

**PESTALOZZIWORLD CHILDREN'S TRUST**

**REGISTERED CHARITY NO: 1172364**

**AUDITED FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

# **PESTALOZZIWORLD CHILDREN'S TRUST**

## **CONTENTS**

	<u><b>Page</b></u>
Legal & Administrative Information	2
Report of the Trustees	3-9
Independent Auditors Report	10-12
Statement of Financial Activities	13
Balance Sheet	14
Statement of Cash Flows	15
Notes to the Financial Statements	16-21

**LEGAL AND ADMINISTRATIVE INFORMATION**

**TRUSTEES**

Lady Butler  
Mr J J Dilger  
Mrs C Doggart  
Mr K J Greatbatch  
Mr F von Hurter  
Mr S Wakely

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**INDEPENDENT AUDITORS**

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16 Northumberland Avenue  
London  
WC2N 5AP

**BANKERS**

HSBC  
Covent Garden  
London  
WC2 8JF

**TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2019****NAME AND REGISTERED OFFICE OF THE CHARITY**

The full name of the charity is PestalozziWorld Children's Trust (PWCT), and was registered with the Charity Commission on 31 March 2017 (charity number 1172364). The charity was formed as a charitable incorporated organisation (CIO) and is governed by its founding constitution. The charity previously operated under charity number 1046599 as an unincorporated trust, constituted under a trust deed dated 24 January 1995 and its activities and assets were transferred to the new CIO effective 1 January 2019.

**BACKGROUND**

We confirm that the accompanying financial statements comply with the current statutory requirements including the Charities Act 2011, the Statement of Recommended Practice – Accounting and Reporting by Charities (2015) and with the requirements of the charity's constitution.

PWCT was established to advance the education of children and to apply the Pestalozzi principles of Head, Heart and Hands. An administrative office is located at CAN Mezzanine, 7-14 Great Dover Street, London, SE1 4YR. HSBC, Covent Garden, act as the bankers and Arnold Hill & Co LLP are the Trust's honorary accountants and auditors.

**INTRODUCTORY NOTE**

PestalozziWorld Children's Trust in the UK is the coordinating entity of PestalozziWorld - the working alliance of several organizations whose work in Africa and Asia is inspired by the educational philosophy and the life of the Swiss social reformer Johann Heinrich Pestalozzi (1746-1827). The following organisations form part of the working alliance:

- Pestalozzi Zambia Children's Trust (PZCT), which runs the African Village at Kasisi and Ibex Hill, Lusaka;
- Pestalozzi Children's Trust, Malawi;
- Pestalozzi Children's Village Society, which manages the Asian Village in Dehradun, northern India; and
- Alumni Foundations in Thailand and Nepal.

In addition to PWCT, PestalozziWorld coordinates three other registered fundraising charities, in the USA, Switzerland and Ireland. The Objectives and Activities and the Review of the Year's activities below relate to the work of all four charities. PestalozziWorld consists of four fundraising trusts:

- PWCT in the UK;
- Pestalozzi US Children's Charity Inc. in USA;
- Pestalozzi Overseas Children's Trust Ireland Ltd; and
- Pestalozzi Overseas Children's Foundation in Switzerland.

**Financial Activities and Administration** (p7) provides financial information on PWCT including income received from the US and Irish charities. The Swiss Trust makes grants directly to the national operating trusts, mainly in connection with the Pestalozzi Educational Centre in Zambia and the Mobile Learning programme in partnership with Edulution Holdings SA (Edulution).

**OBJECTIVES AND ACTIVITIES**

PestalozziWorld advances the education of disadvantaged children from rural communities in Africa and Asia through:

- a selective secondary scholarship at one of our Children's Villages;
- a non-selective mobile learning programme using tablet technology focussed on rural areas; and
- supporting our alumni to help new generations of disadvantaged children.

**TRUSTEES REPORT (continued)****FOR THE YEAR ENDED 31 DECEMBER 2019****OBJECTIVES AND ACTIVITIES (continued)****PestalozziWorld Children's Villages**

A practical secondary education (age about 10 onwards) is provided to gifted but economically disadvantaged children at Children's Villages in Zambia, India and Nepal. Secondary scholarships at these centres seek to address all barriers to education – not just poverty but other obstacles such as distance, lack of infrastructure and prejudice against children (especially girls) receiving any schooling. We provide a carefully-targeted scholarship program for girls and boys from the poorest and most inaccessible rural areas, providing housing, supplementary academic help and skills training as well as high-quality secondary education. It focuses on the brightest children, especially girls. The uniqueness of the program is that the children once educated by Pestalozzi help provide education for future generations of children from similar backgrounds. This produces an ongoing ripple effect or the "Circle of Success".

The Children's Villages are run as a small village community with all children taking an active role - this Village concept enables us to give these children access to education at an acceptable cost (approximate £1,100 a year per child for board, travel, tuition and all other costs) and in a safe environment. Our selection process is rigorous and involves working closely with local primary schools to identify bright children, a system of tests and interviews, checks on their family background and economic circumstances. This is usually carried out by a small team including at least one non-national. Funding is then made available to the national Pestalozzi organisation on a quarterly basis in accordance with a budget agreed at the start of the academic year.

**Mobile Learning Centres**

In 2015 we implemented a new programme through a partnership with Edulution to provide foundational maths and literacy skills using tablet technology to children from rural and deprived backgrounds. This is a low cost, non-selective programme aimed to educate children in their own communities. Through the partnership with Edulution we are able to fund the opening of new mobile centres in rural communities where our scholars originate from and as a result create opportunities for our alumni to earn a living as coaches and give back to their communities.

**Alumni Foundations**

As part of the Circle of Success we support our alumni to set up foundations in their own countries to help educate more children in need. Alumni foundations have been set up in Thailand and Nepal and we hope to see this replicated in other countries. Individual alumni are also sponsoring or helping with the next generation of students as soon as they are in a position to do so.

**APPOINTMENT AND INDUCTION OF TRUSTEES**

The Trustees may appoint any person to be one of their number. The Trustees review the knowledge and experience of the Trustees and identify training needs on appointment. Suitable training will be provided if required.

The Trustees are responsible for ensuring compliance with all statutory requirements. The Trustees have long-standing links with the charity and provide significant financial support as well as the benefit of considerable experience in education, finance, business and investment.

**TRUSTEES REPORT** *(continued)***FOR THE YEAR ENDED 31 DECEMBER 2019****INVESTMENT POWERS AND POLICY**

The Constitution provides full and unrestricted powers of investment to the Trustees. The investment of the reserve fund is managed and reviewed by the Trustees and advised by a qualified investment committee composed of two Trustees and two Advisors.

**RISK MANAGEMENT**

The Trustees have identified the principal risks and uncertainties to which the charity is exposed. These are regularly reviewed and policies, systems and procedures have been established and implemented to mitigate or manage any potential impact on the charity should those risks materialise.

Given the context within which PWCT works, the principal risks for PWCT are:

**Safeguarding:** PWCT requires absolute duty of care and accountability to Children supported by PestalozziWorld programmes. PWCT 's Safeguarding Policy and Code of Practice for working with children and young people sets out in detail how any PestalozziWorld representative, including staff, board members, volunteers, consultants, and partners must conduct themselves in their interactions with children..

**COVID -19:** PWCT has taken measures to mitigate the immediate risks of Covid-19 and the situation continues to be monitored. Plans are in place to address the impact of interruptions to activities and loss of school time for children on the programme given some children have limited access to remote or online learning.

**Lack of regular donations:** The charity is maintaining a fund of £1,700,000 that has been invested by holding UK and overseas investment portfolios, foreign currency deposits as well as sterling on deposit. This will provide the charity with income each year, and will ensure funds are available to meet any direct charitable and management & administration expenditure.

**Foreign currency:** The risks associated with holding a single dominant currency for a global charity are mitigated by holding deposits in gold and other major currencies.

**Stability of the political environment:** In 2019, the stability of the governments of India, Nepal and Zambia continued; however, the precedent of national turbulence in these countries means PWCT remains vigilant of this risk.

**REVIEW OF THE YEAR'S ACTIVITIES**

PestalozziWorld funded the education of 499 children in 2019 (514 in 2018), in India (drawn from India, Nepal and the Tibetan exile community), Nepal (in partnership with the Nepal Pestalozzi Foundation), Thailand (in partnership with the Thai Pestalozzi Foundation) and Zambia (including from Malawi and refugees from other African countries). Sponsorship for 4300 children was provided during the year under the mobile learning programme. Student totals by country and centre are shown below:

**PESTALOZZIWORLD CHILDREN'S TRUST****TRUSTEES REPORT (continued)****FOR THE YEAR ENDED 31 DECEMBER 2019****REVIEW OF THE YEAR'S ACTIVITIES (continued)**

<b>Country/Centre</b>	<b>Numbers</b>
<b>CHILDREN'S CENTRES</b>	
<b>African Children's Village</b>	242
<b>Asian Children's Village</b>	160
<b>ALUMNI PROGRAMMES</b>	
<b>Thailand</b>	2
<b>Nepal</b>	64
<b>Pokhara Children's Village (Nepal)</b>	31
<b>TOTAL SCHOLARS</b>	<b>499</b>
<b>RURAL PROGRAMMES</b>	
<b>Mobile learning (Zambia)</b>	4,300

**Children's Villages**

In Zambia, we are now sponsoring 242 children at the African Village: 60 at Kasisi (Grades 5-6) and 182 at Ibex Hill. During 2019 the new intake included children selected from refugee camps in Western Zambia through our partnership with UNHCR primarily Congolese. All the children receive in-house tuition, at the Pestalozzi Education Centre (PEC) either at Kasisi or at Ibex Hill.

In India we are sponsoring 160 children at the Asian village representing Indian, Nepalese and Tibetan nationalities, who attend local schools in Dehradun, northern India.

Significant progress has been made in the development of PEC which is open to fee paying students as part of the Zambian Trust's goal of becoming self-sustaining. At the end of 2019 PEC had 320 fee-paying students and continues to rank in the top schools in Lusaka based on national exam results.

In September 2019 PZCT entered into a long term partnership with educational experts Enko Education who have a track record of delivery in Africa. Under Enko management PEC will offer the International Baccalaureate (IB) curriculum alongside the national curriculum.

**Mobile Learning Centres**

PestalozziWorld's impact is greatly expanded by our partnership with Edulution, a social enterprise that we helped to start, that uses cutting-edge tablet technology to teach literacy and numeracy to disadvantaged students in Zambia's rural areas. Our funding supports the opening of new centres and in 2019 provided sponsorship for 4300 children to attend the Edulution programme. During the year new centres were opened in the refugee camp in Western Zambia.

## **PESTALOZZIWORLD CHILDREN'S TRUST**

### **TRUSTEES REPORT (*continued*)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **REVIEW OF THE YEAR'S ACTIVITIES (*continued*)**

This mobile learning programme adopts Pestalozzi's "head, heart and hands" approach and is led by dozens, 54 in 2019, of Pestalozzi alumni. They are helping thousands of students make big gains in the rural communities from which they came and earning a living from an activity-based entrepreneurial model.

Rural Zambia is a challenging environment in which to establish and successfully deploy such a project - no grid electricity or running water, extreme temperatures in dusty environments, very limited internet connectivity, high poverty and low education standards. In many cases our alumni are the lead coaches who oversee and manage the entire process, including the recruitment and training of new coaches.

#### **Alumni Programs and Reunions**

In 2019 we continued to support our Alumni Foundations to educate more children, sponsoring 2 scholars with the Thai Pestalozzi Foundation and 95 scholars with the Nepal Pestalozzi Foundation. The Children's Village in Pokhara opened in 2016 by the Nepal Pestalozzi Foundation is run on the same principles as our Asian and African Villages and now sponsors 31 students coming from the Kaska, Dolkha and Doti regions of Nepal.

The Alumni Foundations continue to reduce their reliance on PestalozziWorld with more children being supported through local initiatives, individual alumni and other sponsors. The Thai and Nepal Pestalozzi Foundations are sponsoring 103 children in addition to those funded by PestalozziWorld.

Reunions were held in USA, India and Zambia and were attended by over 100 alumni together with UK and local Trustees. Smaller mini reunions were also held in each country. The aim of these reunions is to provide alumni with advice and support in seeking employment or further education/training and encourage networking and fundraising initiatives.

The International Alumni Committee consists of 7 national members from India, Nepal, Thailand, the Tibetan Community and Zambia, who take a leadership role in encouraging and working with the rest of the alumni. The members are on an initial two-year membership period.

#### **International Baccalaureate Students**

4 of our scholars are now taking 2-year International Baccalaureate courses. We continue to work with the United World Colleges, Mahatma Gandhi International School, and other colleges of higher education to secure scholarships for our student's further education. With the increase in courses available on the internet we are encouraging our students to continue their education by earning and learning where possible.

#### **FINANCIAL REVIEW**

The income for the year for PWCT was £395,049 compared to £546,256 in the previous year. Income included £285,146 (2018: £457,357) from the US Charity and £83,598 (2018: £67,894) from Trustees and Advisory Directors. Income from the US Charity during the year was lower due to timing differences with a key fundraising event taking place later than usual and one-off donations of £78,000 in 2018. During the year a fundraising resource was appointed to diversify the charity's current donor base. Steps are also being taken to reduce the dependence of the in-country centres on foreign funding.

Expenditure for the year including annual costs was £974,558 (2018: £523,434). The increase is largely due to a one-off grant to POCF in Switzerland, higher fundraising costs in the year and the appointment of a permanent Executive Officer. Scholarship costs have also been impacted by the devaluation of Sterling in 2019.



## PESTALOZZIWORLD CHILDREN'S TRUST

### TRUSTEES REPORT (*continued*)

#### FOR THE YEAR ENDED 31 DECEMBER 2019

#### FINANCIAL REVIEW (*continued*)

Gains on investments of £88,890 (2018: £11,174), partly offset by exchange losses of £9,133 (2018: £5,028), reduced the deficit for the year to £499,752 (2018: surplus of £28,968).

The Pestalozzi Children's Village Society in India, The Nepal Pestalozzi Foundation and the Pestalozzi Zambia Children's Trust are monitored regularly by the Trustees and audited locally. The Trustees or staff visit all projects at least once a year (except for Sri Sitaram School, Far West Nepal, which, due to its inaccessibility, is normally monitored locally).

The Trustees of PWCT and the US Trust are primarily responsible for fundraising and do not receive any remuneration or expense reimbursement from the Trust. Administration expenses (including staff and travel costs) and fundraising costs are met by funds specifically provided by the Trustees for such costs or through investment income.

The Trustees very much appreciate the support of dedicated staff and volunteers and especially the Trustees and Directors of other members of PestalozziWorld who make a vital contribution to improving the lives of hundreds of children. The Pestalozzi alumni are also to be congratulated on the commitment they have shown in supporting children in their own countries.

Finally, a special 'thank you' to Messrs Arnold Hill & Co LLP who act as honorary accountants and auditors.

#### Reserves

Each scholar we select represents a funding commitment on our part of up to eight years. The Trustees are very much aware that the funds needed to support the children each year are unpredictable and with this in mind have determined to build up reserves as a priority.

The Trust's reserves at 31 December 2019 were £1,898,824 (2018: £2,398,576). The Trustees wish to build up a reserve of at least £3,000,000 to provide an appropriate balance of financial security to the Trust, to enable them to complete the current and any future capital projects, and to enable scholars being educated to complete their schooling should alternative funds not be available.

#### Outlook

In the coming year the charity plans to focus on diversifying the existing donor base and develop new revenue streams; to engage more of our Alumni; and to continue to develop the scholarship programmes.

As news and advice on Coronavirus continues to evolve quickly, PestalozziWorld is closely monitoring developments and its impact on the health and safety of staff and the children. With schools in many countries closing, students at our villages in India, Nepal and Zambia were taken home until schools reopen. We expect the impact of Covid-19 to continue throughout 2020 and are working to, as far as possible, mitigate the impact on the students to ensure they can take up their places when schools reopen.

The Mobile Learning programme has also been affected by the closure of schools in Zambia. We continue to support our partner Edulation during this challenging period to ensure they are able to restart the programmes when schools reopen.

In Zambia, PEC's partnership with Enko Education is progressing well albeit impacted by the closure of schools in Zambia. The school has implemented an online learning programme but for those in rural communities where this cannot be accessed additional lessons will be provided when they return. The school reopened partially, for exam years from 1 June 2020.

**PESTALOZZIWORLD CHILDREN'S TRUST****TRUSTEES REPORT (continued)****FOR THE YEAR ENDED 31 DECEMBER 2019****STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the incoming resources and application of the resources of the charity during the year and of its state of affairs at the end of the year. In preparing these financial statements the trustees should follow best practice and:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 charity will continue in operation;

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the Charity's constitution. They are also responsible for the charity's system of internal financial controls, for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

A resolution to reappoint Arnold Hill & Co LLP as auditors will be put to the Trustees.

ON BEHALF OF THE TRUSTEES



K J GREATBATCH

Date: 22<sup>nd</sup> October 2020

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PESTALOZZIWORLD CHILDREN'S TRUST**

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#### **Opinion**

We have audited the financial statements of PestalozziWorld Children's Trust for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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 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 charity's affairs as at 31 December 2019 and of its incoming resources and application of resources, 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 Charities Act 2011.

#### **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 PestalozziWorld Children's Trust 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**

Assessment of the charity's ability to continue as a going concern includes an assessment of the future economic environment as well as the charity's future prospects and performance. The emergence and spread of the COVID-19 virus has had a very significant impact on the economy, and at the date of this report there is unprecedented uncertainty about its ultimate effect on the UK and globally. The existence of this uncertainty may cast doubt on the charity's ability to continue as a going concern.

The trustees have prepared the accounts on the going concern basis as they do not intend to liquidate the charity or cease operations, and have concluded that the charity's financial position means that this is realistic.

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

**TO THE TRUSTEES OF PESTALOZZIWORLD CHILDREN'S TRUST****FOR THE YEAR ENDED 31 DECEMBER 2019****Other information *(continued)***

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.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, 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 directors 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 PestalozziWorld Children's Trust'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 cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

**TO THE TRUSTEES OF PESTALOZZIWORLD CHILDREN'S TRUST**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Other matters which we are required to address**

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "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 UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Mr Justin Moore (Senior Statutory Auditor)  
for and on behalf of Arnold Hill & Co LLP**

22 October 2020

**Chartered Accountants  
Statutory Auditor**

Craven House  
16 Northumberland Avenue  
London  
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WC2N 5AP

Arnold Hill & Co LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

## STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Notes</u>	<u>Unrestricted Funds</u> <u>2019</u> <u>£</u>	<u>Unrestricted Funds</u> <u>2018</u> <u>£</u>
<b>INCOME FROM</b>			
Donations and Legacies	3	383,152	538,814
Investments	4	<u>11,897</u>	<u>7,442</u>
<b>TOTAL</b>		395,049	546,256
<b>EXPENDITURE ON</b>			
Charitable Activities	7	(913,618)	(520,032)
Raising Funds	7	<u>(60,940)</u>	<u>(3,402)</u>
<b>TOTAL</b>		<u>(974,558)</u>	<u>(523,434)</u>
<b>Net (deficit)/income before gains and losses on investments</b>		<u>(579,509)</u>	<u>22,822</u>
Net gains on investments	8	88,890	11,174
<b>Net (deficit)/income</b>		<u>(490,619)</u>	<u>33,996</u>
Other gains/(losses)	5	(9,133)	(5,028)
<b>NET MOVEMENT IN FUNDS</b>		<u>(499,752)</u>	<u>28,968</u>
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<u>2,398,576</u>	<u>2,369,608</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>1,898,824</u>	<u>2,398,576</u>

The notes on pages 16 to 21 form part of these financial statements.

## BALANCE SHEET

31 DECEMBER 2019

	<u>Notes</u>	<u>2019</u> <u>£</u>	<u>2018</u> <u>£</u>
<b>Fixed Assets</b>			
Investments	8	1,747,012	1,654,957
		<u>1,747,012</u>	<u>1,654,957</u>
<b>Current Assets</b>			
Debtors	9	5,457	377,933
Cash at Bank and in Hand		150,898	371,952
		<u>156,355</u>	<u>749,885</u>
<b>Current Liabilities</b>			
Other creditors	10	(4,543)	(6,266)
		<u>(4,543)</u>	<u>(6,266)</u>
<b>NET CURRENT ASSETS</b>		<u>151,812</u>	<u>510,369</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,898,824</u>	<u>2,398,576</u>
Total Unrestricted Funds Brought Forward		2,398,576	2,369,608
Net Movement in the Year		(499,752)	28,968
<b>TOTAL UNRESTRICTED FUNDS CARRIED FORWARD</b>		<u>1,898,824</u>	<u>2,398,576</u>

Approved by the Trustees on *22 October* 2020 and signed on their behalf by



K J GREATBATCH

The notes on pages 16 to 21 form part of these financial statements.

## STATEMENT OF CASH FLOWS

31 DECEMBER 2019

	£	2019 £	£	2018 £
<b>Cash flow from operating activities</b>		<b>(220,653)</b>		<b>88,451</b>
<b>Cash flows from investing activities</b>				
Purchase of investments	(211,231)		(2,715)	
Transfers	-		198,740	
Proceeds of disposals	223,860		-	
Dividends, interest and rents from investments	11,897		7,442	
		<hr/>	<hr/>	
<b>Net cash (used in)/provided by investing activities</b>		<b>24,526</b>		<b>203,467</b>
Foreign exchange differences		<b>(9,133)</b>		<b>(5,028)</b>
		<hr/>		<hr/>
<b>Change in cash and cash equivalents in the year</b>		<b>(205,260)</b>		<b>286,890</b>
Cash and cash equivalents b/f		570,692		283,802
<b>Cash and cash equivalents c/f</b>		<b>365,432</b>		<b>570,692</b>
		<hr/>		<hr/>
		<b>2019</b>		<b>2018</b>
<b>Reconciliation of net (expenditure)/income to net cash flow from operating activities</b>		<b>£</b>		<b>£</b>
Net (deficit)/income for the year per the SOFA		<b>(490,619)</b>		<b>33,996</b>
<b>Adjustments for:</b>				
Gains on investments		<b>(88,890)</b>		<b>(11,174)</b>
Dividends, interest and rents from investments		<b>(11,897)</b>		<b>(7,442)</b>
Decrease/(increase) in debtors		<b>372,476</b>		<b>87,006</b>
Increase/(decrease) in creditors		<b>(1,723)</b>		<b>(13,935)</b>
		<hr/>		<hr/>
		<b>(220,653)</b>		<b>88,451</b>
		<hr/>		<hr/>
		<b>2019</b>		<b>2018</b>
<b>Analysis of cash and cash equivalents</b>		<b>£</b>		<b>£</b>
Cash in hand		150,898		371,952
Cash held by investment manager		214,534		198,740
<b>Total cash and cash equivalents</b>		<hr/> <b>365,432</b>		<hr/> <b>570,692</b>



## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2019

## 1. ACCOUNTING POLICIES

**a) Basis of Preparation**

The financial statements have been prepared in accordance with the charity's constitution, the Charities Act 2011 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)" (as amended for accounting periods commencing from 1 January 2016). PWCT constitutes a public benefit entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

As described in note 2, the financial statements include the results of both PestalozziWorld Children's Trust (Charity number 1046599) and PestalozziWorld Children's Trust (Charity number 1172364) in accordance with merger accounting rules.

The financial statements have been prepared under the historic cost convention, with the exception of listed investments which are included at their market value. The principle accounting policies adopted are set out below.

**b) Going Concern**

The trustees have considered the impact of COVID-19 and undertaken a number of scenario projections to understand the potential impact on the charity.

On the basis of these projections the trustees are confident that the charity will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on the going concern basis.

**c) Investments**

Investments are initially recorded at cost. At the end of each financial period investments are revalued as at the balance sheet date at their market value. Any unrealised movement in market value from one year to another is recognised in the SOFA.

**d) Incoming Resources**

All income is accounted for when the charity has entitlement to the funds, receipt is probable and the amount is measurable.

**e) Resources Expended**

All expenditure is accounted for on an accruals basis, and where incurred directly to further the Trust's charitable objects, is shown under the heading of charitable activities.

The support costs of these charitable activities are also included under the heading charitable activities.

**f) Expenditure on Raising Funds**

Expenditure on raising funds relates to costs incurred by the charity in managing its investments.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

## FOR THE YEAR ENDED 31 DECEMBER 2019

**g) Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds in the statement of financial activities.

**h) Financial Assets**

Financial assets are recognized in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price included transaction costs.

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**i) Financial Liabilities**

Basic financial liabilities are initially measured at transaction price.

Financial liabilities are derecognized when, and only when, the charity's obligations are discharged, cancelled, or they expire.

**j) Taxation**

No provision has been made for taxation as the charity is a public benefit entity which is exempt from UK direct taxation on its charitable activities.

**2. CHARITY INCORPORATION**

- On 1 January 2018, PestalozziWorld Children's Trust (Charity number 1046599) transferred its trade and assets to PestalozziWorld Children's Trust (Charity number 1172364). Both charities have the same charitable objects, which are detailed in the Trustees' Report, and the transaction has been accounted for using merger accounting rules.

In accordance with these rules, the financial statements include the results for the year of both PestalozziWorld Children's Trust (Charity number 1046599) and PestalozziWorld Children's Trust (Charity number 1172364).

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

## FOR THE YEAR ENDED 31 DECEMBER 2019

## 3. DONATIONS

	<u>2019</u> £	<u>2018</u> £
Donations from Trustees and Advisory Directors	83,598	67,894
Other Donations	14,408	13,563
US Donations	285,146	457,357
	<u>383,152</u>	<u>538,814</u>

## 4. INVESTMENT INCOME

	<u>2019</u> £	<u>2018</u> £
Interest on Cash Deposits	-	8
Dividends Received from Investments	11,897	7,434
	<u>11,897</u>	<u>7,442</u>

## 5. OTHER GAINS OR LOSSES

	<u>2019</u> £	<u>2018</u> £
Foreign exchange gains/(losses)	<u>(9,133)</u>	<u>(5,028)</u>

## 6. STAFF COSTS

Staff costs were as follows:

	<u>2019</u> £	<u>2018</u> £
Salaries and Wages	104,021	69,598
Social Security costs	8,545	6,150
Pension costs	2,697	1,400
	<u>115,263</u>	<u>77,148</u>

The average number of employees during the year was 3 (2018: 2). No employee earned over £60,000 in the current or previous year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2019

## 7. ANALYSIS OF RESOURCES EXPENDED

	<u>Direct Charitable Expenditure</u>	<u>Raising funds</u>	<u>Charity Manage- ment &amp; Admin</u>	<u>Total 2019</u>
	£	£	£	£
Scholarship Costs	456,046	-	-	456,046
Grants	355,390	-	-	355,390
Administration	-	-	34,006	34,006
Telephone, Postage, Stationery & Travel	-	-	12,767	12,767
Bank Charges	-	-	1,420	1,420
Rent, Light & Heat	-	-	12,521	12,521
Consultancy fees	8,705	51,600	8,705	69,010
Management Fees	-	9,340	-	9,340
Professional Fees	-	-	-	-
Mobile Learning Centres	24,058	-	-	24,058
	<u>844,199</u>	<u>60,940</u>	<u>69,419</u>	<u>974,558</u>

The trustees did not receive any fees, emoluments or reimbursement of expenses in the year ended 31 December 2019 (2018 - £nil).

	<u>Direct Charitable Expenditure</u>	<u>Investment Manage- ment &amp; Admin</u>	<u>Charity Manage- ment &amp; Admin</u>	<u>Total 2018</u>
	£	£	£	£
Scholarship Costs	409,955	-	-	409,955
Administration and Fundraising	-	-	22,529	22,529
Telephone, Postage, Stationery & Travel	-	-	4,191	4,191
Bank Charges	-	-	1,688	1,688
Rent, Light & Heat	-	-	11,974	11,974
Consultancy fees	23,020	-	23,020	46,040
Management Fees	-	3,402	-	3,402
Professional Fees	-	-	1,400	1,400
Mobile Learning Centres	22,275	-	-	22,275
Donations	-	-	-	-
	<u>455,250</u>	<u>3,402</u>	<u>64,782</u>	<u>523,434</u>

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

## FOR THE YEAR ENDED 31 DECEMBER 2019

## 8. INVESTMENTS

<b>Market value</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b>£</b>	<b>£</b>
At 1 January	1,456,217	-
Additions	211,231	2,715
Disposals	(223,860)	-
Revaluation	88,890	11,174
Transfers	-	1,442,328
At 31 December	<u>1,532,478</u>	<u>1,456,217</u>
Cash on deposit	214,534	198,740
	<u>1,747,012</u>	<u>1,654,957</u>

Investments are managed by Credit Suisse. The portfolio includes both UK and overseas investments. Investments are held to provide a return to cover future charitable expenditure.

In the previous year, the investment portfolio which was loaned to Pestalozzi Overseas Children's Foundation in a prior year was returned to the charity.

## 9. DEBTORS

<b>Amounts falling due within one year</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b>£</b>	<b>£</b>
Other debtors	<u>5,457</u>	<u>377,933</u>

Other debtors includes an unsecured loan of £nil (2018: £355,390) due from Pestalozzi Overseas Children's Foundation. This amount was donated to Pestalozzi Overseas Children's Foundation by way of grant during the year.

## 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b>£</b>	<b>£</b>
Accruals	<u>4,543</u>	<u>6,266</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2019****11. FUNDS**

The charitable activities of the Trust require ongoing support to be provided to the students over a number of years. In order to mitigate the risk associated with any potential shortfall of donations and receipts in future years the Trustees have agreed to allocate £1,700,000 (2018: £1,700,000) of the General Reserves of the Trust to hold as investments so as to provide income in future years. Previous years include a reserve of US\$500,000 (£325,000) which has been allocated to provide income to support 25 children at the Asian Village in Dehradun and a reserve of US\$500,000 (£325,000) allocated to support 25 children at the African Village. This is an unrestricted allocation within the General Reserve and will be reviewed annually to ensure that it provides sufficient future support for the charitable activities of the Trust.

**12. RELATED PARTY TRANSACTIONS**

During the year, donations of £285,146 (2018: £457,357) were received from Pestalozzi US Children's Charity Inc. (PUSCCI). These donations were made from the proceeds of US fund raising events and individual donations. PUSCCI is a US registered not-for-profit foundation, founded in 1998 in order to raise funds for Pestalozzi World by providing US donors with tax-deductibility.

Sir Richard Butler Bt., founder of Pestalozzi World Children's Trust is a director of the US Charity.

During the year, donations of £18,128 (2018: £2,885) were received from Pestalozzi Overseas Children's Trust Ireland Ltd, a private limited company registered as a charity, established in 2007 to facilitate donations by residents of Ireland. Pestalozzi Overseas Children's Trust Ireland Ltd is an Irish registered charity, number CHY17386.

In 2014, the charity provided an interest free, unsecured loan of £455,390 to Pestalozzi Overseas Children's Foundation in Switzerland. The funds were used to expand the investment portfolio of Pestalozzi Overseas Children's Foundation in Switzerland, which is held to provide funds for the charitable activities of the trust. This amount was donated to Pestalozzi Overseas Children's Foundation in Switzerland by way of grant during the year; at the year end, the outstanding balance was £nil (2018: £355,390).