



5Rights Foundation

Report and Financial Statements

31 March 2022

Company Registration Number
011271356 (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 Elizabeth Denham CBE (appointed January 2022) Baroness Helena Kennedy QC * Baroness Beeban Kidron OBE – Chair Dr Ansgar Koene Rhiannon Lawson Louise Macdonald OBE Dr Towela Nyirenda Jere – vice-Chair * Sir Peter Wanless CB * Shoshana Zuboff *Members of Governance and Remuneration Committee
Registered offices	Suite 6, Islington House 313-314 Upper Street London N1 2XQ
Company registration number	011271356
Charity registration number	1178581
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Principal 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 2022.

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

Over this year, 5Rights Foundation's work has had impact for children in the UK and further afield, both directly on companies and policymakers, and indirectly on allies among civil society and litigators.

5Rights and our community have had an outsized impact on how the large tech companies operate: the priority they give to child safety and children's data privacy can be mapped against interventions that we and our partners have made over the years, particularly around the Age Appropriate Design Code (AADC) and its implementation.

This reinforces what executives at Snapchat, TikTok and Instagram said in recent appearances before the United States Senate, where they committed to expanding the protections the Code guarantees to UK children globally. We have supported the bipartisan California Age-Appropriate Design Code, given our previous role in support of the UK Code.

Through our engagement with policymakers and technical organisations, meanwhile, we have begun to establish key concepts and specific approaches globally. For instance, working with the Institute of Electrical and Electronics Engineers Standards Association (IEEE-SA), we have developed [IEEE 2089-2021 Standard for Age Appropriate Digital Service Framework](#), an international standard for child-centred design, which European and UK standards organisations are seeking to replicate.

In this reporting period we also launched the [Twisted Toys commercials](#). These provocative and humorous videos made abundantly clear that the harms that children face online are real, routine, dangerous—and are not accepted offline. Highlighting that the tech sector must be subject to the same rules and restrictions as all other sectors, the videos featured in [BBC Breakfast](#), [Washington Post](#), and were the basis of a [New York Times opinion videomaking](#) the case that the US should adopt an AADC.

The NYT video is an example of a trend we are increasingly seeing of our work being the basis for strategic litigation, regulatory action, policy and regulatory development – and seeing our publications, language and policy positions used for further action on new frontiers (see below for further examples on age assurance).

UK

Age Appropriate Design Code

We received a formal response from the Information Commissioner's Office (ICO) to our research into systemic breaches of the Age Appropriate Design Code. In our initial letter detailing these breaches, we urged the ICO to investigate three areas of concern as a priority: disparity in approaches to conformance; a lack of conformance in certain types of service, such as gaming platforms; and services interpreting the Code as a handful of safety measures rather than a holistic package. In their response, the ICO agreed to conduct their own research into these areas, which they said they will complete by Spring 2022.

Online Safety Bill

The [Joint Committee](#) for the Draft Online Safety Bill concluded its 12-week period of pre-legislative scrutiny in December 2021 and published a [report](#) with recommendations for how to strengthen the Bill. Informed by 5Rights written and verbal expert evidence, the recommendations reflected all of the key issues and amendments 5Rights put forward for the benefit of children, including the recommendation for Ofcom to produce a binding Code of Practice for Child Online Safety (see below).

When the revised Bill was brought to Parliament, on 17 March 2022, 5Rights welcomed the opportunity it presents to deliver systemic change on behalf of UK children. However, at that stage, the government had accepted fewer than half of the Joint Committee's recommendations and the Bill did not reflect the calls of the children's sector to provide children with holistic, binding and urgent protections.

In this year we developed, in consultation with experts and young people, a blueprint Child Online Safety Code of Practice (COSCOP), which is now nearing the final stages of completion. Highlighting the ideas and experiences of children, the COSCOP sets out the steps providers of services should take to ensure the development of services that are safe, private and rights-respecting, by design and default.

Age Assurance

Our work on privacy-preserving age assurance has shaped policy thinking in government, regulators, and civil society, in particular following our report [But How Do They Know It's a Child?](#) (first published in March 2021 and updated in October the same year). In the ICO's guidance on age assurance for the AADC, they [highlighted](#) that 'Processing of personal data for the purposes of age assurance must comply with the UK GDPR and DPA 2018, and respect the privacy of children during both the development and application of any technique.'

Secondly, in the revised Online Safety Bill, the Government included the [requirement](#) that pornography companies that are required to carry out age assurance must have 'regard to the importance of protecting United Kingdom users from a breach of any statutory provision or rule of law concerning privacy that is relevant to the use or operation of a regulated service (including, but not limited to, any such provision or rule concerning the processing of personal data).'

And finally, in civil society, as well as referencing their support for 5Rights' position on age assurance and actively advocating for it, *Clean Up the Internet* have [mirrored](#) our requirements for their user verification process: 'to set minimum standards for the verification process, and to require that these minimum standards cover areas including effectiveness, user privacy and security, accessibility (including for vulnerable users), and interoperability.'

Digital Futures Commission

A highlight from the work of the Commission as the November 2021 launch of the Playful by Design report. This was alongside a successful event with an audience of over 350 attendees. As part of our launch, we published a short video where children and young people share their thoughts on play. It can be seen [here](#). The Commission has also been developing guidance for innovators, and researching rights-protecting approaches to the use of education technology (EdTech).

Global Child Online Safety Toolkit

With the support of the End Violence Safe Online Fund, we have been developing a Child Online Safety toolkit, which will be launched in May 2022 (see future plans for more on this).

EU

Digital Services Act

Both the Council and Parliament introduced amendments beefing up provisions for children in the Digital Services Act. Parliament's position, adopted 20/01 was particularly strong and reflected our key priorities. Their whole text was also underpinned by UNCRC GC 25 and the principle of the best interests of the child. Negotiations on the Digital Services Act continued after the period of this grant.

General Product Safety Regulation

On the General Product Safety Regulation, we also received positive responses to our amendments submitted to MEPs and the current French and the upcoming Czech Presidencies.

Following our close work with the Irish Data Protection Authority, the Irish Data Protection Commission published its Fundamentals, which strongly align with the AADC.

Plans for the future

We continue our work across three goals: children's data privacy and data protection; safety by design for children; and children's rights.

Following last year's work on the Age Appropriate Design Code, the coming year we are now seeking to turn this into a sea-change in how companies proactively design their services to be safe for children by design and default. This work includes highlighting the positive impact for children of the Code, supporting enforcement of breaches, and encouraging the replication of the Code so that children in other jurisdictions have the same protections as in the UK.

On safety by design, we will be working in the UK and further afield to encourage the inclusion of safety by design in product design and regulation. This will include engaging with OFCOM, Parliamentarians, and civil society as part of the Online Safety Bill, and the publication of a model children's code of practice.

Finally, on children's rights, we will in May 2022 publish the Child Online Safety Toolkit, to help governments to fulfil their commitments under general comment 25 on the Convention on the Rights of the Child. This will be a milestone in continuing efforts to see children's rights embedded online.

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 **£1,153,555** (2021: £1,765,162) and was derived from donations and grants.

Expenditure in the year totalled **£1,476,521** (2021: £1,040,905) exclusively to support 5Rights' charitable activities.

In addition, due to the nature and timing of the charities funding patterns, significant funds were received in previous years, intended to fund activities in the year ended 31 March 2022. These funds have been used as intended, creating an in year deficit result.

Due to COVID some of our 2021 projects have taken a little longer, therefore we secured a no cost-extension on one project and have designated funds for the completion of other projects in 2022/23.

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 2021/22, 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.

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 funds was £598,765 (2021: £336,884). The trustees have concluded that in the uncertain environment the Charity should continue to be cautious and have therefore approved a continuation of the reserve policy three months of operating costs (excluding restricted funds already set aside to complete funded commitments and designated funds to complete work already commenced) until at least the end of the current financial year. Three months' operational costs for the year 2022/23 is estimated to be £530,000. 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.

Risks are regularly reviewed at senior management meetings and at every Board meeting. At the Board meeting on 25th April 2022 no risks were identified and it was agreed for a full risk review to be carried out by the Ed and Head of Operations and HR for the October 2022 meeting.

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

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 2022) comprises of the Executive Director, Director of Policy, Director of International Advocacy, and the Head of Operations and HR who meet once a week.

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 15/09/2022 and signed on its behalf by

Manuel Costes

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 2022, 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 2022 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.

Buzzacott LLP

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

6 October 2022

Statement of financial activities Year to 31 March 2022

	Notes	Unrestricted funds £	Restricted funds £	Total year ended 31 March 2022 £	Unrestricted funds £	Restricted funds £	Total year ended 31 March 2021 £
Income from:							
Grants and donations		1,100,555	51,127	1,151,682	1,034,774	721,387	1,756,161
Other		1,873	—	1,873	9,000	—	9,000
Total income	1	1,102,428	51,127	1,153,555	1,043,774	721,387	1,765,161
Expenditure on:							
Charitable activities	2	681,308	795,216	1,476,524	548,712	492,194	1,040,906
Total expenditure		681,308	795,216	1,476,524	548,712	492,194	1,040,906
Net income (expenditure) for the period	3	421,120	(744,089)	(322,969)	495,062	229,193	724,255
Transfers between funds	9	27,761	(27,761)	—	8,258	(8,258)	—
Net movement in funds		448,881	(771,850)	(322,969)	503,320	220,935	724,255
Total fund brought forward		711,884	805,906	1,517,790	208,564	584,971	793,535
Total funds carried forward at 31 March							
. Restricted funds		—	34,056	34,056	—	805,906	805,906
. Designated funds		562,000	—	562,000	375,000	—	375,000
. General reserve fund		598,765	—	598,765	336,884	—	336,884
		1,160,765	34,056	1,194,821	711,884	805,906	1,517,790

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 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Current assets					
Debtors	6	30,648		43,400	
Cash at bank and in hand		<u>1,361,563</u>		<u>1,630,131</u>	
		1,392,211		1,673,531	
Current liabilities					
Creditors: amounts falling due within one year	7	<u>(197,390)</u>		<u>(155,741)</u>	
Net current assets			1,194,821		1,517,790
Total net assets			1,194,821		1,517,790
Represented by:					
The funds of the charity					
Restricted funds	9		34,056		805,906
Unrestricted funds					
. Designated funds			562,000		375,000
. General reserve fund			598,765		336,884
			1,194,821		1,517,790

Approved by the trustees on 15/09/2022 and signed on their behalf by



Manuel Costescu

Company Registration Number 011271356 (England and Wales)

Statement of cash flows Year to 31 March 2022

	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Cash flows from operating activities			
Net cash provided by operating activities	A	(268,568)	819,993
Change in cash and cash equivalents in the period		(268,568)	819,993
Cash and cash equivalents at 1 April 2021		1,630,131	810,138
Cash and cash equivalents at 31 March 2022	B	1,361,563	1,630,131

Notes to the statement of cash flows for the year to 31 March 2022

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

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Net movement in funds (as per the statement of financial activities)	(322,969)	724,255
Adjustments:		
Decrease (increase) in debtors	12,752	(25,237)
Increase in creditors	41,649	120,975
Net cash provided by operating activities	(268,568)	819,993

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

	At 1 April 2021 £	Movement in year £	At 31 March 2022 £
Cash at bank and in hand	1,630,131	(268,568)	1,361,563
Total cash and cash equivalents	1,630,131	(268,568)	1,361,563

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 2022

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 2022 with comparative information for the period to 31 March 2021.

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 2014, 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 micro and macro-economic factors on the organisation's work and objects. The Trustees consider that these factors have not, and are 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 confirmed funding in place for key projects over the coming financial years, due to the nature of these projects, should inflation mean that associated costs increase it is considered that the primary impact in the short to medium term will be on the impact the Foundation can achieve, rather than the underlying reserves of the Foundation. 5Rights have focussed on ensuring an appropriate skills mix within the team and 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 2023, 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.

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.

Principal accounting policies Year to 31 March 2022

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.

Notes to the accounts Year to 31 March 2022

1 Income

	Unrestricted funds £	Restricted funds £	Total funds year ended 31 March 2022 £
Grants and donations			
. Donations	16	—	16
. Grants	1,100,539	51,127	1,151,666
Other	1,873	—	1,873
	1,102,428	51,127	1,153,555
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>Total funds year ended 31 March 2021 £</i>
Grants and donations			
. Donations	838	—	838
. Grants	1,033,936	721,387	1,755,323
Other	9,000	—	9,000
	1,043,774	721,387	1,765,161

2 Expenditure on: Charitable activities

	Direct costs £	Support costs £	Total funds year ended 31 March 2022 £
Staff costs	556,772	69,538	626,310
Staff related costs	11,623	35,123	46,746
Project costs	656,049	—	656,049
Office and administration	—	136,685	136,685
Governance costs			
. Audit and other	—	10,734	10,734
	1,224,444	252,080	1,476,524
Support costs	252,080	(252,080)	—
2022 total	1,476,524	—	1,476,524

2 Expenditure on: Charitable activities (continued)

	<i>Direct costs £</i>	<i>Support costs £</i>	<i>Total funds year ended 31 March 2022 £</i>
<i>Staff costs</i>	456,479	83,613	540,092
<i>Staff related costs</i>	29,530	276	29,806
<i>Project costs</i>	404,545	—	404,545
<i>Office and administration</i>	—	55,689	55,689
<i>Governance costs</i>			
<i>. Audit and other</i>	—	10,774	10,774
	<u>890,554</u>	<u>150,352</u>	<u>1,040,906</u>
<i>Support costs</i>	<u>150,352</u>	<u>(150,352)</u>	<u>—</u>
<i>2021 total</i>	<u>1,040,906</u>	<u>—</u>	<u>1,040,906</u>

3 Net income for the period

This is stated after charging:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Auditor's remuneration (excluding VAT)	6,800	5,900
Operating lease charge	60,399	10,431

4 Staff costs and remuneration of key management personnel

Staff costs during the period were as follows:

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Wages and salaries	556,124	481,596
Social security costs	48,122	49,589
Pension costs	22,064	8,907
	<u>626,310</u>	<u>540,092</u>

Employees earning in excess of £60,000 per annum (including taxable benefits but excluding employer pension contributions) during the year are disclosed below, in bandings of £10,000.

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
£60,001 - £70,000	1	1
£70,001 - £80,000	—	1
£100,001 - £110,000	1	—
£110,001 - £120,000	1	—

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

During the year the average number of staff was 11.3 (2021: 10.6).

The trustees consider that the key management personnel of the charity comprise themselves and the Senior Management Team (SMT). The roles forming the SMT in the year were:

	Included in SMT from	Ceased role in SMT on
Executive Director	Nov. 2021	—
Director of Policy	Nov. 2021	—
Director of Operations	Jan. 2018	Mar. 2022
Director of External Engagement	May 2020	Nov. 2021
Director of Internal Advocacy	Jan. 2022	—

The total employee benefits (comprising gross salary, employers pension and national insurance contributions) of the key management personnel was £178,605 (2021: £222,597)

No trustee received payment for acting as a trustee during the period (2021: none). Two trustees received reimbursements totalling £3,467 for travel and subsistence expenses in order to fulfil their role as a trustee during the year.

5 Taxation

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

6 Debtors

	2022 £	2021 £
Prepayments	9,954	11,749
Other debtors	20,694	31,651
	30,648	43,400

7 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	16,062	63,644
Taxation and social security	13,377	13,980
Other creditors and accruals	167,951	78,117
	197,390	155,741

8 Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total funds 2022 £
Bank	688,883	562,000	110,680	1,361,563
Debtors	30,648	—	—	30,648
Creditors	(120,766)	—	(76,624)	(197,390)
	598,765	562,000	34,056	1,194,821

	General funds £	Designated funds £	Restricted funds £	Total funds 2021 £
Bank	449,225	375,000	805,906	1,630,131
Debtors	43,400	—	—	43,400
Creditors	(79,117)	—	(76,624)	(155,741)
	336,884	375,000	805,906	1,517,790

9 Movement in funds**Year ended 31 March 2022**

	As at 1 April 2021 £	Income £	Expenditure £	Transfers and new designations £	As 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	505,593	—	(505,593)	—	—
Total restricted funds	805,906	51,127	(795,216)	(27,761)	34,056
Designed unrestricted funds					
. Policy and Advocacy	375,000	—	(375,000)	562,000	562,000
General unrestricted funds	336,884	1,102,428	(306,308)	(534,239)	598,765
	1,517,790	1,153,555	(1,476,524)	—	1,194,821

Year to 31 March 2021

	As at 1 April 2020 £	Income £	Expenditure £	Transfers and new designations £	As at 31 March 2021 £
<i>Restricted funds:</i>					
. 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
<i>Total restricted funds</i>	<i>584,971</i>	<i>721,387</i>	<i>(492,194)</i>	<i>(8,258)</i>	<i>805,906</i>
<i>Designed unrestricted funds</i>					
. Policy and Advocacy	—	—	—	375,000	375,000
<i>General unrestricted funds</i>	<i>208,564</i>	<i>1,043,774</i>	<i>(548,712)</i>	<i>(366,742)</i>	<i>336,884</i>
	793,535	1,765,161	(1,040,906)	—	1,517,790

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 General Comment on the UN Convention on the Rights of the Child.
- ◆ 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.

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

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.

10 Related party transactions

During the prior year 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 was recognised as the value was deemed to be immaterial to the financial statements and could not be reliably measured without cost to the charity. There was no such arrangement in the year ended 31 March 2022.

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	2022	2021
Payments which fall due:	£	£
Within one year	31,041	41,388
Between one and two years	—	34,489
	31,041	75,877