

**Charity Registration No. 1116809**

**Company Registration No. 05935028 (England and Wales)**

**HAPPY CHILD INTERNATIONAL**

**TRUSTEES' REPORT (incorporating the Directors Report) AND UNAUDITED ACCOUNTS**

**FOR THE YEAR ENDED 31 December 2019**

**HAPPY CHILD INTERNATIONAL**

**LEGAL AND ADMINISTRATIVE INFORMATION**

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Trustees	J Doddrell J A Herring M A Pinks C Teuten
Secretary	M A Pinks
Charity number	1116809
Company number	05935028
Principal address	The Leatherhead Institute 67 High Street Leatherhead Surrey KT22 8AH
Registered office	The Leatherhead Institute 67 High Street Leatherhead Surrey KT22 8AH
Independent examiner	Andrew Miller BSc FCA Wilkins Kennedy LLP Trinity Court 34 West Street Sutton SM1 1SH

## **HAPPY CHILD INTERNATIONAL**

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## **HAPPY CHILD INTERNATIONAL**

### **TRUSTEES' REPORT (incorporating the Directors Report) FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Trustees present their report and accounts for the year ended 31 December 2019.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's Memorandum and Articles of Association, the Companies Act 2006 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).

#### **Structure, governance and management**

The charity is a company limited by guarantee, incorporated on 14 September 2006 and registered as a charity on 28 November 2006.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

All directors give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 11 to the accounts.

#### **Trustees**

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

John Doddrell  
M A Pinks  
J A Herring  
C Teuten

John Doddrell, former British Consul-General to Brazil 2010-2014 continues as chair.

New directors are appointed by a majority vote of the current board of directors. Directors are selected based on the skills possessed to fill a vacant position on the board. The board will invite a potential director to attend a meeting prior to their appointment.

An induction process exists to familiarise new directors with the history, operations and strategy of the charity.

The board of directors, who are also trustees provides the strategic direction of the charity. The board meets every other month to approve major decisions regarding events, communications with donors and the operational relationship with its partner organisation in Brazil. Happy Child assesses whether its partners overseas meet all relevant legal requirements and follow good practice.

Throughout this report "HCI" will refer to Happy Child International. Criança Feliz is the name of the main partner in Recife, Brazil.

## HAPPY CHILD INTERNATIONAL

### TRUSTEES' REPORT (incorporating the Directors Report) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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The Directors are grateful to all those who support the work in action, giving and prayer:

- Staff for their dedication and commitment to the work of Happy Child International UK in 2019.
- Volunteers during the year our volunteers continued to provide a vital contribution to the work of the charity giving their time, passion and energy. Mostly our volunteers have helped with fundraising and support to the office and events.
- Supporters who are individuals and churches loyally partnering with the vision of Happy Child International.

#### **Risk Management**

The trustees accept that the management of risk is ultimately their responsibility and having examined the major strategic, business and operational risks which the charity faces, confirm that appropriate control systems have been established to manage and mitigate and regularly review such risks as far as possible.

#### **Objectives and activities**

##### **Public benefit focus on ensuring that our activities achieve our charitable aims**

The trustees review the aims, objectives and activities of the charity on a regular basis. The review looks at what the charity has achieved and the outcomes of its work within the last twelve months. The directors consider the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remain focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the directors consider how planned activities will contribute to the aims and objectives that have been set.

##### **Objective of the charity**

The charity's objective is 'A child and family services charity organisation delivering advisory, campaigning, advocacy and child care services for the rescue and personal development of street children and children at risk from multiple threats, in partnership with governments and other care agencies in the developing world.'

- We do what we do with a Christian conviction.
- At present our emphasis is in Brazil

## HAPPY CHILD INTERNATIONAL

### TRUSTEES' REPORT (incorporating the Directors Report) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

The charity's main activities are:

- Child & Family Care Services
- Advocacy and Campaigning
- Research and Advisory Services

**Child & Family Care Service** - the rescue, rehabilitation and reintegration of street children and children at risk in Brazil.

The Safe Home in Recife

Happy Child International's partner Criança Feliz Recife, (Associação Criança Assistência e Promoção) 14240961/0001-881) is based in north east Brazil. Criança Feliz continued to operate its Girls and Babies home in 2019 with the ongoing financial support of Happy Child International UK funds.

Its operations come with rigorous inspection processes to meet with Brazilian Health and Safety guidelines as well as the guidelines of other public bodies. Happy Child International is proud that its partner Criança Feliz has met this standard of excellence. It received visits from the the Promotoria (the local Justice) every 2 months, and from NOFE- (Family Nucleos for Orientation and Inspection of Units) who praised Criança Feliz for the way it is working.

This is a real achievement for Brazil where the economic and political situation in the country is uncertain and challenging. As the protocols to run the home are all in order, it is increasing its opportunities to apply for local funding and new partnerships which will help it reach its goal for long term sustainability.

## HAPPY CHILD INTERNATIONAL

### TRUSTEES' REPORT (incorporating the Directors Report) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### The Girls and their Babies

In 2019 our safe home in Recife took in, sheltered, looked after, re orientated, helped and supported 15 young girls and their babies in crisis situations.

Happy Child International believes passionately in the transformation of lives and the empowerment of every young person to live a better life. Most of the Girls arrive with stories of rejection and abandonment similar to Juliana's story.

#### Juliana's story

Juliana was so sad and withdrawn and refused to eat or join in with the other girls. Her default behaviour was to isolate herself. Juliana spent her first few days in the home curled up on her bed facing the wall.

Juliana lost her maternal grandmother at an early age. Then she went to live with an aunt, whose bullying sons mistreated her. She finally returned to live with her own mother who physically and psychologically abused her. At the age of ten years old, Juliana was sent to live in an institution.

Amazingly, during her early teens, Juliana managed to perform very well at school. This is what was written in her school report:

*"Juliana excels in this subject (Robotics). She has a gift for design and understanding the complexities involved in engineering and science."*

However, despite doing well at school, Juliana began to crave the love and affection that had been missing in her life. As a result, Juliana fell prey to unhealthy relationships. Eventually, she ended up becoming pregnant at 17 years of age.

The staff in the Recife safe home, have worked closely with Juliana to help her to rebuild her faith in others. "This young teenager has been so hurt and let down by those she trusted, it is therefore our absolute focus to support Juliana" said the home's coordinator Delza.

In September, Juliana gave birth to a strong and healthy baby boy, named Lucio. Juliana is a loving mum to her son. She says that this little boy means everything to her. Juliana wants to be able to provide for him and build a better life for them both.

The team is hoping to get Juliana onto a vocational training course, hopefully to study robotics. Juliana is looking forward to returning to her studies this year and starting to realise her dream.

Happy Child partner Criança Feliz offers young mums like Juliana the unique opportunity to find safety and security away from the difficult circumstances they find themselves in, receive psycho social support to re build their lost sense of self and autonomy, access to health services and postnatal care as well as the opportunity to return to education and training. All of these services are provided through the Safe Home in Recife, North East Brazil.

## HAPPY CHILD INTERNATIONAL

### TRUSTEES' REPORT (incorporating the Directors Report) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Staff training and equipping

As emphasized in the above story the girls that our partner is working with have complex needs. As a norm of the home there is a monthly meeting, with the objective of clarifying any doubts, applying professional training and about how best to use food donated from the food bank. The technical and coordinating team assisted meetings, forums, seminars, conferences and training in 2019 with its own partners in Recife such as COMDICA (Conselho Municipal de Direitos de Crianças e Adolescentes / the Municipal Council for the Rights of Children and Teenagers) and CONFERENCIAS ESTADUAL DE ASSISTENCIA SOCIAL (the State Conference for Social Workers) and NOFE (Family Nucleus for Orientation and Inspection of Units) and GV (Gestão Voluntario) the local volunteer management movement organisation.

#### Achievements 2019

- HCI has supported the lives of 15 vulnerable young mums with complex needs and their babies in Recife, North East Brazil throughout 2019 by working closely with its main partner Criança Feliz.
- HCI through the work of its partner Criança Feliz has enabled 3 of the young mums in our Recife home to return to full time school. 2 girls had to suspend their studies due to pregnancy and 10 were unable to enrol due to the arrival of new borns. 4 young mums attended this year were also able to return to their families or communities with the support of Criança Feliz's technical team continuing to make regular visits to them and their children.
- Culturally celebration events are highly valued in Brazil. The birthdays of all the young Mums were celebrated which is important for their personal development, the telling of their story and personal identity.
- Throughout 2019, HCI and its partner Criança Feliz have raised awareness about the plight of teenage pregnancy both here and in Brazil with agencies such as local authorities, peer organisations, local churches, schools, civil society and other organisations.
- With generous and consistent donations from HCI and its Recife funding partner Lima and Falcão the work of the Recife safe home has been able to continue in a difficult and challenging climate in Brazil both economic and political.
- Positive grass roots partnerships in the local community from organisations like (Cais do Parto) supporting and orientating young girls about girls and breast feeding, (Banco de Alim) providing vital food donations and GESTÃO DE VOLUNTARIOS (Volunteer Management Movement supplying valued volunteers to help in the home) have underpinned the vital work in the safe home.
- The REPLANDECER network is a group of 10 other international Christian NGO's in Recife which is working with issues that concern children and young people at risk in Recife. The Criança Feliz coordinator regular attends these meetings for mutual collaboration and training opportunities.
- This year Criança Feliz continues to receive invaluable pro bono support from its corporate partner International Law firm Lima and Falcão. Other partners in Recife are:
  - Banco de Alim;
  - Cais do Parto, organization which supports and orientates young Girls about birth and breast feeding
  - Empresa de dedetização Keyppy, revised every 3 months.



## **HAPPY CHILD INTERNATIONAL**

### **TRUSTEES' REPORT (incorporating the Directors Report) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Research and Advisory Services**

Happy Child International is a member of the Consortium for Street Children here in the UK which is an organisation advocating and campaigning for street connected children around the world, HCI lends it support to them and when appropriate through participating in events and conferences that they host as well as actively supporting their International Day for Street Children.

#### **UK Fundraising Activities**

In 2019 Happy Child International invested in hosting a couple of local church events for its supporters and donors. One of the events was a 20 mile long walk involving the churches from Guildford to Ashtead. The walk route included stopping at four of the charities main supporting churches and was an excellent way to engage with HCI's supporters and donors. In the last quarter of the year a number of loyal supporters organised and engaged in some significant fundraising events including a sponsored cycle ride London to Brighton, a sponsored Skydive, an Open Mic night, and a Mama Mia evening in October 2019. In November Dilsa Doddrell kindly donated all the proceeds from the sale of her book *I Dreamt the Sweetest Dreams* and held a first class book launch event in Petts Wood Methodist Church to mobilise book sales. All these successful events generated vital funding for the work of the charity.

#### **The difference Happy Child International set out to make in 2019**

To maintain the running of our safe home in Recife for young mums and their babies. We want to continue to help the team deliver vital services to this profile of young girls and help them work towards a model of long term sustainability.

To continue to help the team deliver vital services to the young girls and to help our partner Criança Feliz work towards a model of long term sustainability. This would mean they can reach 100% funding in country. HCI was able to support financially the work of Criança Feliz so the team could continue to deliver its vital services. Criança Feliz also received financial support in Recife from its existing funding partner, the law firm Lima & Falcão. Establishing funding for long term sustainability has been a goal that our partner continues to find a real challenge in the present economic climate in Brazil, but continues to keep at the centre of its planning and strategy.

To engage in Advocacy programmes (including campaigning) that highlight the risks and vulnerabilities that children and young people face in the North East region of Brazil. HCI and Criança Feliz worked hard to ensure that its Child and Family Care Services work continued to influence national governments and agencies on policies that affect its cause.

To grow / increase our income from fundraising activities in 2019 in the UK so we can do more for the cause of children at risk and their families in the North East region of Brazil. Fundraising income has remained static with a small increase in 2019 compared to 2018.

### **Happy Child International's plans for 2020**

Happy Child International is committed to supporting its main partner Criança Feliz in its front line operations in Recife with young girls at risk. It recognizes the on-going challenge its partner has had in securing national and local funding. Towards the end of 2019 HCI and Criança Feliz collaborated to consider transitioning to a more community based preventative type of model. HCI would hope that over the next 12 months it can continue to work with its partner on this transition. HCI will continue to resource the girls and babies home and its operations whilst plans for Criança Feliz's future development and growth are elaborated, developed and implemented.

Happy Child International would like to continue to raise awareness of the plight of vulnerable children and young people in North East Brazil. It would like to add one more low risk partner to its portfolio of work over the next 18 months to increase impact on the ground in Recife. This would be through existing contacts and networks.

HCI would like to become a more widely known organisation in the UK and in Brazil with wider recognition for the hands on work it is doing through partnerships that work with children and young people at risk. Our focus in 2020 in the UK and in Brazil is to seek opportunities to promote HCI with other like-minded partner organisations such as Christian NGO's, churches, businesses and individuals. It is also our goal to continue to improve our digital reach through improving our website and social media strategies.

### **Covid-19 update**

HCI and Crianca Feliz take the Covid-19 pandemic threat very seriously.

In the UK, our operations team has been remote working since the UK government introduced restrictions. Meetings by the operations team and the trustees have taken place regularly using video technology. We have also hosted meetings incorporating supporters over video. Income from our donors has continued, for which we are very grateful and has enabled us to continue giving grants to Brazil through the Spring of 2020, and we anticipate that this will continue through 2020. Our staff have kindly offered to work on a reduced income, which the trustees accepted and this has helped reduce our cost overhead. The trustees are very appreciative of this offer and the continued work our staff undertake.

In Brazil, Criança Feliz is also feeling the pressure of Covid-19. The organisation there is looking at all aspects of its operations due to the difficulties of social distancing within a home care environment. During this time, capacity has been reduced and the organisation is exploring opportunities to develop its support mechanism within new operational guidelines. It is worth noting that at this time, the Brazilian Real has devalued against the British Pound, so our donations have the ability to make a bigger financial impact than last year.

Both organisations have positioned themselves to carry on through the pandemic and into the new year.

## HAPPY CHILD INTERNATIONAL

### TRUSTEES' REPORT (incorporating the Directors Report) (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Financial review

Your Board estimates that the costs of both the UK and Recife activities combined can be analysed as below:

	2019 Actual	2020 Budget	2021 Forecast
Total Cost	£87,150	£140,000	£200,000
Cost of generating funds	29%	30%	25%
Charitable activities			
Child and Family Care Services	71%	67%	70%
Thematic Advocacy and Campaigns	0%	2%	3%
Research and Advisory Services	0%	1%	2%
Governance	0%	0%	0%
	100%	100%	100%

The charity is working hard to ensure that its Child and Family Care Services work continues to build sustainable development and at the same time building powerful campaigns to drive wide awareness and to influence national governments and agencies on policies that affect our cause.

The economic climate for charitable fundraising continues to be challenging, with income from donations and fundraising for the year totalling £93,099 as compared to £94,223 for the year ended 31 December 2018.

The charity would like to hold reserves, but has always had an urgent need to release funds to meet urgent requirements in the projects and therefore has not held reserves. Until these requirements diminish, or donations increase dramatically this is the ongoing policy.

Happy Child has continued to provide a monthly grant to Recife. The total grant for 2019 was £44,000. These funds enable Criança Feliz to run one home. We are still actively engaged with the local government of Pernambuco, seeking an increase to its financial contribution.

The charity continues to monitor activities closely and seeks addition methods to attract new and additional funding.

#### Going concern

The board reports the year ended with a small surplus of £5,949 (2018 deficit £554). The board acknowledges that this has been another tough year for income and as such the charity has been limited in the grants it can provide.

The charity continues to have strong local support from a wide range of sources, being donations, sponsored events, talks at schools, churches and conferences, grants from trusts & foundations.

Based on the 2020 and 2021 budget projections, the board of directors is confident that Happy Child International Ltd will continue to be a going concern.

**HAPPY CHILD INTERNATIONAL**

**TRUSTEES' REPORT (incorporating the Directors Report) (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Going concern - continued**

Covid-19 update - The trustees have reviewed income and expenditure projections since the outbreak. The charity has continued to receive donations, has reduced expenditure and continues to make grants to the organisation in Brazil that it supports. As stated earlier in this report, both organisations have positioned themselves to carry on through the pandemic and into the new year.

**Statement of Trustees' responsibilities**

The Trustees, who are also the directors of Happy Child International for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent examiners**

The Board unanimously voted to reappoint Andrew Miller of Wilkins Kennedy to continue as Independent Examiner for the 2020 accounts and are sure they will continue to provide an excellent quality service in a competitive manner.

On behalf of the board of Trustees



.....  
**John Doddrell**

Trustee

Dated: 30/6/20 .....

**HAPPY CHILD INTERNATIONAL**

**INDEPENDENT EXAMINER'S REPORT  
TO THE TRUSTEES OF HAPPY CHILD INTERNATIONAL**

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I report on the accounts of the charity for the year ended 31 December 2019, which are set out on pages 13 to 23.

**Respective responsibilities of Trustees and examiner**

The Trustees, who are also the directors of Happy Child International for the purposes of company law, are responsible for the preparation of the accounts. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011, the 2011 Act, and that an independent examination is needed. I am qualified to undertake the examination being a qualified member of The Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under Part 16 of the Companies Act 2006 and is eligible for independent examination, it is my responsibility to:

- (i) examine the accounts under section 145 of the 2011 Act;
- (ii) to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- (iii) to state whether particular matters have come to my attention.

**Basis of independent examiner's report**

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

**Independent examiner's statement**

In connection with my examination, no other matter except that referred to in the above paragraph has come to my attention which gives me reasonable cause to believe that in any material respect the requirements:

- (i) to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- (ii) to prepare accounts which accord with the accounting records, comply with the accounting requirements of 396 of the Companies Act 2006 and with the methods and principles of the 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) have not been met.



Andrew Miller BSc FCA  
Wilkins Kennedy  
Accountants  
Trinity Court, 34 West Street, Sutton.  
SM1 1SH

Dated: 3/7/20

HAPPY CHILD INTERNATIONAL

STATEMENT OF FINANCIAL ACTIVITIES  
INCLUDING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b><u>Income</u></b>					
Donations and legacies	2	83,627	0	83,627	92,883
Activities for generating funds		232	0	232	0
		<hr/>	<hr/>	<hr/>	<hr/>
Income from charitable activities	4	83,859 9,240	0 0	83,859 9,240	92,883 1,340
<b>Total income</b>		<hr/> <b>93,099</b>	<hr/> <b>0</b>	<hr/> <b>93,099</b>	<hr/> <b>94,223</b>
<b><u>Expenditure</u></b>					
<b>Costs of generating funds</b>					
Costs of generating voluntary income	6	25,640	0	25,640	34,553
<b>Expenditure on Charitable activities</b>					
Child and Family Care Services	5, 7, 8, 9	61,510	0	61,510	60,224
Thematic Advocacy & Campaigning Services		0	0	0	0
Research and Advisory Services		0	0	0	0
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total expenditure on charitable activities</b>		<hr/> <b>61,510</b>	<hr/> <b>0</b>	<hr/> <b>61,510</b>	<hr/> <b>60,224</b>
<b>Total expenditure</b>	5	<hr/> <b>87,150</b>	<hr/> <b>0</b>	<hr/> <b>87,150</b>	<hr/> <b>94,777</b>
<b>Net income/(expenditure) for the year/ Net movement in funds</b>		<b>5,949</b>	<b>0</b>	<b>5,949</b>	<b>(554)</b>
Fund balances at 1 January 2019		4,763	0	4,763	5,317
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances at 31 December 2019</b>	17	<hr/> <b>10,712</b>	<hr/> <b>0</b>	<hr/> <b>10,712</b>	<hr/> <b>4,763</b>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**HAPPY CHILD INTERNATIONAL**

**BALANCE SHEET**

**AS AT 31 December 2019**

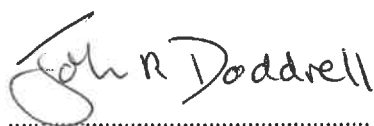
	Notes	2019 £	2019 £	2018 £	2018 £
<b>Current assets</b>					
Debtors	13	2,278		5,484	
Cash at bank and in hand		10,792		4,882	
				10,366	
<b>Creditors: amounts falling due within one year</b>					
	14	(2,358)		(5,603)	
<b>Total assets less current liabilities</b>					
			10,712		4,763
<b>Creditors: amounts falling due after more than one year</b>					
	15		0		0
<b>Net assets</b>					
			10,712		4,763
<b>Income funds</b>					
Unrestricted funds					
			10,712		4,763
			10,712		4,763

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2019. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts.

The Trustees acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The accounts were approved by the Board on..... 30/12/19.....



**John Doddrell**

**Trustee**

Company registration no. 05935028

Charity Registration no. 1116809

## HAPPY CHILD INTERNATIONAL

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

##### 1.1 Charity Information

Happy Child International is a private company limited by guarantee incorporated in England and Wales. The registered office is The Leatherhead Institute, 67 High Street, Leatherhead, Surrey, KT22 8AH.

##### 1.2 Accounting Convention

The accounts have been prepared in accordance with the charity's articles of association, the Companies Act 2006 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). The charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under historical cost convention. The principal accounting policies adopted are set out below.

##### 1.3 Incoming resources

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement.

##### 1.4 Resources expended

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Expenditure is allocated on an accruals basis between the costs of generating funds, direct charitable expenditure and the cost of governance of the charity.

Administration costs are re-allocated to each of the activities on the following basis which is an estimate, based on employee's time, of the amount attributable to each activity.

Costs of generating funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.

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.

Grant funding is paid directly to Criança Feliz for use in Recife as described in the trustees report.

##### 1.5 Leasing and hire purchase commitments

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



**Accounting policies**

(Continued)

**1.6 Unrestricted funds**

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

**1.7 Financial Instruments**

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial instruments**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement con financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

## HAPPY CHILD INTERNATIONAL

### NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### Accounting policies

(Continued)

#### 1.8 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### 1.9 Going concern

Happy Child International had net assets of £10,712 (2018 net assets of £4,763) as at 31 December 2019.

The Trustees are monitoring spending and cash flow regularly and implement steps to ensure that the charity can meet its liabilities as and when they fall due. The restructuring process of the UK team implemented in 2015 has enabled this.

This gives the Trustees reason to conclude that Happy Child International is a going concern as at 31 December 2019.

#### 1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

2	Donations and legacies	Unrestricted funds £	Restricted funds £	Total 2019 £	2018 £
	Donations and gifts	83,627	0	83,627	92,883
		<u>83,627</u>	<u>0</u>	<u>83,627</u>	<u>92,883</u>
	Donations and gifts Funds:				
	Donations	79,557	0	79,557	84,492
	Gift Aid	4,070	0	4,070	8,392
		<u>83,627</u>	<u>0</u>	<u>83,627</u>	<u>92,883</u>

HAPPY CHILD INTERNATIONAL

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

3	Restricted fund income		Restricted funds £	Total 2019 £	Total 2018 £	
			0	0	0	
4	Income from charitable activities	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £	
	Grants receivable	9,240	0	9,240	1,340	
5	Total resources expended	Direct Expenditure £	Support costs £	Grant Funding £	Total 2019 £	Total 2018 £
	<b>Costs of generating funds</b>					
	Costs of generating donations and legacies	19,024	6,616	0	25,640	34,553
	<b>Charitable activities</b>					
	Child and Family Care Services	13,948	3,562	44,000	61,510	60,224
	Thematic Advocacy & Campaign Services	0	0	0	0	0
	Research and Advisory Services	0	0	0	0	0
		13,948	3,562	44,000	61,510	60,224
		32,972	10,178	44,000	87,150	94,777

Governance costs includes payments to the independent examiner of £1,770 (2018: £1,770) for independent examination fees.

HAPPY CHILD INTERNATIONAL

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

<b>6</b>	<b>Costs of generating donations and legacies</b>	<b>2019</b>	2018
		£	£
	Staff costs	16,486	20,200
	Event costs	1,602	12
	Fundraising costs	0	2,781
	Consultancy	936	0
	Support costs	6,616	11,561
		<u>25,640</u>	<u>34,554</u>
		<u><u>25,640</u></u>	<u><u>34,554</u></u>
<b>7</b>	<b>Charitable activities direct expenditure</b>	<b>2019</b>	2018
		£	£
	Costs relating to Child and Family Care Services comprise:		
	Staff costs	12,469	12,999
	Consultancy fees	1,479	0
	Brazil trip	0	0
		<u>13,948</u>	<u>12,999</u>
		<u><u>13,948</u></u>	<u><u>12,999</u></u>
	Costs relating to Thematic Advocacy & Campaign Services comprise:		
	Staff costs	0	0
	Consultancy fees	0	0
		<u>0</u>	<u>0</u>
		<u><u>0</u></u>	<u><u>0</u></u>
	Costs relating to Research and Advisory Services comprise:		
	Staff costs	0	0
		<u>0</u>	<u>0</u>
		<u><u>0</u></u>	<u><u>0</u></u>
<b>8</b>	<b>Grants payable</b>	<b>2019</b>	2018
		£	£
	Child and Family Care Services		
	Grants paid to the project in Recife.	44,000	41,000
		<u>44,000</u>	<u>41,000</u>
		<u><u>44,000</u></u>	<u><u>41,000</u></u>

HAPPY CHILD INTERNATIONAL

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

9 Support costs

	Child and Family Care Services	Thematic Advocacy & Campaigning Services	Research and Advisory Services	Total 2019	Total 2018
	£	£	£	£	£
Administration	3,562	0	0	3,562	6,225
Staff costs	0	0	0	0	0
	<b>3,562</b>	<b>0</b>	<b>0</b>	<b>3,562</b>	<b>6,225</b>

10 Governance costs

	2019	2018
	£	£
Other governance costs comprise:		
Independent examination and accountancy	1,770	1,770
Insurance	658	582
	<b>2,428</b>	<b>2,352</b>

11 Trustees

None of the Trustees (or any persons connected with them) received any remuneration during the year, or any reimbursed expenses (2018: £nil).

12 Employees

Number of employees	2019	2018
	Number	Number
The average monthly number of employees during the year was:	<b>2</b>	<b>2</b>
<b>Employment costs</b>	<b>2019</b>	<b>2018</b>
	£	£
Wages and salaries	28,017	31,200
Social security costs	938	1,999
	<b>28,955</b>	<b>33,199</b>

No employees received annual remuneration above £20,000.

HAPPY CHILD INTERNATIONAL

NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
<b>13 Debtors</b>	£	£
	656	656
Trade Debtors	1,029	4,235
Gift aid recoverable	593	593
Prepayments and accrued income	<u>2,278</u>	<u>5,484</u>
	<u><u>2,278</u></u>	<u><u>5,484</u></u>
<b>14 Creditors: amounts falling due within one year</b>	£	£
	375	1,243
Trade creditors	(24)	2,353
Other creditors	2,007	2,007
Accruals	<u>2,358</u>	<u>5,603</u>
	<u><u>2,358</u></u>	<u><u>5,603</u></u>
<b>15 Creditors: amounts falling due after more than one year</b>	£	£
	0	0
Other creditors	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>

## HAPPY CHILD INTERNATIONAL

### NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### 17 Analysis of net assets between funds

At the end of 2019, Happy Child International held no restricted funds.

	Un-Restricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2019 are represented by:			
Current assets	13,070	0	13,070
Creditors: amounts falling due within one year	(2,358)	0	(2,358)
Creditors: amounts falling due after more than one year	0	0	0
	<u>10,712</u>	<u>0</u>	<u>10,712</u>

In 2015, the It's A Penalty Campaign transitioned into a new entity, Happy Child International Foundation. This new entity is responsible for managing the campaign and associated partners.

Happy Child International Foundation has its own board and trustees who are totally separate to that of Happy Child International.

In 2016 some individuals made donations to Happy Child International with the intent that the funds went to Happy Child Foundation. Happy Child International transferred any such donation upon receipt and these amounts are shown as grant donations in the accounts.

In 2019 the amount was £nil (2018 £nil). Happy Child International is aware that considerable funding previously made by donors to support ongoing projects is now going to the Foundation activities.

#### 18 Analysis of charitable funds

	Un-Restricted funds £	Restricted funds £	Total £
Fund balances at 1 January 2019	4,763	0	4,763
Income	93,099	0	93,099
Expenditure	(87,150)	0	(87,150)
Net movement in funds	5,949	0	5,949
Fund balance at 31 December 2019	<u>10,712</u>	<u>0</u>	<u>10,712</u>

**HAPPY CHILD INTERNATIONAL**

**NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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<b>19</b>	<b>Statement of cash flows</b>	<b>Total funds</b>
		<b>£</b>
	Cash flows from operating activities:	
	Net cash provided by (used in) operating activities	5,910
	Change in cash and cash equivalents in the reporting period	5,910
	Cash and cash equivalents at the beginning of the reporting period	4,882
	Cash and cash equivalents at the end of the reporting period	10,792
<b>20</b>	<b>Reconciliation of net movement in funds to net cash flow from operating activities</b>	
	Net movement in funds for the reporting period (as per the statement of financial activities)	<b>£</b> 5,949
	Adjustments for:	
	(Increase)/decrease in debtors	3,206
	Increase/(decrease) in creditors	(3,245)
	Net cash provided by (used in) operating activities	5,910
<b>21</b>	<b>Analysis of cash and cash equivalents</b>	<b>£</b>
	Cash in hand	10,792
	Total cash and cash equivalents	10,792

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