

# **5Rights Foundation**

## **Report and Financial Statements**

31 March 2020

Company Registration Number  
11271356 (England and Wales)

Charity Registration Number  
1178581

## Contents

### Reports

Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2
Independent auditor's report	9

### Accounts

Statement of financial activities	12
Balance sheet	13
Statement of cash flows	14
Principal accounting policies	15
Notes to the financial statements	19

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

<b>Trustees</b>	Amani Abou-Zeid Manuel Costescu Baroness Helena Kennedy QC Baroness Beeban Kidron Ansgar Koene Louise Macdonald OBE Towela Nyirenda Jere Peter Wanless CB
<b>Registered offices</b>	14 Fowler Road London N1 2EP
<b>Company registration number</b>	1178581
<b>Charity registration number</b>	11271356
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Principal bankers</b>	Lloyds Bank 7 Carter Street Uttoxeter Staffordshire ST14 8HD

**Chair's statement** Year ended 31 March 2020

COVID-19 has brought into sharp focus the centrality of technology to a child's life. What has been happening at pace for a decade, overnight became a reality for tens of millions of children. Namely, that digital is a gateway to education, health, entertainment, relationships and civic life. Who hold the keys, how the experience is mediated, what a child encounters and the quality of that experience, is now firmly in the hands of the platforms and digital services; a relationship that needs urgent attention, improvement and accountability.

The mission of 5Rights Foundation is to ensure that all the needs of childhood are met in the digital world, and that when discussing children, the agenda focuses on promoting human flourishing, giving them the freedom to explore and engage creatively, knowledgably and fearlessly.

In these difficult times with all our team working from home, we have been successful in a seamless continuation of all but one of our planned projects and have embarked upon additional activity to respond to COVID-19 on behalf of children. Our work is made possible by the professionalism of a committed team who have worked tirelessly in difficult circumstances. The pandemic has shone a spotlight on the issue of children's digital life and offers both a backdrop for more tragedy and at the same time furthered the arguments for creating a better digital world for children. It is in this context that I present the annual accounts for the Charity's second, successful year of operation.

Baroness Beeban Kidron  
Chair of trustees

### **Introduction**

The trustees present their statutory report together with the financial statements of 5Rights Foundation for the year ended 31 March 2020.

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 15 to 18 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**

5Rights Foundation continues to work for systemic change to ensure that the digital world embodies the rights and needs of children and young people by design and by default.

During the year the Foundation continued to focus on four areas of activity; design of service, children and young people's rights, child online protection and capturing children's voice. All support 5Rights' charitable objects and are designed to focus on long-term, systemic change for children using digital technologies, and greater understanding and protections delivered by a broad swathe of stakeholders from government, business, educators, indeed civil society as a whole.

**Summary of activities and achievements** (continued)

The Charity introduced a new monitoring and evaluation framework to provide the basis for reviewing the effectiveness and success of its activities. This includes assessing its sphere of influence, impact of digital systems on children and young people, changes in the framing of the digital agenda to include the needs of children and young people, the creation of 'best practice' standards as well as the reach and influence of its publications and communications. As 5Rights focuses on systemic change, its monitoring and evaluation enables the organisation to be iterative in order to assess and build impact over the long-term.

During the year the Charity continued to build expertise to support the introduction of data protection for children under the age of 18. Research, children's views and technical solutions provided by the Charity, have all supported the understanding of the children's charity sector, educators and academia, and contributed to the thinking behind the Age Appropriate Design Code, which was published by the Information Commissioner in January 2020.

5Rights Foundation continued to support the UN Council on the Rights of the Child in creating a General Comment on the digital environment. We convened a forum for global experts and ran a children's consultation. 26 workshops with 700 children on six continents was completed. The General Comment is now in its first draft and will be a step change in the application of children and young people's rights online.

5Rights Foundation created an ethical and rights-based Child Online Protection Policy in partnership with the University of East London for the government of Rwanda and has received agreement to use the handbook as the basis for a global model.

The Charity set up the 5Rights Digital Futures Commission to provide evidence-based blueprints and applied research for policies and practical frameworks that unleash innovations to enable children and young people to thrive in the digital world.

Publications for public benefit issued during this year included 'Demystifying the Age Appropriate Design Code', and 'Digital Times' a newspaper which was based upon the output from the Charity's work with children and young people.

The Charity contributed to consultations and documents in support of its work including 'Child Online Safety: Minimizing the Risk of Violence, Abuse and Exploitation Online', published by the Broadband Commission; response to the US Federal Trade Commission on their review of the COPPA Rule (Child Online Privacy Protection Act Rule), work on addressing the consequences of the implementation of end-to-end encryption and response to the UK Government Online Harms White Paper. The Charity frequently contributes to initiatives, both from government and outside, that consider digital ethics – we have ensured that the needs and views of children and young people are considered in all matters that affect them.

### **Summary of activities and achievements** (continued)

The Charity grew from three full-time employees at the beginning of the year to six by the end. The additional staff in the policy, projects, research and operations departments all contributed to the successful implementation of the projects and programmes listed above. Many expert freelance contractors continue to be engaged to support 5Rights' charitable activities. Factors outside the Charity's control during the year included the impact of COVID-19 on 5Rights' work, its team and operation. The senior management team made an early decision to enable and equip the team to work from home before the UK government mandated lock-down. This transition passed smoothly, and work has continued effectively and efficiently with no disruption. The work of the Charity was swiftly audited with the result that only one research project was postponed as it was based on face-to-face interaction. Recruitment continued and no staff were furloughed. The central mission of the Charity was acknowledged as continuing to be critical as children and young people doubled their time online whilst in lockdown.

### **Plans for the future**

5Rights plans to continue the trajectory it created in the first year of its operation, with adaptations based upon the strategy developed in this year. Its four areas of operation will all be advanced, using its projects as proof points to achieve the systemic change desired. The board of trustees fully supports the Charity in its plans to continue its work to make the digital environment fit for children and childhood. The Charity has the funds necessary to sustain its work and deliver on its promises.

### **Results and financial position**

A summary of the period's results can be found on page 12 of the accounts.

Total income for the year amounted to £1,114,603 (2019: £510,018) and was derived from donations and grants.

Expenditure in the year totalled £592,996 (2019: 238,090) exclusively to support 5Rights' charitable activities.

### **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 2019/20, the Charity received no complaints about its fundraising activities.

### **Funding** (continued)

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. 5Rights has escaped the devastating impact COVID-19 has had on so many charities and the Charity's income has not been adversely affected.

### **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 £208,564 (2019: £59,576). The Charity exceeded its policy of three months' unrestricted operational costs (£120,000) and trustees have concluded that in the current uncertain environment the Charity should be even more cautious than normal. Therefore, they have increased the reserve policy to six months' unrestricted operating costs (excluding restricted funds already set aside to complete funded commitments) until at least the end of the current financial year. Six months' operational costs equates to £241,000 and due to strong funding to support future plans and new initiatives, trustees are satisfied that this will be met. 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 2019/20. 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.



**Risk Management** (continued)

Of all the potential risks posed to the Charity towards the end of this year, COVID-19 had the potential to be the greatest. Significant resource, time and effort has been invested in plans to ensure that the day-to-day running of the Charity, its current and future workplans, external relationships, funding and future strategy are all in place to secure, as far as possible, the Charity's future.

**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 in their roles as trustees.

The board meets four times each year and guides the strategic direction of the Charity. 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. Key senior staff include the Director of Operations who oversees all governance, finance and employment and the Director of Projects who oversees charitable projects.

The Charity and Company is governed by Articles of Association and 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 for 2020/21 will be 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 23/07/2020 and signed on its behalf by



Baroness Kennedy of the Shaws

**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 2020, 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 2020 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**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

### **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.

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

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

29 July 2020

## Statement of financial activities Year to 31 March 2020

	Notes	Unrestricted funds £	Restricted funds £	Total year ended 31 March 2020 £	Unrestricted funds £	Restricted funds £	Total period ended 31 March 2019 £
<b>Income from:</b>							
Grants and donations	1	435,540	679,063	<b>1,114,603</b>	436,918	73,100	510,018
<b>Total income</b>		<u>435,540</u>	<u>679,063</u>	<u><b>1,114,603</b></u>	<u>436,918</u>	<u>73,100</u>	<u>510,018</u>
<b>Expenditure on:</b>							
Charitable activities	2	482,284	110,712	<b>592,996</b>	181,610	56,480	238,090
<b>Total expenditure</b>		<u>482,284</u>	<u>110,712</u>	<u><b>592,996</b></u>	<u>181,610</u>	<u>56,480</u>	<u>238,090</u>
<b>Net (expenditure) income for the period and net movement in funds</b>	3	(46,744)	568,351	<b>521,607</b>	255,308	16,620	271,928
<b>Total fund brought forward</b>		<u>255,308</u>	<u>16,620</u>	<u><b>271,928</b></u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total funds carried forward at 31 March</b>							
. Restricted funds		—	584,971	<b>584,971</b>	—	16,620	16,620
. Designated funds		—	—	—	195,732	—	195,732
. General reserve fund		208,564	—	<b>208,564</b>	59,576	—	59,576
		<u>208,564</u>	<u>584,971</u>	<u><b>793,535</b></u>	<u>255,308</u>	<u>16,620</u>	<u>271,928</u>

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 2020

	Notes	2020 £	2020 £	2019 £	2019 £
<b>Current assets</b>					
Debtors	6	18,163		63,170	
Cash at bank and in hand		810,138		265,771	
		<u>828,301</u>		<u>328,941</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	7	(34,766)		(57,013)	
<b>Net current assets</b>			<u>793,535</u>		<u>271,928</u>
<b>Total net assets</b>			<u>793,535</u>		<u>271,928</u>
<b>Represented by:</b>					
<b>The funds of the charity</b>					
Restricted funds	9		584,971		16,620
Unrestricted funds					
. Designated funds			—		195,732
. General reserve fund			208,564		59,576
			<u>793,535</u>		<u>271,928</u>

Approved by the trustees on 23/07/2020 and signed on their behalf by



Baroness Kennedy of the Shaws

Company Registration Number 11271356 (England and Wales)

**Statement of cash flows** Year to 31 March 2020

	Notes	Year ended 31 March 2020 £	Period ended 31 March 2019 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	A	544,367	265,771
<b>Change in cash and cash equivalents in the period</b>		<b>544,367</b>	<b>265,771</b>
Cash and cash equivalents at 1 April 2019		265,771	—
<b>Cash and cash equivalents at 31 March 2020</b>	B	<b>810,138</b>	<b>265,771</b>

**Notes to the statement of cash flows for the year to 31 March 2020**

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

	Year ended 31 March 2020 £	Period ended 31 March 2019 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>521,607</b>	<b>271,928</b>
<b>Adjustments:</b>		
Decrease (increase) in debtors	45,007	(63,170)
(Decrease) increase in creditors	(22,247)	57,013
<b>Net cash provided by operating activities</b>	<b>544,367</b>	<b>265,771</b>

**B Analysis of cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	810,138	265,771
<b>Total cash and cash equivalents</b>	<b>810,138</b>	<b>265,771</b>



## **Principal accounting policies** Year to 31 March 2020

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 2020 with comparative information for the period 22 March 2018 to 31 March 2019.

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 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 2021, 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 2020

### **Allocation of support and governance costs**

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

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

### **Foreign exchange differences**

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

### **Taxation**

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

### **Pensions**

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

### **Debtors**

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

### **Cash at bank and in hand**

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

### **Creditors and provisions**

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

### **Fund structure**

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

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

### **Financial instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

*Cash at bank* – classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – accruals and other creditors are financial instruments, and are measured at amortised cost.

**1 Income**

	Unrestricted funds £	Restricted funds £	Total funds year ended 31 March 2020 £
Grants and donations			
. Donations	6,000	—	6,000
. Grants	429,540	679,063	1,108,603
	<b>435,540</b>	<b>679,063</b>	<b>1,114,603</b>
			<i>Total funds period ended 31 March 2019 £</i>
	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	
<i>Grants and donations</i>			
<i>. Donations</i>	<i>45,947</i>	<i>—</i>	<i>45,947</i>
<i>. Grants</i>	<i>390,971</i>	<i>73,100</i>	<i>464,071</i>
	<b><i>436,918</i></b>	<b><i>73,100</i></b>	<b><i>510,018</i></b>

**2 Expenditure on: Charitable activities**

	Direct costs £	Support costs £	Total funds year ended 31 March 2020 £
Staff costs	145,358	79,322	224,679
Staff related costs	27,830	2,515	30,344
Project costs	281,176	—	281,176
Office and administration	—	48,868	48,868
Governance costs			
. Charity set up costs	—	—	—
. Audit and other	—	7,928	7,928
	<b>454,364</b>	<b>138,632</b>	<b>592,996</b>
Support costs	138,632	(138,632)	—
<b>2020 total</b>	<b>592,996</b>	<b>—</b>	<b>592,996</b>

**2 Expenditure on: Charitable activities** (continued)

	Direct costs £	Support costs £	Total funds period ended 31 March 2019 £
Staff costs	73,573	6,754	80,327
Staff related costs	36,960	8,569	45,529
Project costs	67,642	—	67,642
Office and administration	17,307	5,768	23,075
Governance costs			
. Charity set up costs	—	16,000	16,000
. Audit and other	—	5,517	5,517
	<b>195,482</b>	<b>42,608</b>	<b>238,090</b>
Support costs	42,608	(42,608)	—
<b>2019 total</b>	<b>238,090</b>	<b>—</b>	<b>238,090</b>

**3 Net income for the period**

This is stated after charging:

	Year ended 31 March 2020 £	Period ended 31 March 2019 £
Auditor's remuneration (excluding VAT)	<b>5,700</b>	5,500

**4 Staff costs and remuneration of key management personnel**

Staff costs during the period were as follows:

	Year ended 31 March 2020 £	Period ended 31 March 2019 £
Wages and salaries	<b>202,393</b>	74,284
Social security costs	<b>18,780</b>	4,455
Pension costs	<b>3,506</b>	1,588
	<b>224,679</b>	<b>80,327</b>

One employee earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year (2019: none).

The total employee benefits (comprising gross salary, employer pension and national insurance contributions) of key management personnel was £68,917 (2019: £19,313).

During the year the average number of staff was 5.3 (2019: 1.4).

No trustee received payment for acting as a trustee during the period (2019: none). Two (2019: three) trustees received reimbursements for expenses amounting to £2,112 (2019: £348) 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**

	2020 £	2019 £
Trade debtors	—	63,100
Other debtors	<b>18,163</b>	70
	<b>18,163</b>	63,170

**7 Creditors: amounts falling due within one year**

	2020 £	2019 £
Trade creditors	<b>9,096</b>	43,460
Taxation and social security	<b>9,739</b>	4,981
Other creditors and accruals	<b>15,931</b>	13,572
	<b>34,766</b>	62,013

**8 Analysis of net assets between funds**

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

	General funds £	Designated funds £	Restricted funds £	Total funds 2019 £
Bank	53,419	195,732	16,620	265,771
Debtors	63,170	—	—	63,170
Creditors	(57,013)	—	—	(57,013)
	<b>59,576</b>	<b>195,732</b>	<b>16,620</b>	<b>271,928</b>

## 9 Movement in funds

### Year ended 31 March 2020

	As at 1 April 2019 £	Income £	Expenditure £	Transfers and new designations £	As at 31 March 2020 £
<b>Restricted funds:</b>					
. Child Online Protection	11,620	482,991	(34,733)	—	<b>459,878</b>
. Children's Rights	5,000	40,277	(45,277)	—	<b>—</b>
. Design of service	—	155,795	(30,702)	—	<b>125,093</b>
<b>Total restricted funds</b>	<b>16,620</b>	<b>679,063</b>	<b>(110,712)</b>	<b>—</b>	<b>584,971</b>
<b>Designed unrestricted funds</b>					
. Project work	195,732	—	(195,732)	—	<b>—</b>
<b>General unrestricted funds</b>	<b>59,576</b>	<b>435,540</b>	<b>(286,551)</b>	<b>—</b>	<b>208,564</b>
	<b>271,928</b>	<b>1,114,603</b>	<b>(592,995)</b>	<b>—</b>	<b>793,535</b>

### Period 22 March 2018 to 31 March 2019

	Income £	Expenditure £	Transfers and new designations £	As at 31 March 2019 £
<b>Restricted funds:</b>				
. Child Online Protection	58,100	(46,480)	—	11,620
. Children's Rights	15,000	(10,000)	—	5,000
<b>Total restricted funds</b>	<b>73,100</b>	<b>(56,480)</b>	<b>—</b>	<b>16,620</b>
<b>Designed unrestricted funds</b>				
. Project work	—	—	195,732	195,732
<b>General unrestricted funds</b>	<b>436,918</b>	<b>(181,610)</b>	<b>(195,732)</b>	<b>59,576</b>
	<b>510,018</b>	<b>(238,090)</b>	<b>—</b>	<b>271,928</b>

### 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.
- ◆ Design of service – Funds received for research of the relationship between the current norms of digital design and their impact on children.

### Designated funds

- ◆ Project work – Funds designated by the trustees to meet committed costs on unfunded projects currently underway.



**10 Related party transactions**

The charity operates from premises owned by a trustee and director of the charity. No charge is 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.

Cross Street Films is a company owned by the Chair and Founder of 5Rights Foundation.

In the year ended 31 March 2020, payments of £1,087 were made by Cross Street Films on behalf of 5Rights Foundation (2019: £33,567), these costs were reimbursed during the period and no amounts remaining outstanding at the year end.

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