting strong team will continue successfully over the next 12 months.

The trustees of the Charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The trustees are of the opinion that the Charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 March 2022, the most significant areas that affect the carrying value of the assets held by the Charity are the delivery of grant funded activities and securing future funding for these activities.

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.

Principal accounting policies Year to 31 March 2021

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

The charity has various types of funds for which it is responsible, and which required separate disclosure. These are as follows:

Unrestricted funds

There general reserve 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.

Designated funds and funds which are set aside as part of the charity's unrestricted funds for particular purposes in the future.

Restricted funds

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 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.

Notes to the accounts Year to 31 March 2021

1 Income

	Unrestricted funds £	Restricted funds £	Total funds year ended 31 March 2021 £
Grants and donations			
. Donations	838	—	838
. Grants	1,033,936	721,387	1,755,323
Other	9,000	—	9,000
	<u>1,043,774</u>	<u>721,387</u>	<u>1,765,161</u>
			<i>Total funds year ended 31 March 2020 £</i>
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	
<i>Grants and donations</i>			
<i>. Donations</i>	<i>6,000</i>	<i>—</i>	<i>6,000</i>
<i>. Grants</i>	<i>429,540</i>	<i>679,063</i>	<i>1,108,603</i>
	<u><i>435,540</i></u>	<u><i>679,063</i></u>	<u><i>1,114,603</i></u>

2 Expenditure on: Charitable activities

	Direct costs £	Support costs £	Total funds year ended 31 March 2021 £
Staff costs	456,479	83,613	540,092
Staff related costs	29,530	276	29,806
Project costs	404,545	—	404,545
Office and administration	—	55,689	55,689
Governance costs			
. Audit and year end accountancy fees	—	8,674	8,674
. Other professional fees	—	2,100	2,100
	<u>890,554</u>	<u>150,352</u>	<u>1,040,906</u>
Support costs	150,352	(150,352)	—
2021 total	<u>1,040,906</u>	<u>—</u>	<u>1,040,906</u>

2 Expenditure on: Charitable activities (continued)

	Direct costs £	Support costs £	Total funds year ended 31 March 2020 £
Staff costs	145,358	79,321	224,679
Staff related costs	27,830	2,515	30,345
Project costs	281,176	—	281,176
Office and administration	—	48,868	48,868
Governance costs			
. Audit and year end accountancy fees	—	7,928	7,928
	454,364	138,632	592,996
Support costs	138,632	(138,632)	—
2020 total	592,996	—	592,996

3 Net income for the period

This is stated after charging expenditure in respect of:

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Operating leases	8,261	—
Auditor's remuneration (excluding VAT)	5,900	5,700

4 Staff costs and remuneration of key management personnel

Staff costs during the period were as follows:

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Wages and salaries	481,596	202,393
Social security costs	49,589	18,780
Pension costs	8,907	3,506
	540,092	224,679

One employee earned between £60,000 and £70,000 per annum and one employee earned between £70,000 and £80,000 per annum (including taxable benefits but excluding employer pension contributions) during the year (2020: one employee earned between £60,000 and £70,000 per annum).

Key management personnel comprise the Director of Operations, Director of Projects (employed from January to 31 December 2020) and the Director of External Engagement (employed from May 2020). The total employee benefits (comprising gross salary, employers pension and national insurance contributions) of the key management personnel was £222,597 (2020: £68,917)

During the year the average number of staff was 10.6 (2020: 5.3).

4 Staff costs and remuneration of key management personnel (continued)

No trustee received payment for acting as a trustee during the period (2020: none). No trustee received reimbursement for expenses during the year (2020: two trustees received reimbursements for expenses amounting to £2,112 incurred in relation to their role as trustees).

5 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

6 Debtors

	2021 £	2020 £
Prepayments	11,749	—
Other debtors	31,651	18,163
	43,400	18,163

7 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	63,644	9,096
Taxation and social security	13,980	9,739
Other creditors and accruals	78,117	15,931
	155,741	34,766

8 Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total funds 2021 £
Bank	372,601	375,000	882,530	1,630,131
Debtors	43,400	—	—	43,400
Creditors	(79,117)	—	(76,624)	(155,741)
	336,884	375,000	805,906	1,517,790

	General funds £	Designated funds £	Restricted funds £	Total funds 2020 £
Bank	225,167	—	584,971	810,138
Debtors	18,163	—	—	18,163
Creditors	(34,766)	—	—	(34,766)
	208,564	—	584,971	793,535

9 Movement in funds**Year ended 31 March 2021**

	As at 1 April 2020 £	Income £	Expenditure £	Transfers and new designations £	As at 31 March 2021 £
Restricted funds:					
. Child Online Protection	459,878	—	(162,265)	—	297,613
. Children's Rights	—	124,371	(116,113)	(8,258)	—
. Child Centred Design	125,093	—	(122,393)	—	2,700
. Data and Privacy	—	597,016	(91,423)	—	505,593
Total restricted funds	584,971	721,387	(492,194)	(8,258)	805,906
Designed unrestricted funds					
. Policy and Advocacy	—	—	—	375,000	375,000
General unrestricted funds	208,564	1,043,774	(548,712)	(366,742)	336,884
	793,535	1,765,161	(1,040,906)	—	1,517,790

Year to 31 March 2020

	As at 1 April 2019 £	Income £	Expenditure £	Transfers and new designations £	As at 31 March 2020 £
Restricted funds:					
. Child Online Protection	11,620	482,991	(34,733)	—	459,878
. Children's Rights	5,000	40,277	(45,277)	—	—
. Child Centred Design	—	155,795	(30,702)	—	125,093
Total restricted funds	16,620	679,063	(110,712)	—	584,971
Designed unrestricted funds					
. Project work	195,732	—	(195,732)	—	—
General unrestricted funds	59,576	435,540	(286,552)	—	208,564
	271,928	1,114,603	(592,996)	—	793,535

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.
- ◆ Children's Rights – Funds received for children's rights support and General Comment on the UN Convention on the Rights of the Child. Transfers made out of this fund to the general fund in the period represent overhead support costs incurred in previous years and chargeable under the terms of grant agreements, which had not been charged against the associated fund.
- ◆ Child Centred Design – Funds received for research of the relationship between the current norms of digital design and their impact on children.
- ◆ Data and Privacy – Funds received to address the use of digital technologies optimised to gather data for profit.

9 Movement in funds (continued)

Designated funds

- ◆ Policy and Advocacy - Funds designated by the trustees to support future work in the areas of policy and advocacy.
- ◆ Project work – Funds designated by the trustees to meet committed costs on unfunded projects currently underway.

10 Related party transactions

During the year ended 31 March 2021 the charity operated from premises owned by a trustee and director of the charity up until December 2020. No charge was made to the charity, no gift in kind has been recognised as the value is deemed to be immaterial to the financial statements and cannot be reliably measured without cost to the charity.

Apart from those disclosed within note 4 to the financial statements, there were no further transactions with related parties.

11 Commitments under operating leases

At 31 March the charity had future minimum commitments under non-cancellable operating leases as set out below:

Land and buildings Payments which fall due:	2021 £	2020 £
Within one year	41,388	—
Between one and two years	34,489	—
	75,877	—