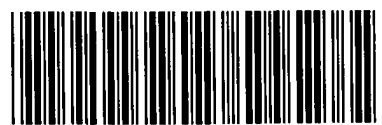




Annual
report &
financial
statements
2019

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The Pennies Foundation

Annual report and financial statements

**for the year ended
31 December 2019**

Registered in England and Wales charity number: 1122489
Registered in the Republic of Ireland charity number: 20106331
Registered in the Isle of Man charity number: 1275

Company number: 6418982

Registered office

1st Floor

64 London Wall

London, EC2M 5TP

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The Pennies Foundation

Legal and Administrative Information

Registered Charity Numbers:

England and Wales	1122489
Republic of Ireland	20106331
Isle of Man	1275

Company Registration Numbers:

England and Wales	06418982
Isle of Man	006181F

Governing Instrument Articles of Association (Amended 12 August 2019)

Trustees	Robert Leitão	Chair
	Peter Ayliffe	Audit Committee member
	Graham Edwards	Audit Committee Chair
	Ian Filby	
	Penny Lovell	
	Peter Nugent	Resigned 22 July 2019
Julian Taylor	Audit Committee member	
Leigh Thomas	Appointed 2 July 2019	

Chief Executive Alison Hutchinson CBE

Ambassador Sir Martyn Lewis CBE

**Registered Office
and Business Address** First Floor
64 London Wall
London
EC2M 5TP

Bankers HSBC Bank plc
94 Kensington High Street
London
W8 4SH

Auditors RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Solicitors Simmons & Simmons
Citypoint
One Ropemaker Street
London
EC2Y 9SS

Website www.pennies.org.uk

The Pennies Foundation

The Report of the Trustees

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 UK and Republic of Ireland (FRS 102) (effective 1 January 2015). The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Vision, objects of the Charity and public benefit

Vision

The vision of the Charity is that wherever consumers use a card or digital payment capability to pay for goods and services, whether in shops, online, mobile or self-checkout they are given the opportunity to donate a few pennies to charity.

The Charity has created "Pennies", the digital charity box to give consumers the option to donate a few digital pennies with the single press of a button or click of a mouse. Pennies is the digital upgrade of the traditional charity box, designed to fit with our increasingly cashless lifestyles. It gives people the opportunity to donate a few pence to charity in a secure and private way when paying by card or mobile wallet. Donations made via Pennies are completely anonymous meaning that the Charity does not ask for or receive any personal consumer data.

In the UK, 98% of the population hold a debit card generating 15 billion payments annually. In addition, 65% of adults in the UK hold a credit card generating a further 3 billion payments annually*. If every cardholder donated just 35p a week, **£1 billion** in additional funds could be raised for charities in the UK. (*source: UK Finance, UK Payments Market Summary 2019)

Mission

To protect and grow micro-donations, ensuring we have digital ways to keep donating the small amounts of money that are so vital for charitable causes. We aim to build a community of givers and turn small acts of kindness into powerful impact for the charity sector.

Objects of the Charity

The Charity's objects are, for the benefit of the public:

- 1 The promotion of the voluntary sector in particular (but not exclusively) by encouraging and facilitating charitable giving, assisting in the application of funds for charitable purposes and monitoring the use of such funds by charitable organisations;
- 2 The promotion of the efficiency and effectiveness of charities and the effective use of charitable resources in particular (but not exclusively) by providing advice to charities and organisations seeking to maximise charitable giving, exchanging information with such charities and organisations and providing technology and infrastructure designed to make it easier to give to charity; and
- 3 Such other purposes that are exclusively charitable as the trustees from time to time think fit.

Strategies to Achieve Our Objectives

The Charity actively engages with digital and in-store retailers across multiple sectors to encourage them to join the Pennies movement and implement digital giving technology via the digital charity box. The retailers enter into a Fundraising Agency Agreement (FAA) with the Charity, whereby the retailer agrees to raise funds for the Charity through the implementation of the Pennies proposition, and the Charity agrees to make grants to a charity or charities nominated by the retailer. In this way the Charity enables the retailer's customers to donate their small change to charity when they pay by card or mobile wallet.

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The Charity is registered with the Fundraising Regulator and has committed to follow the Code of Fundraising Practice and the Fundraising Promise.

The Charity works very closely with payments and technology companies to develop the Pennies capability, broadening the prospects for retailers to participate and thus maximising the opportunity for consumers to donate. The Charity has formed both a Retail and Hospitality Advisory Group, and a Payments Advisory Group, with leaders in their sectors to advise the Charity from an industry perspective.

Pennies is independent enabling it to lead a movement for the benefit of the UK charity sector and enables engagement across all technologies, retailers and hospitality sectors and channels. It focuses on the security and efficiency of the movement giving consumers an easy choice to support the UK charity sector.

The Charity works in conjunction with recipient and potential recipient charities to influence retailers to become involved, and to share the resulting social impact with the aim of encouraging more consumers to support charities in this way.

The Charity sets a detailed annual plan and budget within a rolling 3-year plan and budget framework and uses this to closely monitor activity. Key performance indicators are reviewed regularly including those relating to the number of merchants where Pennies is live; the technology partners that the Charity works with to incorporate the Pennies functionality; consumer brand awareness; and the number of consumers that donate to Pennies. The Trustees are aware of the external factors, which can impact the timing of merchants and technology providers joining Pennies, and are pleased to see the continuing positive momentum of the movement which is in line with their expectations for the year.

Public Benefit

The trustees confirm that, in carrying out their responsibilities and exercising their powers, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission for England and Wales.

As set out in this report, the Charity's charitable activities include establishing Pennies to give consumers the option to donate their "digital change" whenever they use cards or other digital payment methods to pay for goods and services. The sums collected are donated to the Charity which then makes grants to registered charities. The Charity has no personal data relating to individual donors and its retail partners undertake not to contact them about their donations. The Charity is focused on encouraging consumers to give to charity and supporting the UK charitable sector by raising additional funds through micro-donations.

The Charity is also active in campaigning for retailers and payments technology providers to implement Pennies and to raise public awareness of the ability to donate to charity in this way.

The trustees consider that, as registered charities are required to demonstrate explicitly that their aims fulfil the requirements of public benefit, and as the Charity's activities are directed towards making grants to charities which are registered with at least one of the Charity Commission for England and Wales, the Office of the Scottish Charity Regulator, the Charity Commission for Northern Ireland, the Charities Regulatory Authority in the Republic of Ireland, the Association of Jersey Charities, or the Isle of Man Charities Central Registry, the Charity's activities are wholly for the public benefit.

In addition, the Charity publishes a Social Impact Report to highlight the breadth of causes and charities benefitting from Pennies. The latest report is available on the Charity's website at <https://pennies.org.uk/wp-content/uploads/2019/10/Pennies-Impact-Report-2018-19.pdf>. Also the Charity carries out its own monitoring and impact evaluation of the use of the funds by those charities and regularly publishes information on its website relating to the work of the charities that benefit.

In 2019 the Charity commissioned an independent review* which calculated that in 2018 £11.44 of social impact was created for every £1 spent by the Charity. (*carried out by Social Profit Calculator Limited)

Over time, with the accumulation of anonymised donation data the Charity will be able to identify trends and provide meaningful insight into the effectiveness of micro-donation for the charitable sector as a whole.

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Structure, Governance and Management

The Charity is a private company limited by guarantee, registered in England and Wales (number 06418982) and is a charity registered with the Charity Commission for England and Wales (number 1122489), with the Charities Regulatory Authority in the Republic of Ireland (number 20106331), and is registered with the Jersey Financial Services Commission as required by The Non-Profit Organisations (Jersey) Law 2008 (the "NPO Law"), and with the Isle of Man Charities Central Registry (number 1275). The working name for the Charity is "Pennies". The Charity's governing document is the Articles of Association adopted on 6 November 2007 and amended on 12 August 2019 (the Constitution). The Trustees recognise that the Charity Governance Code is designed as a tool to support continuous improvement and will take into account the Code's key principles as the Charity develops.

The liability of the members is limited and each member agrees to contribute up to £10 in the event of the Charity being wound up. The trustees are the only members of the Charity and they automatically become members on appointment to the Board of Trustees (Board).

The Charity has a wholly owned subsidiary, Your Penny Limited, which is a private limited company registered in England and Wales (registered number 6880306). Your Penny Limited is a dormant company.

Trustees

The Constitution requires at least three trustees but there is no maximum number. As set out in the Constitution the trustees have the power at any time to appoint any person who is able and willing to be a trustee. Trustees are appointed for an initial term of three years and may be reappointed by the trustees for further terms of three years. In the event that a Trustee has served in office for three consecutive terms of three years, such Trustee may be reappointed by the Trustees for further terms of three years after the end of their third term in office if 75% of the Trustees resolve that they are reappointed, taking account of the Trustee's contribution to the Board as a whole.

During the year, Penny Lovell and Julian Taylor reached the end of their third term in office, and Robert Leitão and Graham Edwards reached the end of their 12 months in office, having reached the end of their third term in office in 2018, and as the conditions were deemed to be met, were all reappointed for a further 3 year term.

When recruiting new trustees, the Pennies Foundation aims to attract the breadth of skills and diversity the Charity needs. Board appointments are based on merit and whether a candidate has the skills and knowledge to be an effective trustee.

Prior to appointment, trustees receive a comprehensive induction pack which includes the Constitution, background on the Charity and its aims, the Charity's *Code of Conduct for Trustees* and *Conflict of Interest Policy* and information about their role and responsibilities. Both new and existing trustees have the opportunity to meet regularly with the Chief Executive, the senior management team and other members of staff, and when required further training is arranged for a trustee as an individual or for the Board as a whole. During the year the Board received regular governance updates and a marketing and brand session was hosted by Leigh Thomas, a trustee who is Director of the Global Accounts Team in Facebook

The following either served as trustees during the financial year or were trustees at the date of this report:

Robert Leitão	Chair
Peter Ayliffe	Audit Committee member
Graham Edwards	Audit Committee Chair
Ian Filby	
Penny Lovell	
Peter Nugent	Resigned 22 July 2019
Julian Taylor	Audit Committee member
Leigh Thomas	Appointed 2 July 2019

The trustees, who are collectively responsible for the Charity's governance, for ensuring delivery of its charitable objectives and for setting its strategic direction, met four times during the year.

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The Board has delegated responsibility to the Audit Committee to monitor the financial performance, financial reporting, and external audit arrangements of the Charity. The Audit Committee met twice during the year.

The Audit Committee has delegated responsibility on behalf of the Board for:

- reviewing the financial statements of the Charity and the application of appropriate accounting policies; and
- providing oversight of the external audit process by monitoring and reviewing its effectiveness, independence and objectivity.

Matters which are reserved to the Board include appointing the Chief Executive, agreeing the Charity's strategy and budget, appointing external auditors and approving key policies such as the risk management and investment policies.

Management and staff

Responsibility for the day-to-day management of the Charity is delegated to the Chief Executive, Alison Hutchinson CBE, within the strategic and accountability frameworks established by the trustees and she is supported by a small team including a number of volunteers.

Pay policy for senior staff

The trustees consider that the Board and the senior management team comprise the key management personnel of the Charity responsible for directing, controlling and running the Charity on a day-to-day basis.

All trustees give their time freely and no trustee received remuneration in the year.

Senior staff pay is reviewed annually. Wherever possible, the Charity benchmarks salaries paid for comparable roles in the charitable sector adjusting for any additional responsibilities.

Pensions and other benefits

The Charity has a workplace pension scheme and makes the minimum statutory contributions for all enrolled employees.

There were no additional benefits provided to staff in the year.

Risk Management

The Board recognises its responsibilities for ensuring that an appropriate framework is in place to identify, monitor and mitigate risks to the Charity's objectives and has accordingly adopted a Risk Management Policy. The risk management register is reviewed at least annually by the Board. The register identifies the major risks to which the Charity is exposed together with the actions and systems in place to mitigate or reduce the exposure to those risks.

This work has identified that apart from potential disruption due to political and economic upheaval such as post Brexit, and more recently the outbreak of Covid-19 virus, over which the Charity has no control, the two most significant risks for the charity are retail market uncertainty, and securing sufficient funding until the Charity reaches self-sustainability. The first risk is overseen by the Board with input provided by members of the Retail and Hospitality Advisory Group who are senior industry advisors, by maintaining close relationships with merchants and charities and by regular budget scrutiny to promptly highlight areas of concern. The second key risk is managed through the plan to identify and obtain funding for core costs, which is reviewed regularly by the trustees alongside regular monitoring of the Charity's holding of unrestricted reserves.

Although the Charity is relatively small, and therefore dependent on key individuals, this is managed through establishing a broad group of advisors and supporters who supplement its resources and provide valuable guidance.

One of the key risks to expanding Pennies is the complexity and pace of development of payments technology solutions. The Charity manages this risk with input from members of the Payments Advisory

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Group and by working with payments technology organisations to embed the Pennies donation functionality.

In addition, the Charity recognises the risks posed by the current difficulties being experienced by a number of High Street retailers and the implementation delays that could be caused by the distractions of post Brexit preparations.

The first risk stated in the paragraph above is managed by close monitoring of retailer performance, including compliance with agreed payment terms. The second risk above is more of a timing risk which may cause some implementation delays but should not constitute a fundamental risk to the Pennies proposition.

Covid-19 Impact on 2020

In 2020 the scale and speed of the impact from the Covid-19 virus has been very much in evidence in Pennies donations since mid-March. This has resulted in a negative impact on Pennies donations collected by retailers in their physical stores but conversely a significant uplift from online retailers who are still trading. From August 2020 we expect to see a gradual recovery in Pennies donation income. Overall though, it appears very likely there will be a material reduction in overall donation income in 2020 compared to our expectations, for which the Charity has sufficient headroom in unrestricted reserves to accommodate.

In addition, the Pennies donation income model can be applied widely to be present in both in-store and e-commerce retail platforms, or indeed almost any place where digital payments are being made, which should ensure the Charity's future post the current downturn.

Throughout this period of upheaval, the Charity has remained fully operational, more recently on a remote working basis, and is able to continue doing so for the foreseeable future.

Internal Controls

The trustees have overall responsibility for ensuring that the Charity has in place appropriate financial and other systems and controls to provide assurance that the Charity:

- operates efficiently and effectively;
- safeguards its assets against unauthorised use;
- maintains accurate financial and other records; and
- complies with relevant laws.

The systems of financial control are designed to provide a reasonable but not absolute level of effectiveness and include:

- an operational plan and annual budget;
- review of the risk management register;
- regular monitoring of actual results against budgets and forecasts; and
- delegation of authority to the Chief Executive for expenditure within the agreed budgets.

During the year the trustees met 4 times to review the Charity's progress and, where required, approve the following:

- a report from the executive team on progress against plans
- an annual budget and a mid-year reforecast
- regular management accounts highlighting any variances from budget or forecast

Financial Review

Since launching in 2010, consumer donations to Pennies have grown substantially, having raised a total of £22m from 88m consumer micro donations, from which the Charity has made grants totalling £20.5m to 577 charities across a breadth of causes, and retained £1.5m for its own charitable purposes.

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The average percentage retention by the Charity has grown from 5% in 2013 to 7.9% in 2019 as more new merchants sign up at 10% retention to the Charity in order to support its charitable goals on its journey to self-sustainability. These totals are set to grow as more and more partners join the Pennies movement providing charities with an additional, sustainable and efficient fundraising stream, while giving consumers an easy way to make micro-giving part of their daily lives.

Over time, as Pennies grows, the Charity aims to become self-sufficient from these funds. In the meantime, the Charity generates additional income from individuals, companies and charitable foundations.

The Statement of Financial Activities on page 13 shows total incoming resources of £6,157,757 (2018: £5,571,903) which is analysed in note 2 to the financial statements. This represents an increase of 10.5% compared to the previous year.

In 2019 income from Pennies donations grew by 19% to reach £5,568,078 (2018: £4,668,132). Income from Corporates, Foundations and Other Donations fell to £364,145 (2018: £844,183), the details of which can be found in note 2 to the financial statements. It is worth noting that under accounting rules, unconditionally pledged income has to be recognised in the year the pledge is made rather than the year of receipt of the funds.

The Statement of Financial Activities shows total resources expended of £6,397,328 (2018: £5,223,770) which is analysed in note 3 to the financial statements. This represents an increase of 22.5% compared to last year largely due to an increase in grants payable. Of the resources expended, £5,973,366 (2018: £5,000,312) was spent directly on charitable activities, the majority in the form of grants to other charities, £378,619 (2018: £181,259) was spent supporting charitable activities, and £45,343 (2018: £42,199) was spent on governance. It is as a direct result of the growth in Pennies that the Charity was able to increase its grants to other charities by 19.3% (2018: 43.3%) to £5.1m (2018: £4.3m) which is the primary reason for the overall growth in expenditure on charitable activities.

At the balance sheet date, the Charity held funds of £2,075,625 (2018: £2,315,196), of which £132,892 (2018: £nil) is restricted and £1,942,733 (2018: £2,315,196) is unrestricted and available for the Charity's general use.

During the year the Charity entered into a new lease for office premises at 64 London Wall, London EC2M 5TP, commencing on 24 May 2019 and expiring on 31 January 2027 (as shown in note 13).

All funds not held as tangible or intangible assets, as an investment in the dormant subsidiary Your Penny Limited, or as a debtor or creditor, are held as cash at the Charity's bankers either in a current account or in an interest bearing deposit account with instant withdrawal.

Investment Policy

The Charity's investment policy is to retain funds in a liquid form to facilitate meeting the costs incurred in the furtherance of its objectives. The Charity's funds are therefore either held in a current account or in liquid interest bearing bank deposit accounts with the Charity's bankers, HSBC. The trustees keep the policy under review to ensure it remains appropriate in light of the expected growth in the short to medium term, of the Charity's income.

Reserves Policy and Going Concern

The trustees are aware of the requirement for charities to manage the level of reserves that they hold and to adopt a policy which determines the level of reserves which they believe would be appropriate to maintain.

The Charity aims to maintain a general reserve of unrestricted funds equal to at least a minimum of one year's operational expenditure from the date of the balance sheet and forecast to be in the region of £1.3m to £1.4m. While the balance of general reserves held at the end of the year, at £1.9m, is above the target level, the trustees are satisfied that this is still commensurate with the rapid forecast annual growth in consumer donations to Pennies ("Pennies donations"), and the need to maintain that growth through the ability to invest in support services and, where appropriate, new technology solutions.

The trustees have considered a number of scenarios to reflect the possible impact of, and fall-out from, the Covid-19 crisis over the period up until December 2021, including a worst case scenario of receiving no further Pennies donation income for the remainder of 2020 with only a gradual recovery in 2021. In

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addition, the trustees have considered the current above-target level of reserves and have reviewed available liquid resources in the context of the operating and spending plans over that period, together with the ability to raise further funds or curtail spending if required. Based on these considerations, the trustees believe that the Charity has sufficient financial resources to continue in operational existence for the foreseeable future and that the Charity is well placed to manage its operating risks successfully. The trustees have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements. There is no material uncertainty about the charity's ability to continue as a going concern.

Grant Making Policy

The Board has full responsibility for the distribution of all funds under its management.

Recognising the important role of retailers and service providers in enabling the Charity to raise money for other charities via Pennies, the trustees invite them to nominate charities to benefit from a major proportion of the funds they raise provided that the nominees comply with the Charity's overall criteria and on-going requirements including compliance with the applicable legislation and provision of impact information in respect of the grants.

All grants made by the Charity are to charities registered with the Charity Commission for England and Wales or the equivalent in Scotland, Northern Ireland, the Republic of Ireland, Jersey or the Isle of Man. The aims of the charities must fall within, or be analogous to, the descriptions of charitable purposes as set out in the Charities Act 2011 and they must be able to demonstrate public benefit as defined by the Charity Commission of England and Wales.

Funding is not available to individuals or unregistered bodies and the Charity will not support charities having the principal objective of the advancement of religion or political activism.

Charities delivering a wide range of services across a breadth of causes were supported during the year. The Charity's website (www.pennies.org.uk) has information about the charities that the Charity has supported and continues to support. Note 4 to the accounts also gives details of all charities that received a grant in excess of £5,000 during the year or previous year.

The Charity requires all the benefitting charities to provide representative information about how grants are used and the difference they make to their beneficiaries. The information is published on the Charity's website and also regularly disseminated using social and other media.

Achievement and Performance

In the 9 years since Pennies launched, 88m donations have been collected through more than 100 merchant partners. Pennies has raised 60% of that total in the last 3 years as it continues to grow. These donations have unlocked more than £20m of extra grant income for 577 registered charities. Examples of the impact that this has had on the charities that Pennies work with and their beneficiaries can be found in our Impact Report, and impact stories, which can be found on our website at www.pennies.org.uk/our-impact

By the end of 2019, Pennies was present in approximately 7,800 stores across retail, hospitality and the service sector compared to 2,200 in 2014. On average, including online, we estimate that between 10-12 million people every month are exposed to Pennies. Currently someone donates using Pennies every 1.5 seconds and we predict in 2020 this will increase to very nearly once every second. In 2019 we received a total of 4 complaints which is very low in the context of our total number of donations for the year which was 22m. We responded to and resolved each of these complaints with the donors concerned.

The Charity enters into fundraising agency agreements with the retailers who agree to offer their customers the option to donate via Pennies, through which it stipulates the fundraising regulations that must be adhered to. In addition the Charity tracks every donation providing oversight of the arrangements.

As the option to donate is presented privately to the retailers' customers via a payment terminal or other digital device, and there is no personal data collected, Pennies represents an unpressurised opportunity to make a micro-donation to charity with the promise of no follow up whether a donation is made or not.

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Spending via a card or a digital device is expected to continue to grow over the next decade. The volume of debit card purchases made in the UK is forecast to grow to over 22 billion transactions by 2028, representing 50% of all payments made. (source: UK Finance, UK Payments Market Summary 2019). As charity cash collection boxes disappear Pennies will be there in the future for as long as cards and other digital methods are used to pay for goods and services.

The Charity continued to make good progress during the year as new payment technology providers integrated the Pennies functionality into their platforms and existing technology partners extended Pennies to their clients.

The Charity also made good progress during the year by working with other charities to incorporate Pennies as a new and sustainable fundraising option in their corporate relationship programmes.

The Charity requires commitment from the payments and retail sectors in order to maintain momentum and grow the volume of donations year on year. The retail sector is currently facing significant challenges with a marked shift in consumer buying habits away from the High Street to the internet, coupled with an uncertain economic environment as everyone awaits the outcome of the post Brexit negotiations. It is worth noting that Pennies works equally well online as in-store and is therefore well situated to deal with this shift in consumer buying behaviour. In addition, stakeholders are increasingly looking for companies to report on their targets and progress on environmental, social and governance (ESG) matters. Pennies can act as a visible and quantifiable opportunity for our partners to define and communicate how they are making a difference for charities and communities as a part of their ESG reporting.

There have also been regulatory changes in the payments sector which has resulted in a broadening of the range of payment options and this presents both opportunities and challenges for Pennies. Despite this backdrop, Pennies has continued to grow significantly and is continuing to work on key technological developments which will set the Charity up for additional growth in future years.

Details of all the organisations where Pennies is currently available can be found on the Charity's website at www.pennies.org.uk.

Other achievements

The Charity raised a total of £364,145 (2018: £844,183) in other donations from foundations and individuals who share the Charity's vision and are keen to support its journey to self-sustainability.

In 2019 the Charity was selected as the charity partner of a number of major trade events such as Retail Expo, Pay Expo, Restaurant and bar tech live, Ecommerce expo, and McDonald Butler Retail Tonight.

Plans for future periods

The Charity is well placed for further growth in 2020 in the existing channels of in-store, online and mobile. With a growing Cashless Society, and fast paced development of payment technologies, the Charity's focus for the coming year will be to continue to work with its partners to increase the opportunities for consumers to donate anonymously and without pressure. It will also continue to develop relationships with existing charity partners and work with new charities to optimise the social impact of the micro-donation movement. In particular, with the growth in contactless card usage, the Charity is working with its payment partners to ensure that there is a Pennies contactless solution available to all of our current and future retail partners.

Over the longer term the Charity is aiming to fully cover its core costs from this small percentage of the Pennies donations. The Charity will continue to look at emerging payments technology and how the Pennies functionality can be incorporated in line with its vision of wherever consumers use a card or digital payment capability to pay for goods and services, they are given the opportunity to donate a few pennies to charity.

The Charity will also continue to develop its own solutions to be hosted on payment platforms.

The Charity will continue to seek funding for core costs from foundations, individuals and other organisations until it is self-sustaining from a small percentage of the Pennies donations.

The trustees are very grateful to the trusts, foundations, companies and individuals who have given so generously this year to support Pennies, and in particular to the members of our advisory groups who

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give their time voluntarily to bring their industry experience to bear in supporting the development of the Charity's strategy and the pursuit of its objectives.

Related Parties

Related Party transactions are disclosed in Note 8 to the financial statements

Statement of Trustees' Responsibilities

The trustees (who are also directors of The Pennies Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the special provisions relating to small companies set out in Statutory Instrument 2008/409 under the Companies Act 2006.

Signed on behalf of the Board of Trustees

DocuSigned by:

011CCEC14106447...
Robert Leitão
Chairman

16 April 2020

The Pennies Foundation

Independent auditor's report to the Members of The Pennies Foundation

Opinion

We have audited the financial statements of The Pennies Foundation (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

The Pennies Foundation

- the Directors' Report included within 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 Directors' Report included within the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page ..., the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 <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 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.

DocuSigned by:

RSM UK Audit LLP

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Hannah Catchpool (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
Date 12-Jun-2020

The Pennies Foundation

The Pennies Foundation

Statement of financial activities (incorporating an income and expenditure account)

For the year ending 31 December 2019

	Note	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Income from:							
Donations	2	880,082	5,267,079	6,147,161	1,260,854	4,302,692	5,563,546
Investments	2	10,596	-	10,596	8,357	-	8,357
Total income		890,678	5,267,079	6,157,757	1,269,211	4,302,692	5,571,903
Expenditure on:							
Charitable activities	3	1,263,141	5,134,187	6,397,328	921,078	4,302,692	5,223,770
Total expenditure		1,263,141	5,134,187	6,397,328	921,078	4,302,692	5,223,770
Net (expenditure) / income for the year	5	(372,463)	132,892	(239,571)	348,133	-	348,133
Reconciliation of funds:							
Total funds brought forward	18a	2,315,196	-	2,315,196	1,967,063	-	1,967,063
Total funds carried forward		1,942,733	132,892	2,075,625	2,315,196	-	2,315,196

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18a to the financial statements.

The Pennies Foundation

The Pennies Foundation

Company number 6418982

Balance sheet as at 31 December 2019


	Note	£	2019 £	£	2018 £
Fixed assets:					
Intangible assets	10		14,226		24,154
Tangible assets	11		103,183		4,553
Investments	12		1		187
			<u>117,410</u>		<u>28,894</u>
Current assets:					
Debtors	15	980,734		919,269	
Cash at bank and in hand		2,417,582		2,641,093	
		<u>3,398,316</u>		<u>3,560,362</u>	
Liabilities:					
Creditors: amounts falling due within one year	16	(1,440,101)		(1,274,060)	
Net current assets			<u>1,958,215</u>		<u>2,286,302</u>
Total assets less current liabilities			<u>2,075,625</u>		<u>2,315,196</u>
Total net assets			<u>2,075,625</u>		<u>2,315,196</u>
The funds of the charity:	17				
Restricted income funds			132,892		-
Unrestricted income funds:					
General funds		1,942,733		2,315,196	
Total unrestricted funds			<u>1,942,733</u>		<u>2,315,196</u>
Total charity funds			<u>2,075,625</u>		<u>2,315,196</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the trustees on 16th April 2020 and signed on their behalf by

DocuSigned by:

 011CCEC16108447...
 Robert Leitão
 Chair

DocuSigned by:

 DB2BE730E687467
 Graham Edwards
 Audit Committee Chair

The Pennies Foundation

The Pennies Foundation

Statement of Cash Flows

for the year ending 31 December 2019

	Note	2019 £	£	2018 £	£
Cash flows from operating activities	19	(119,036)		262,700	
Cash flows from investing activities:					
Interest income		10,596		8,357	
Purchase of intangible fixed assets		(5,712)		-	
Purchase of tangible fixed assets		(109,359)		(1,914)	
Net cash (used in) / provided by investing activities		<u>(104,475)</u>		<u>6,443</u>	
Change in cash and cash equivalents in the year		(223,511)		269,143	
Cash and cash equivalents at the beginning of the year		<u>2,641,093</u>		<u>2,371,950</u>	
Cash and cash equivalents at the end of the year		<u><u>2,417,582</u></u>		<u><u>2,641,093</u></u>	

Notes to the financial statements

1 Accounting policies

a) Statutory information

The Pennies Foundation is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is First Floor, 64 London Wall, London, EC2M 5TP

b) Basis of preparation

The financial statements 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 UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The Charity has a wholly owned subsidiary, Your Penny Limited, which has not traded since incorporation in 2009 and therefore consolidated accounts have not been prepared on the basis of materiality.

The Charity is a company limited by guarantee. The trustees are also members of the company, a register of which is held at the Charity's business address. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

The financial statements are presented in GBP pounds sterling (£) and all values are rounded to the nearest £, except where indicated.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

As referred to on page 9 of the Report of the Trustees, since the date of the balance sheet there has been a negative impact on donation income due to the Covid-19 crisis and this is also commented on in the section on reserves policy and going concern. The trustees have considered a number of scenarios to reflect the possible impact of, and fall-out from, the Covid-19 crisis over the period up until December 2021 and have reviewed the level of reserves and available liquid resources in the context of the operating and spending plans over that period, together with the Charity's ability to raise further funds or curtail spending. The trustees believe that the Charity has sufficient financial resources to continue in operational existence for the foreseeable future and that the Charity is well placed to manage its operating risks successfully. The trustees have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Donation and grant income

Donation income is included in the Statement of Financial Activities when the Charity becomes entitled to the resources. Gift aid is included based on amounts recoverable at the accounting date.

Grant income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the Charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so the trustees' annual report has more information about their contribution.

Donated gifts, professional services and donated facilities are recognised upon receipt on the basis of the value of the gift to the Charity which is the amount the Charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Notes to the financial statements

1 Accounting policies (continued)

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

Unrestricted funds are donations and other incoming resources which are available for use at the discretion of the trustees in furtherance of the general objects of the Charity and which have not been designated for a specific purpose.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure on charitable activities includes the costs of encouraging and facilitating charitable giving using technology supporting microgiving at the point of sale with retail partners, undertaken to further the purposes of the Charity and its associated support and governance costs.

The Charity does not make VAT related supplies and is unable to recover VAT. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Grants payable

Grants payable are made to other charities in furtherance of the Charity's objects. Grants are accounted for when the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition.

k) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. The cost of overall direction and administration of each activity, comprising salary and overhead costs, is apportioned on the basis of estimated staff time of the amount attributable to each activity.

Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the Charity's activities.

l) Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

m) Fixed assets

Both tangible and intangible assets with a cost in excess of £500 are capitalised. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected

Leasehold Improvements	Over the life of the lease
Office furniture	8 years
Computer and office equipment	3 years
Intangible assets	3 years

n) Investments in subsidiaries

Investment in the Charity's subsidiary company, Your Penny Limited, is valued at cost less a provision for impairment. See note 12 for more information.

o) Debtors

Other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

p) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Notes to the financial statements

1 Accounting policies (continued)

q) Foreign Currencies

Foreign currency balances (Euros) have been translated at the rate of exchange ruling at the balance sheet date into sterling. Income and expenditure transactions incurred in foreign currency have been translated during the course of the period at the rate of exchange ruling at the time of the transaction.

r) Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

s) Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are recognised at transaction value and subsequently measured at their settlement value.

t) Pensions

The Charity has a workplace pension money purchase scheme for employees operated by The People's Pension. Employees are automatically enrolled into this scheme unless they have exercised their right to opt out of scheme membership. Employees joining the scheme contract directly with The People's Pension. The Charity makes a matching contribution of 3% of salary and acts as agent in collecting and paying over contributions. The contributions for the accounting period are treated as an expense and were £11,553 (2018: £6,329). There were no contributions owing at the year end (2018: £nil).

u) Judgements in applying accounting policies and key sources of estimation uncertainty

The trustees have reviewed the accounts and believe there to be no material judgements applied in or estimation uncertainty included in the financial statements.

Notes to the financial statements

2 Analysis of incoming resources

	Unrestricted £	Restricted £	2019 Total £	2018 Total £
Voluntary Income				
Consumer donations to Pennies ("Pennies donations")	439,891	5,128,187	5,568,078	4,668,132
Corporates and Foundations				
Oak Foundation	100,000	-	100,000	300,000
Pears Foundation	-	-	-	300,000
Garfield Weston Foundation	-	-	-	100,000
Other donations	125,253	138,892	264,145	144,183
Donated services				
Computer software licences	111,845	-	111,845	4,948
Legal Services	22,392	-	22,392	-
Other services	80,701	-	80,701	46,283
	880,082	5,267,079	6,147,161	5,563,546
Investment Income				
Bank interest	10,596	-	10,596	8,357
	890,678	5,267,079	6,157,757	5,571,903

Pennies donations consist of micro donations made by members of the public via Pennies, the digital charity box.

The trustees have agreed to grant a proportion of Pennies donations to charities registered with the Charity Commission for England and Wales or the equivalent in Scotland, Northern Ireland, the Republic of Ireland or Jersey that have been nominated by retailers which offer their customers the opportunity to donate via Pennies. This proportion of Pennies donations is treated as restricted income. All other Pennies donations are unrestricted.

Included in Voluntary Income - Corporates and Foundations and Other Donations - is an amount of £132,892 (2018: £200,000) which has been unconditionally pledged and is receivable in the following year.

During the year, the Charity collected £26,128 (2018: £21,161) of income from donations in the Republic of Ireland and £5,885 (2018 £nil) from donations in the Isle of Man

3 Analysis of expenditure

	Direct Charitable Activities £	Support Costs £	Governance costs £	2019 Total £	2018 Total £
Grants payable (note 4)	5,128,187	-	-	5,128,187	4,296,892
Staff costs (Note 6)	654,022	165,914	14,922	834,858	706,586
Office costs	121,818	32,009	2,680	156,707	120,971
Marketing	32,327	-	-	32,327	28,715
Consultancy fees	1,200	-	-	1,200	-
Volunteer expenses	850	-	-	850	1,410
Technology costs	720	-	-	720	(10,000)
Auditors remuneration	-	-	22,760	22,760	21,720
Legal fees	-	-	700	700	3,000
Insurance	-	-	4,081	4,081	3,245
Donated services & facilities	34,242	180,696	-	214,938	51,231
Total expenditure 2019	5,973,366	378,619	45,343	6,397,328	5,223,770
Total expenditure 2018	5,000,312	181,259	42,199	5,223,770	

Of the total expenditure, £1,263,141 was unrestricted (2018: £921,078) and £5,134,187 was restricted (2018: £4,302,692).

Expenditure on charitable activities includes costs of:

- facilitating micro-donation using the Pennies digital charity box when consumers pay for goods and services in store, on line and using mobile devices;
- administering the collection of Pennies donations and the disbursement to charities of Pennies grants; and
- promoting the micro donation movement for the charity sector as a whole and specifically publicising the social impact of the Pennies donations.

Notes to the financial statements

4 Grant making

The following grants to charities were payable to institutions during the year:

	2019	2018
	£	£
ABF The Soldiers' Charity	9,617	-
Adnams Community Trust	14,435	-
Age Concern Norfolk	7,864	-
Age UK	7,788	9,751
Air Ambulance Service	2,361	24,704
Alzheimer's Research UK	-	117,827
Barnardo's	79,253	18,096
Barretstown	24,947	18,288
BBC Children in Need	30,458	14,736
Birmingham Children's Hospital Charity	128,265	123,556
Blue Cross	5,496	-
Breast Cancer Care	113	11,136
British Heart Foundation	111,994	138,124
Bumblebee Conservation Trust	6,543	-
Cancer Research UK	135,525	163,682
Clic Sargent	45,592	-
Cornwall Air Ambulance Trust	17,295	20,251
Crisis	17,884	-
Cyclists Fighting Cancer	10,422	20,018
Devon Air Ambulance	762	13,092
Dorset and Somerset Air Ambulance	787	13,362
Dorset Mind	13,199	10,541
East Anglian Air Ambulance	23,688	38,877
Essex and Herts Air Ambulance Trust	2,932	64,274
Glasgow Children's Hospital Charity	32,971	24,340
Great North Air Ambulance Service	1,565	20,168
Great Ormond Street Hospital Children's Charity	464,964	235,836
Gynaecology Cancer Research Fund	-	7,558
Hampshire and Isle of Wight Air Ambulance	496	11,395
Help a Jersey Child	3,469	9,087
Help for Heroes	93,877	-
Ipswich Opportunity Group	-	5,000
Jersey Children's Charity	5,056	-
Kent, Surrey and Sussex Air Ambulance	14,520	111,046
Larkfield With Hill Park Autistic Trust Ltd (Pepenbury)	3,153	5,683
London's Air Ambulance	3,359	67,392
Macmillan Cancer Support	862,794	230,455
Maggie Keswick Jencks Cancer Caring	93,953	28,962
Magpas Air Ambulance	23,688	38,877
Make-A-Wish Foundation UK	6,500	10,718
Mental Health Foundation	21,714	-
Midlands Air Ambulance	1,945	40,283
Multiple System Atrophy Trust	18,623	-
National Museums and Galleries on Merseyside	2,554	23,131
Nelson's Journey	54	10,851
Newcastle upon Tyne Hospitals NHS Charity	15,740	13,091
Noah's Ark Children's Hospital Charity	17,719	15,471
North West Air Ambulance	1,258	25,576
Northern Ireland Hospice	31,124	29,535
Rays of Sunshine	5,899	30,247
Richard House Trust	9,256	5,292
Royal British Legion	-	7,541
Royal Manchester Children's Hospital	25,000	-
Royal Mencap Society	15,801	85,110
Scotland's Charity Air Ambulance	95,122	150,473
Shooting Star Chase	106,184	102,857
sub total	2,675,578	2,166,290

Notes to the financial statements

<i>carried forward from previous page</i>	2,675,578	2,166,290
Special Olympics GB	56,999	-
St Peter and St James Hospice	5,711	7,458
Survivors of Bereavement by Suicide	8,799	18,231
Teenage Cancer Trust	789,132	699,417
Terrence Higgins Trust	-	33,053
Thames Valley Air Ambulance	1,695	38,294
The Alder Hey Children's Charity	128,265	123,556
The Childhood Trust	19,122	5,303
The Guide Dogs for the Blind Association	-	7,541
The Lincolnshire & Nottinghamshire Air Ambulance Charitable Trust	6,267	32,277
The National Deaf Children's Society	-	26,076
The National Literacy Trust	20	17,201
The National Society for the Prevention of Cruelty to Children	195,189	-
The Prince's Trust	1,270	10,837
The Royal Foundation	71,433	45,894
The Royal National Institute of Blind People	105,227	-
The Save the Children Fund	57,500	236
The Screwfix Foundation	392,615	356,958
Together for Short Lives	105,756	122,110
Twycross Zoo - East Midland Zoological Society Ltd	7,526	-
Wallace & Gromit's Children's Foundation	128,265	123,556
Welsh Air Ambulance	328	8,504
Wilderness Foundation UK	156,046	141,209
Wiltshire Air Ambulance	327	8,611
YHA England and Wales	5,485	-
Yorkshire Air Ambulance	2,230	42,492
Yorkshire Wildlife Park Foundation	11,624	14,202
Young Dementia UK	10,717	-
Young Epilepsy	-	5,589
Youth Cancer Trust	10,193	5,371
Grants payable on accrued donations as at the year end	89,404	67,911
Other grants less than £5,000	85,464	168,715
Total grants payable	5,128,187	4,296,892

The Trustees Report provides more information relating to the Charity's grant making policy.

Grants payable includes a commitment of £1,329,643 (2018: £1,210,993) for grants paid to charities after the year end.

Of the income collected in the Republic of Ireland (see note 2), £24,947 (2018: £18,288) was granted to Barretstown, a charity registered in the Republic of Ireland (number 194322)

Of the income collected in the Isle of Man (see note 2), £4,102 (2018: £nil) was granted to Isle of Play, a charity registered in the Isle of Man (number 1245)

5 Net (expenditure) / income for the year

This is stated after charging / (crediting):

	2019	2018
	£	£
Depreciation of tangible fixed assets	10,729	2,228
Amortisation of intangible fixed assets	15,641	25,528
Operating lease rentals:		
Property	35,942	30,000
Other	1,035	912
Auditors' remuneration (including VAT):		
Audit fees	22,760	21,720

Notes to the financial statements

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	724,944	609,908
Social security costs	75,064	65,091
Employer's contribution to defined contribution pension schemes	11,553	6,329
Staff Recruitment costs	22,820	24,175
Other staff costs	477	1,084
	<u>834,858</u>	<u>706,587</u>

The following number of employees received employee benefits of over £60,000 (excluding employer pension costs) during the year in the following ranges:

	2019 No.	2018 No.
£60,001 - £70,000	2	-
£80,001 - £90,000	1	1

The total employee benefits of the key management personnel were as follows:

	2019 £	2018 £
Salaries and wages	152,776	133,226
Social security costs	15,385	16,272
Employer's contribution to defined contribution pension schemes	573	568
	<u>168,734</u>	<u>150,066</u>

The Charity trustees were neither paid nor received any other benefits from the Charity in the year (2018: £nil). No Charity trustee received payment for professional or other services supplied to the Charity (2018: £nil).

Trustees' expenses represents the reimbursement of travel costs totalling £352 (2018: £916) incurred by 1 (2018: 1) trustee in connection with his role as a volunteer. During the year and up to the date of approval of the Trustees' report, there was a qualifying third-party indemnity in place for directors, as allowed by Section 234 of the Companies Act 2006.

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 15 (2018: 14).

Staff are split across the activities of the charitable company as follows (full time equivalent basis):

	2019 No.	2018 No.
Charitable Activities	11	11
Support & Governance	4	3
	<u>15</u>	<u>14</u>

Notes to the financial statements

8 Related party transactions

2 (2018: 6) trustees donated a total of £100,250 in the year (2018: £101,785) of which £nil was restricted (2018: £2,800).

Ian Filby, a trustee, was a Director of the retailer Sofology Limited which supported the Charity by enabling Pennies in its stores collecting £5,978, (2018: £nil) for UK charities.

Alison Hutchinson, the CEO of the Charity, is a non-executive director of the retailer DFS Furniture plc which owns Sofology Limited. During the year Sofology Limited supported the Charity by enabling Pennies in its stores collecting £5,978, (2018: £nil) for UK charities. During the year DFS Furniture plc transferred to the Charity £5 (2018: £494) collected in its stores for UK charities.

Julian Taylor, a trustee, is a partner in the law firm of Simmons and Simmons which supported the Charity by providing legal advice valued at £22,392, (2018: £nil) and the use of incidental services valued at £57, (2018: £29) on a pro bono basis.

Robert Leitão, a trustee, is a managing partner at Rothschild & Co which supported the Charity by providing meeting rooms valued at £402 (2018: £270) on a pro bono basis.

Leigh Thomas, a trustee, is Director of the Global Accounts Team in Facebook, which supported the Charity by providing marketing support valued at £18,242 (2018: nil).

Graham Edwards, a trustee, is the Executive Chairman of Telereal Trillium. For the period 1st January 2019 to 22nd February 2019 the Charity sublet office space at 140 London Wall from Shakespeare School Foundation, who in turn leased from Telereal Trillium, and then from 23rd February 2019 to 10th May 2019, the Charity leased the same office space directly from Telereal Trillium. Also during the year staff from Telereal Trillium supported the Charity by providing professional support in connection with the Charity's office move, valued at £28,500 (2018: nil).

9 Taxation

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

10 Intangible fixed assets

	Computer software £	Total £
Cost		
At the start of the year	102,936	102,936
Additions in year	5,712	5,712
At the end of the year	<u>108,648</u>	<u>108,648</u>
Depreciation		
At the start of the year	78,782	78,782
Charge for the year	15,641	15,641
At the end of the year	<u>94,423</u>	<u>94,423</u>
Net book value		
At the end of the year	<u>14,226</u>	<u>14,226</u>
At the start of the year	<u>24,154</u>	<u>24,154</u>

All of the above assets are used for charitable purposes.

Notes to the financial statements

11 Tangible fixed assets

	Leasehold Improvements £	Office Furniture £	Office & Computer equipment £	Total £
Cost				
At the start of the year	-	-	18,965	18,965
Additions in year	82,822	26,537	-	109,359
At the end of the year	<u>82,822</u>	<u>26,537</u>	<u>18,965</u>	128,324
Depreciation				
At the start of the year	-	-	14,412	14,412
Charge for the year	6,302	1,964	2,463	10,729
At the end of the year	<u>6,302</u>	<u>1,964</u>	<u>16,875</u>	25,141
Net book value				
At the end of the year	<u>76,521</u>	<u>24,573</u>	<u>2,090</u>	103,183
At the start of the year	<u>-</u>	<u>-</u>	<u>4,553</u>	4,553

All of the above assets are used for charitable purposes.

12. Investments

The Charity owns 100% of the issued shared capital of Your Penny Limited, a private limited company registered in England and Wales (registered number 6880306), being £1 share. The investment is valued at £1 (2018: £187) being £1 for the share capital. This is equal to the value of Your Penny Limited's reserves of £1. Your Penny Limited is a dormant company.

13. Financial and other commitments

At 31 December 2019 the Charity had total commitments under non-cancellable operating leases as detailed below:

	Property		Equipment	
	2019	2018	2019	2018
	£	£	£	£
Less than one year	35,703	2,500	744	744
One to five years	229,572	-	372	1,116
	<u>265,275</u>	<u>2,500</u>	<u>1,116</u>	<u>1,860</u>

During the year, the Charity entered a new lease for office premises commencing on 24 May 2019 and expiring on 31 January 2027

14. Capital commitments

At 31 December 2019 the Charity had total capital commitments as follows:

	2019	2018
	£	£
Computer software	60,960	-

Notes to the financial statements

15. Debtors

	2019 £	2018 £
Other debtors	587,088	512,465
Accrued income	329,724	400,144
Prepayments	38,985	6,660
Rent deposit	24,937	-
	<u>980,734</u>	<u>919,269</u>

Other debtors represent Pennies donations collected and invoiced but not yet paid to the Charity at the year end.

Included in Accrued Income is £232,892 (2018: £200,000) which represents grants pledged but not due to be paid until 2020.

The rent deposit relates to the Charity's lease on office premises entered into during the year, which will be held for more than one year.

16. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	28,190	7,209
Amounts due to subsidiary	1	1
Taxation and social security	20,533	19,756
Grant accruals	1,329,643	1,210,993
Other accruals	61,734	36,102
	<u>1,440,101</u>	<u>1,274,060</u>

17a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Intangible fixed assets	14,226	-	14,226
Tangible fixed assets	103,183	-	103,183
Investments	1	-	1
Net current assets	1,825,323	132,892	1,958,215
Net assets at 31 December 2019	<u>1,942,733</u>	<u>132,892</u>	<u>2,075,625</u>

17b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted £	Total funds £
Intangible fixed assets	24,154	-	24,154
Tangible fixed assets	4,553	-	4,553
Investments	187	-	187
Net Current assets	2,286,302	-	2,286,302
Net assets at 31 December 2018	<u>2,315,196</u>	<u>-</u>	<u>2,315,196</u>

Notes to the financial statements

18a Movements in funds (current year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	At 31 December 2019 £
Restricted funds:				
Pennies donations	-	5,128,187	(5,128,187)	-
CRM system fund	-	132,892	-	132,892
Events related funds	-	6,000	(6,000)	-
Total restricted funds	-	5,267,079	(5,134,187)	132,892
General funds	2,315,196	890,678	(1,263,141)	1,942,733
Total unrestricted funds	2,315,196	890,678	(1,263,141)	1,942,733
Total funds	2,315,196	6,157,757	(6,397,328)	2,075,625

The narrative to explain the purpose of each fund is given at the foot of the note below.

18b Movements in funds (prior year)

	At 1 January 2018 £	Income & gains £	Expenditure & losses £	At 31 December 2018 £
Restricted funds:				
Pennies donations	-	4,296,892	(4,296,892)	-
Intangible Fixed Asset fund	-	-	-	-
Events related fund	-	5,800	(5,800)	-
Total restricted funds	-	4,302,692	(4,302,692)	-
General funds	1,967,063	1,269,211	(921,078)	2,315,196
Total unrestricted funds	1,967,063	1,269,211	(921,078)	2,315,196
Total funds	1,967,063	5,571,903	(5,223,770)	2,315,196

Purposes of restricted funds

Pennies Donations

The Pennies Donations restricted fund represents the proportion of Pennies donations which the trustees have agreed to grant to UK, Republic of Ireland, or Isle of Man registered charities which have been nominated by retailers which offer their customers the opportunity to donate via the digital charity box. The proportion and the nominated charity are named at the point of donation. The movement in this fund is disclosed in note 4 to the financial statements.

Intangible Fixed Asset fund

The Intangible Fixed Asset fund represents a donation for the implementation of a customer relationship management system which will be developed in the following year.

Events fund

The Events fund represents a donation towards the cost of Pennies events. The funds were fully spent on the purposes intended during the year.

Notes to the financial statements

19 Reconciliation of net (expenditure) / income to net cash flow from operating activities

	2019	2018
	£	£
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	(239,571)	348,133
Depreciation charges	26,369	27,756
Interest from investments	(10,596)	(8,357)
Decrease in value of Investments	186	-
(Increase) in debtors	(61,466)	(213,734)
Increase in creditors	166,042	108,901
Net cash (used in) / provided by operating activities	(119,036)	262,700

20 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.