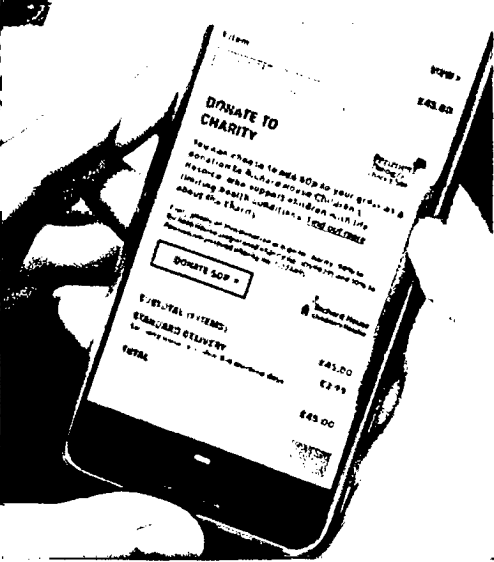
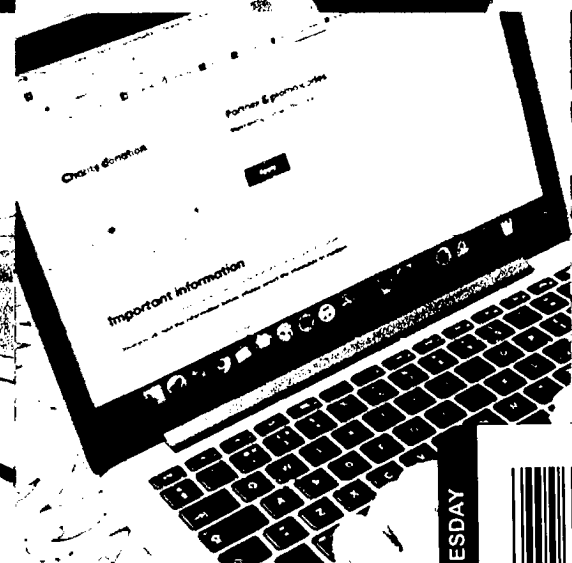



Annual report & financial statements 2020




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Pennies:

The Pennies Foundation
Annual report and financial statements

for the year ended
31 December 2020

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

Contents

Legal and Administrative Information	4
The Report of the Trustees	5
Vision, objects of the Charity and public benefit	5
Structure, Governance and Management.....	6
Financial Review	9
Achievement and Performance	11
Statement of Trustees' Responsibilities.....	12
Independent auditor's report to the Members of The Pennies Foundation	13
Statement of financial activities (incorporating an income and expenditure account).....	16
Balance sheet	17
Statement of Cash Flows	18
Notes to the financial statements.....	19

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)
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Trustees	Robert Leitão Peter Ayliffe Graham Edwards Ian Filby Penny Lovell Julian Taylor Leigh Thomas	Chair Audit Committee member Audit Committee Chair Audit Committee member
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Chief Executive	Alison Hutchinson CBE
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Registered Office and Business Address	First Floor 64 London Wall London EC2M 5TP
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Bankers	HSBC Bank plc 94 Kensington High Street London W8 4SH
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Auditors	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
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Solicitors	Simmons & Simmons Citypoint One Ropemaker Street London EC2Y 9SS
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Website	www.pennies.org.uk
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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 Pennies Foundation (working name "Pennies") for the year ending 31 December 2020, 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 2019).

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

Our vision 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.

We have 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: we do not ask for or receive any personal consumer data.

Use of cash as a medium of exchange has fallen dramatically in recent years. Only 23% of all payments in 2019 were made using cash, down from close to 60% a decade earlier, as people increasingly turn to other methods to make transactions, such as debit cards and digital payments*.

These trends in cash use and demand have continued — and in fact been magnified — as a result of Covid. Both the volume and value of cash withdrawn from the ATM network were approximately 60% lower in late March 2020 than the same period in 2019*.

(*source: Bank of England, Quarterly Bulletin 2020 Q4, Cash in the time of Covid)

If every cardholder donated just 35p a week, **£1 billion** in additional funds could be raised for charities in the UK.

Mission

We are a charity with a simple mission: to protect and grow micro-donations by leading the micro-donation movement in the UK. Our aim is to ensure that people have digital ways to keep giving those small amounts that mean so much to charitable causes and are the lifeblood of charitable giving in the UK.

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

We promote affordable and convenient giving of digital micro donations by consumers through our own digital charity box and make grants to hundreds of charities. Through our work, we aim to improve efficiency and effectiveness within the UK charity sector and maximise the potential for charities to deliver their own aims and objectives.

The Pennies Foundation

Our digital charity box offers people a chance to make giving part of daily life, in a way that is accessible and sustainable. In turn, we provide valuable additional funding for charities, allowing them to enhance their impact.

We work with payments and technology companies to develop the Pennies donation option across different retail and payments channels, creating solutions that work for their customers.

On the high-street, online or in-app, we work with merchants to implement our digital charity box and give their customers the option to donate to charity when they make a payment by card or digital wallet. Just as they would drop loose change in a collection tin, customers can make a small, one-touch donation to Pennies when paying by card or digital wallet with a partner merchant – without handing over any personal data.

We track each individual donation from the point of sale to the moment we make the grant to a charity with the impact of donations being reported back to our partners and their customers.

We have formed both a Retail and Hospitality Advisory Group, and a Payments Advisory Group, with leaders in their sectors to advise us from an industry perspective.

Pennies is independent, enabling it to lead the micro-donation movement for the benefit of the UK charity sector, and we engage across all technologies, merchants and hospitality sectors and channels. We focus on the security and efficiency of the movement giving consumers an easy choice to support the UK charity sector.

We have a detailed annual plan and budget within a rolling 3-year plan and budget framework which management and trustees use 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 we work with to incorporate the Pennies functionality; consumer brand awareness; and the number of Pennies donations. The trustees were particularly pleased to note that, despite the effects of the pandemic, more merchants (11) became new Pennies partners in 2020 compared to any previous year, and the volume of Pennies donations increased by 6% in 2020 to 22.5m, compared to 21.3m donations in 2019, the most we have ever collected in a single year.

Public Benefit and Social Impact

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, our 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 us and we then make grants to registered charities. We do not collect or hold personal data relating to individual donors and our retail partners undertake not to contact them about their donations. We are focused on encouraging consumers to give to charity and supporting the UK charitable sector by raising additional funds through micro-donations.

We are also active in campaigning for merchants 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 our 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, our activities are wholly for the public benefit.

In addition, we publish a Social Impact Report to highlight the breadth of causes and charities benefitting from Pennies. The latest report is available on our website at <https://pennies.org.uk/our-impact>. We also carry out our own monitoring and impact evaluation of the use of the funds by those charities and we regularly publish information on our website relating to the work of the charities that benefit.

As a significant proportion of Pennies’ social value is created by the impact of the micro-donations we enable, we can deduce that significant additional social value will have been created through our work in 2020. In addition, by working with our partners to enable micro-donating we are helping them to fulfil their own social objectives to give back to the communities in which they operate.

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

The Pennies Foundation

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, updated in December 2020, 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.

The Charity is registered with the Fundraising Regulator and has committed to follow the Code of Fundraising Practice and the Fundraising Promise. In 2020 we received a total of 3 complaints (2019: 4 complaints) which is extremely low in the context of our total number of donations for the year which was 22.5 million (2019: 21.3 million). We responded to and resolved each of these complaints with the complainants.

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, Peter Ayliffe reached the end of his second term in office and was reappointed for a further 3 year term, and Ian Filby reached the end of his first term in office and was reappointed for a further 3 year term.

When recruiting new trustees, we aim to attract a breadth of skills and diversity commensurate with our stage of development as a growing charity. Board appointments are based on merit and whether a candidate has the skills and knowledge to be an effective trustee and has the ability to support the ambitious donation growth targets set by the Board of Trustees over the short to medium term.

Prior to appointment, trustees receive a comprehensive induction pack which includes the Constitution, background on Pennies and its aims, our *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.

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	
Julian Taylor	Audit Committee member
Leigh Thomas	

The trustees, who are collectively responsible for our governance, for ensuring delivery of our charitable objectives and for setting our strategic direction, met five times during the year.

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

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

- reviewing the financial statements and the application of appropriate accounting policies; and

The Pennies Foundation

- 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 our strategy, plans 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 Pennies 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.

We support the principles of equality, diversity and inclusion in the Charity Governance Code and take these into account when recruiting trustees, management and staff, balanced with our specific needs as a growing and changing charity. As well as having a female CEO, nearly 30% of our trustees are women. Over time, as we become more established, we expect to see a continuous improvement in the wider areas of equality, diversity and inclusion.

Pay policy for senior staff

The trustees consider that the Board and the senior management team comprise the key management personnel of Pennies responsible for directing, controlling and running it 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, we benchmark salaries paid for comparable roles in the charitable sector adjusting for any additional responsibilities.

Pensions and other benefits

We have a workplace pension scheme and make the minimum statutory contributions for all enrolled employees. Also 1 employee (2019: 1) has employer pension contributions paid by us as part of a salary sacrifice scheme.

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 our 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 Pennies is exposed together with the actions and systems in place to mitigate or reduce the exposure to those risks.

The Covid-19 pandemic has resulted in widespread disruption including significant negative impact on some of our merchant partners. With retail and hospitality hit by successive lockdowns, consumer behaviours have changed with a significant shift from in-person to online shopping. We recognise that this could pose additional significant risks in the short term to the growth of the Pennies movement with:

- 1 our existing merchants having fewer transactions where consumers can donate;
- 2 slower adoption of Pennies by new merchants due to changing priorities and staff on furlough;
- 3 an extended timescale until the Charity becomes sustainable from the retained small percentage of Pennies donations which will require additional core funding; and
- 4 an increased credit risk in relation to settlement of Pennies donations by merchant partners.

We have therefore put in place mitigants for these additional risks:

- 1 With a good mix of in-store and online merchants, whilst we experienced a severe curtailment of in-store donating due to retail lockdowns, we saw a significant shift to online donating which resulted in overall donation volumes actually increasing by 6% in 2020 over 2019.
- 2 We will continue to focus on driving the Pennies movement in ecommerce and other digital options to keep pace with the development of consumer shopping behaviours.
- 3 Through our 3 year rolling plan we carefully monitor our unrestricted reserves and funding requirements for core costs. Our philanthropic funding plan includes a core of long term funders providing multi-year grants to enable us to plan our financial resources over a 3 year period.
- 4 We agree settlement timescales with each merchant partner and closely manage adherence to those terms.

The Pennies Foundation

A further consequence of Covid-19 is the possibility that the limit for contactless transactions in store could increase further and possibly to as much as £100. For those merchants where Pennies is only available for Chip & PIN payments and is not yet contactless enabled, this could result in fewer options for their customers to donate. We are addressing this risk by working with technology partners to increase the availability of Pennies in their contactless solutions both in-store and on mobile apps and platforms.

Covid-19 Impact on 2020

In 2020 the scale and speed of the impact from the Covid-19 virus was very much in evidence in Pennies donations since mid-March. This resulted in a negative impact on Pennies donations collected by merchants in their physical stores, but this was in part offset by increased transactions from online merchants. In fact, the share of online donations as a percentage of total donations doubled from 28% in 2019 to 56% in 2020.

The end result was much better than at first expected, with the overall volume of Pennies donations increasing by 6% to 22.5 million compared to 21.3 million in 2019. In terms of value, we collected £5.4m in 2020 against £5.6m in 2019, a slight fall of 4% due the average Pennies donation falling by 2p to 24p in 2020. In addition, we implemented Pennies in more new merchants in 2020 (11) than in any prior year.

During the year we hosted our first virtual event, supported by our friends at Worldpay from FIS, in place of our normal annual event. This was very well received and attracted, for us, a record number of participants.

Throughout this period of upheaval, we have remained fully operational, on a remote working basis, and we are able to continue doing so for as long as is necessary under the current advice from government for staff to work from home if at all possible.

Internal Controls

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

- operate efficiently and effectively;
- safeguard our assets against unauthorised use;
- maintain accurate financial and other records; and
- comply 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 5 times to review our progress and, where required, approve the following:

- a report from the executive team on progress against plans
- an annual budget and a number of reforecasts during the year, particularly in response to the impact of Covid-19
- regular management accounts highlighting any variances from budget or reforecast.

Financial Review

Since launching in 2010, consumer donations to Pennies have grown substantially, having raised a total of £27.4m from 110m consumer micro donations, from which we have made grants totalling £25.5m to more than 600 charities across a breadth of causes, and retained £1.9m for our own charitable purposes.

We are extremely grateful to the generous donations from individuals, companies and charitable foundations that support our movement and provide funding for our core costs. Over time, as Pennies grows, we aim to become self-sufficient from the small percentage of retained Pennies donations.

The Statement of Financial Activities on page 16 shows total incoming resources of £5,651,334 (2019: £6,157,757) which is analysed in note 2 to the financial statements. This represents a decrease of 8.2% compared to the previous year.

The Pennies Foundation

In 2020 income from Pennies donations fell slightly to £5,377,471 (2019: £5,568,078). Income from Corporates, Foundations and Other Donations fell to £137,609 (2019: £364,145), the details of which can be found in note 2 to the financial statements. Given the urgent need for funding in the Charitable sector caused by the pandemic, and our relatively healthy reserves position, we decided not to seek new sources of core funding during the year to enable those charities with more urgent requirements to maximise their core funding during these unprecedented times.

The Statement of Financial Activities shows total resources expended of £6,153,651 (2019: £6,397,328) which is analysed in note 3 to the financial statements. This represents a decrease of 3.8% compared to last year largely due to a decrease in grants payable. Of the resources expended, £5,877,948 (2019: £5,973,366) was spent directly on charitable activities, the majority in the form of grants to other charities, £219,525 (2019: £378,619) was spent supporting charitable activities, and £56,177 (2019: £45,343) was spent on governance.

At the balance sheet date, we held funds of £1,573,308 (2019: £2,075,625), of which £57,532 (2019: £132,892) is restricted and £1,515,776 (2019: £1,942,733) is unrestricted and available for general use.

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 our bankers (HSBC) either in a current account or in an interest bearing deposit account with instant withdrawal.

Investment Policy

Our investment policy is to retain funds in a liquid form to facilitate meeting the costs incurred in the furtherance of our objectives. Our funds are therefore either held in a current account or in liquid interest bearing bank deposit accounts with our 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 our 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.

Our aim is 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 this is forecast to be in the region of £1.2m to £1.4m. At the end of the year the balance of unrestricted funds held was £1.5m, slightly above the target level. It is expected that the balance will gradually fall in 2021 but be maintained within target level during 2021 and beyond.

The trustees have considered the current level of reserves, and the evident sustainability of the Pennies model, in particular over the course of 2020, and have reviewed available liquid resources in the context of the operating and spending plans over the next 18 month period, together with the ability to raise further funds or curtail spending if required.

Based on these considerations, the trustees believe that we have sufficient financial resources to continue in operational existence for the foreseeable future and that we are well placed to manage our 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 our 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 merchants and service providers in enabling us to raise money and make grant payments to 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 our overall criteria and on-going requirements. These include complying with applicable legislation at all times and provision of impact information in respect of the grants.

All grants made by us 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 we will not support charities having the principal objective of the advancement of religion or political activism.

The Pennies Foundation

Charities delivering a wide range of services across a breadth of causes were supported during the year. Our website (www.pennies.org.uk) has information about the charities that we have 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.

We require 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 our website and also regularly disseminated using social and other media.

Achievement and Performance

In 2020 we celebrated 10 years since Pennies launched in a year like no other. Nevertheless we made good progress in the following areas during the year:

- Despite the lockdowns and retail closures there were more donations made via Pennies than ever before, **22.5m**, an increase of 6% on 2019 when 21.3m donations were made.
- We received our 100 millionth Pennies donation in July 2020.
- We experienced a seismic shift in donation patterns such that **online donations** doubled from 28% in 2019 to 56% in 2020 of all Pennies donations in a year, demonstrating the flexibility of the Pennies model and its ability to **'follow' a customer** in whichever way they choose to pay.
- We launched a public appeal on Facebook and Just Giving for donations that we granted out to charities supporting the pandemic efforts.
- We launched with **more merchants** in a year than ever before (11).
- We launched with our first **Magento 2** and **Salesforce Commerce Cloud** Pennies cartridges.
- We launched our first **Pay-at-table** solution for the hospitality sector.
- We have developed more Pennies **contactless solutions**
- We hosted our first virtual Pennies event in which 199 people participated, a record number of participants for a Pennies event.
- We moved all our operations to remote working from mid-March 2020.
- We published our Social Impact Report 2019/20 (<https://pennies.org.uk/our-impact>)
- We published our micro-donation report: placing social purpose at the heart of business (<https://pennies.org.uk/micro-donations-report-download-your-copy-here>)
- We did not avail of the government's furlough scheme for staff in 2020

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

Plans for future periods

Charities' need for funding has never been greater as they face an estimated £10bn shortfall in their income. Many charities are on the brink of collapse, have been forced to use their reserves and are making staff redundant at a time when their services are in huge demand. Charities are having to do more with less as the economic fallout from the pandemic continues to hit donations as their normal methods of income generation are disrupted.

The devastating impact of Covid-19, and the resulting lockdowns, has undoubtedly acted as a catalyst to speed up consumer digital adoption. With a significant shift towards online it is inevitable that some of these behaviours will become permanent, with digital playing a much more important role.

With an increasing focus on how businesses manage their environmental, social and governance (ESG) efforts by institutional investors, customers and even future employees, businesses are looking at how they manage ESG and one way to give something back to society is to support charities.

Against this backdrop, we are well placed for further growth in 2021. For charities Pennies is potentially a source of incremental funding, for businesses an easy and economic way to put charity at the heart of their customer proposition, and for consumers an easy and affordable way to give to charity without commitment.

In 2021, we will focus on developing more Pennies solutions for online and mobile shopping and with the increase in contactless card payments and expected further increases to the limit for a contactless payment, we will also be focusing on developing more contactless solutions for in-store environments.

The Pennies Foundation

We will continue to develop relationships with existing, and new, charity partners to optimise the social impact of the micro-donation movement.

We are also currently enhancing our systems and are in the process of deploying our new CRM system which should enable us to operate more effectively and accelerate the digital micro-donation movement faster.

Over the longer term we are aiming to fully cover our core costs from a small percentage of the Pennies donations. In the meantime, we will continue to seek funding for core costs from foundations, individuals and other organisations until we reach that point.

The trustees are very grateful to the trusts, foundations, companies and individuals who have given so generously this year, and in previous years, to support Pennies. In particular, the trustees would like to thank our volunteers who support the day-to-day activities of the Charity and the members of our advisory groups who also give their time voluntarily to bring their industry experience to bear in supporting the development of our strategy and the pursuit of our 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:

011CCEC14108447...
Robert Leitao
Chairman

19 April 2021

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 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including 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 2020 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The 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 contained within the Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

The Pennies Foundation

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 Trustees' Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 12, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

The Pennies Foundation

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting non-routine correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Fundraising Regulations and the Code of Fundraising Practice. We performed audit procedures to inquire of management whether the charitable company is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

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 to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 04-Jun-2021

The Pennies Foundation

The Pennies Foundation

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

For the year ending 31 December 2020

	Note	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Income from:							
Donations	2	667,350	4,981,740	5,649,090	880,082	5,267,079	6,147,161
Investments	2	2,244	-	2,244	10,596	-	10,596
Total income		669,594	4,981,740	5,651,334	890,678	5,267,079	6,157,757
Expenditure on:							
Charitable activities	3	1,171,911	4,981,740	6,153,651	1,263,141	5,134,187	6,397,328
Total expenditure		1,171,911	4,981,740	6,153,651	1,263,141	5,134,187	6,397,328
Net (expenditure) / income for the year	5	(502,317)	-	(502,317)	(372,463)	132,892	(239,571)
Transfers between funds		75,360	(75,360)	-	-	-	-
Net movement in funds		(426,957)	(75,360)	(502,317)	(372,463)	132,892	(239,571)
Reconciliation of funds:							
Total funds brought forward	18a	1,942,733	132,892	2,075,625	2,315,196	-	2,315,196
Total funds carried forward		1,515,776	57,532	1,573,308	1,942,733	132,892	2,075,625

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 2020


	Note	£	2020 £	£	2019 £
Fixed assets:					
Intangible assets	10		125,540		14,226
Tangible assets	11		92,129		103,183
Investments	12		1		1
			<u>217,670</u>		<u>117,410</u>
Current assets:					
Debtors	15	510,320		980,734	
Cash at bank and in hand		2,155,659		2,417,582	
		<u>2,665,979</u>		<u>3,398,316</u>	
Liabilities:					
Creditors: amounts falling due within one year	16	(1,310,341)		(1,440,101)	
Net current assets			<u>1,355,638</u>		<u>1,958,215</u>
Total assets less current liabilities			<u>1,573,308</u>		<u>2,075,625</u>
Total net assets			<u>1,573,308</u>		<u>2,075,625</u>
The funds of the charity:					
Restricted income funds	17		57,532		132,892
Unrestricted income funds:					
General funds		1,515,776		1,942,733	
Total unrestricted funds			<u>1,515,776</u>		<u>1,942,733</u>
Total charity funds			<u>1,573,308</u>		<u>2,075,625</u>

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

Approved by the trustees and authorised for issue on 19 April 2021 and signed on their behalf by

DocuSigned by:

 011CCEC14106447...
 Robert Leitão
 Chair

DocuSigned by:

 0B28E720FE87467...
 Graham Edwards
 Audit Committee Chair

The Pennies Foundation

The Pennies Foundation

Statement of Cash Flows

for the year ending 31 December 2020

	Note	2020	2019
		£	£
Cash flows from operating activities	19	(121,897)	(119,036)
Cash flows from investing activities:			
Interest income		2,244	10,596
Purchase of intangible fixed assets		(136,320)	(5,712)
Purchase of tangible fixed assets		(5,950)	(109,359)
Net cash (used in) investing activities		<u>(140,026)</u>	<u>(104,475)</u>
Change in cash and cash equivalents in the year		(261,923)	(223,511)
Cash and cash equivalents at the beginning of the year		<u>2,417,582</u>	<u>2,641,093</u>
Cash and cash equivalents at the end of the year		<u><u>2,155,659</u></u>	<u><u>2,417,582</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 2019) - (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

The trustees have considered the current level of reserves, and the evident sustainability of the Pennies model as demonstrated by the resilience in donation levels in 2020, and have reviewed available liquid resources in the context of the operating and spending plans over the 18 month period to June 2022, together with the ability to raise further funds or curtail spending if required.

Based on these considerations, the trustees believe that we have sufficient financial resources to continue in operational existence for the foreseeable future and that we are well placed to manage our 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, the receipt is probable, and the donation is measurable. 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 but the trustees' annual report has more information about their contribution on page 12.

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.

The Pennies Foundation

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 useful life. The depreciation rates in use are as follows:

Leasehold Improvements	Over the life of the lease
Office furniture	8 years
Computer and office equipment	3 years
Intangible assets	Between 3 and 5 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) Employee Benefits - termination payments

Termination benefits are amounts payable as a result of a decision by the Charity to terminate an individual's employment before the normal retirement date, or an individual's decision to accept voluntary redundancy, and are accounted for on an accruals basis when the Charity is demonstrably committed to the termination of the employment of an individual or group of individuals. The termination benefits for the accounting period are treated as an expense and were £20,000 (2019: £nil).

u) 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 5% of salary (2019: 3%) and acts as agent in collecting and paying over contributions. The contributions for the accounting period are treated as an expense and were £11,331 (2019: £11,553). There were no contributions owing at the year end (2019: £nil).

v) 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.

The Pennies Foundation

Notes to the financial statements**2 Analysis of incoming resources**

	Unrestricted £	Restricted £	2020 Total £	2019 Total £
Voluntary Income				
Consumer donations to Pennies ("Pennies donations")	395,731	4,981,740	5,377,471	5,568,078
Corporates and Foundations				
Oak Foundation	100,000	-	100,000	100,000
Other donations	37,609	-	37,609	264,145
Gift aid received	3,020	-	3,020	-
Donated services				
Marketing services	63,020	-	63,020	34,242
Other services	50,000	-	50,000	46,459
Computer software licences	17,971	-	17,971	111,845
Legal Services	-	-	-	22,392
	667,350	4,981,740	5,649,090	6,147,161
Investment Income				
Bank interest	2,244	-	2,244	10,596
	669,594	4,981,740	5,651,334	6,157,757

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.

During the year, the Charity collected £40,881 (2019: £26,128) of income from donations in the Republic of Ireland and £8,380 (2019 £5,885) from donations in the Isle of Man.

3 Analysis of expenditure

	Direct Charitable Activities £	Support Costs £	Governance costs £	2020 Total £	2019 Total £
Grants payable (note 4)	4,981,740	-	-	4,981,740	5,128,187
Staff costs (Note 6)	620,374	167,155	20,997	808,526	834,858
Office costs	128,097	34,399	4,323	166,819	156,707
Marketing	34,717	-	-	34,717	32,327
Auditors remuneration	-	-	25,432	25,432	22,760
Insurance	-	-	4,526	4,526	4,081
Legal fees	-	-	900	900	700
Consultancy fees	-	-	-	-	1,200
Volunteer expenses	-	-	-	-	850
Technology costs	-	-	-	-	720
Donated services & facilities	113,020	17,971	-	130,991	214,938
Total expenditure 2020	5,877,948	219,525	56,177	6,153,651	6,397,328
Total expenditure 2019	5,973,366	378,619	45,343	6,397,328	

Of the total expenditure, £1,171,911 was unrestricted (2019: £1,263,141) and £4,981,740 was restricted (2019: £5,134,187).

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:

	2020	2019
	£	£
ABF The Soldiers' Charity	-	9,617
Adnams Community Trust	20,242	14,435
Age Concern Norfolk	4,664	7,864
Age UK	55,918	7,788
Barnardo's	9,429	79,253
Barretstown	37,044	24,947
BBC Children in Need	17,085	30,458
BEN Motor and Allied Trades Benevolent Fund	13,547	-
Birmingham Children's Hospital Charity	75,627	128,265
Blue Cross	1,824	5,496
British Heart Foundation	115,308	111,994
British Paralympic Association	72,598	-
Bumblebee Conservation Trust	-	6,543
Cancer Research UK	8,324	135,525
CATT's (Cancer Awareness for Teens and Twenties)	18,412	1,018
Children's Hospices Across Scotland	5,953	259
Clic Sargent Cancer Care for Children	64,218	45,592
Comwall Air Ambulance Trust	2,863	17,295
Crisis	1,055	17,884
Cyclists Fighting Cancer	4,149	10,422
Dentaid Limited	5,081	1,919
Dorset Mind	2,319	13,199
East Anglian Air Ambulance	3,341	23,688
Glasgow Children's Hospital Charity	21,929	32,971
Grace House North East	8,344	755
Great Ormond Street Hospital Children's Charity	255,374	464,964
Help for Heroes	16,395	93,877
Hendy Foundation	5,742	-
Hospice UK	9,696	1,146
Isle of Play	5,839	4,610
Jersey Children's Charity	8,599	5,056
Kent, Surrey and Sussex Air Ambulance	5,887	14,520
Leeds Cares	14,356	-
Macmillan Cancer Support	350,566	862,794
Maggie Keswick Jencks Cancer Caring	7,867	93,953
Magpas Air Ambulance	3,341	23,688
Make-A-Wish Foundation UK	33,400	6,500
Mental Health Foundation	54,374	21,714
Multiple System Atrophy Trust	-	18,623
Newcastle upon Tyne Hospitals NHS Charity	10,879	15,740
NHS Charities Together	255,514	-
Noah's Ark Children's Hospital Charity	11,917	17,719
Northern Ireland Hospice	35,658	31,124
Papyrus Prevention of Young Suicide	18,742	1,923
Rays of Sunshine	28,395	5,899
Richard House Trust	2,732	9,256
Royal Manchester Children's Hospital	-	25,000
Royal Mencap Society	-	15,801
Scotland's Charity Air Ambulance	16,193	95,122
Shooting Star Chase	35,906	106,184
Special Olympics GB	35,906	56,999
St Peter and St James Hospice	3,472	5,711
Stroke Association	31,269	4,924
Survivors of Bereavement by Suicide	-	8,799
sub total	1,827,293	2,738,833

Notes to the financial statements

<i>carried forward from previous page</i>	1,827,293	2,738,833
Target Ovarian Cancer	47,314	-
Teenage Cancer Trust	1,000,540	789,132
Teens Unite Fighting Cancer	13,757	1,425
The Alder Hey Children's Charity	75,627	128,265
The Caring Family Foundation	10,000	-
The Childhood Trust	3,218	19,122
The Children's Hospital Charity	16,016	-
The Lincolnshire & Nottinghamshire Air Ambulance Charitable Trust	3,198	6,267
The National Society for the Prevention of Cruelty to Children	20,054	195,189
The Prince's Trust	9,696	1,270
The Royal British Legion	9,094	-
The Royal Foundation	7,154	71,433
The Royal National Institute of Blind People	32,767	105,227
The Save the Children Fund	-	57,500
The Screwfix Foundation	1,486,528	392,615
Together for Short Lives	57,031	105,756
Tommy's	33,400	626
Twycross Zoo - East Midland Zoological Society Ltd	6,349	7,526
Unicef UK	45,329	-
Veterans Garage Limited	5,613	-
Wallace & Gromit's Children's Foundation	75,627	128,265
Whizz-Kidz	33,400	626
Wilderness Foundation UK	59,594	156,046
Wolverhampton Wanderers Foundation	9,590	3,587
WWF - UK	7,539	-
YHA England and Wales	1,035	5,485
Yorkshire Wildlife Park Foundation	1,086	11,624
Young Dementia UK	-	10,717
Youth Cancer Trust	503	10,193
Grants payable on accrued donations as at the year end	11,063	89,404
Other grants less than £5,000	72,325	92,054
Total grants payable	4,981,740	5,128,187

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

Grants payable includes a commitment of £1,137,093 (2019: £1,329,643) for grants paid to charities after the year end.

Of the income collected in the Republic of Ireland (see note 2), £37,044 (2019: £24,947) was granted to Barretstown, a charity registered in the Republic of Ireland (number 20027759)

Of the income collected in the Isle of Man (see note 2), £5,839 (2019: £4,102) was granted to Isle of Play, a charity registered in the Isle of Man (number 1245)

6 Net (expenditure) / income for the year

This is stated after charging / (crediting):

	2020	2019
	£	£
Depreciation of tangible fixed assets	17,004	10,729
Amortisation of intangible fixed assets	25,005	15,641
Operating lease rentals:		
Property	35,700	35,942
Other	516	1,035
Auditors' remuneration (including VAT):		
Audit fees	25,432	22,760

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:

	2020 £	2019 £
Salaries and wages	663,024	700,108
Social security costs	70,767	75,064
Employer's contribution to defined contribution pension schemes	74,575	36,389
Staff Recruitment costs	-	22,820
Other staff costs	160	477
	<u>808,526</u>	<u>834,858</u>

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

	2020 No.	2019 No.
£60,001 - £70,000	1	2
£80,001 - £90,000	2	1

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

	2020 £	2019 £
Salaries and wages	101,755	127,940
Social security costs	11,629	15,385
Employer's contribution to defined contribution pension schemes	63,245	25,409
	<u>176,629</u>	<u>168,734</u>

The Charity trustees were neither paid nor received any other benefits from the Charity in the year (2019: £nil). No Charity trustee received payment for professional or other services supplied to the Charity (2019: £nil).

The Charity trustees were neither paid nor received any expenses from the Charity in the year (2019: £352 was paid to 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 (2019: 15).

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

	2020 No.	2019 No.
Charitable Activities	11	11
Support & Governance	4	4
	<u>15</u>	<u>15</u>

Notes to the financial statements

8 Related party transactions

6 (2019: 2) trustees donated a total of £1,500 in the year (2019: £100,250) of which £nil was restricted (2019: £nil).

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 £75,160 (2019: £5,978) for UK charities. At the end of the year Sofology Limited owed the Charity £5,597 (2019: £2,203) for donations collected on its behalf.

Robert Leitão, a trustee, is a managing partner at Rothschild & Co which supported the Charity by providing a research and consultancy service valued at £50,000 (2019: £nil) on a pro bono basis.

There was no bad or doubtful debts provision or expense from related parties.

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

	Systems software £	Other computer software £	Total £
Cost			
At the start of the year	-	108,648	108,648
Additions in year	75,360	60,960	136,320
At the end of the year	75,360	169,608	244,968
Amortisation			
At the start of the year	-	94,423	94,423
Charge for the year	2,512	22,493	25,005
At the end of the year	2,512	116,916	119,428
Net book value			
At the end of the year	72,848	52,692	125,540
At the start of the year	-	14,226	14,226

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	82,822	26,537	18,965	128,324
Additions in year	-	-	5,950	5,950
At the end of the year	82,822	26,537	24,915	134,274
Depreciation				
At the start of the year	6,302	1,964	16,875	25,141
Charge for the year	10,803	3,461	2,740	17,004
At the end of the year	17,105	5,425	19,615	42,145
Net book value				
At the end of the year	65,717	21,112	5,300	92,129
At the start of the year	76,521	24,573	2,090	103,183

All of the above assets are used for charitable purposes.

Both the amortisation and depreciation charge for the year are included in unrestricted expenditure on charitable activities in the Statement of Financial Activities

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 (2019: £1) 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 2020 the Charity had total commitments under non-cancellable operating leases as detailed below:

	Property		Equipment	
	2020	2019	2020	2019
	£	£	£	£
Less than one year	66,393	35,703	372	744
One to five years	241,185	229,572	-	372
	307,578	265,275	372	1,116

In 2019, 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 2020 the Charity had total capital commitments as follows:

	2020	2019
	£	£
Computer software	-	60,960

The Pennies Foundation

Notes to the financial statements**15. Debtors**

	2020	2019
	£	£
Other debtors	446,666	587,088
Accrued income	12,913	329,724
Prepayments	25,804	38,985
Rent deposit	24,937	24,937
	<u>510,320</u>	<u>980,734</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 £nil (2019: £232,892) which represents grants pledged prior to 2020 that were received in the year.

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

	2020	2019
	£	£
Trade creditors	25,010	28,190
Amounts due to subsidiary	1	1
Taxation and social security	21,326	20,533
Grant accruals	1,137,093	1,329,643
Other accruals	126,911	61,734
	<u>1,310,341</u>	<u>1,440,101</u>

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

	General unrestricted £	Restricted £	Total funds £
Intangible fixed assets	125,540	-	125,540
Tangible fixed assets	92,129	-	92,129
Investments	1	-	1
Net current assets	1,298,106	57,532	1,355,638
Net assets at 31 December 2020	<u>1,515,776</u>	<u>57,532</u>	<u>1,573,308</u>

17b Analysis of net assets between funds (prior 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 1 January 2020	<u>1,942,733</u>	<u>132,892</u>	<u>2,075,625</u>

Notes to the financial statements

18a Movements in funds (current year)

	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Transfers in/(out) £	At 31 December 2020 £
Restricted funds:					
Pennies donations	-	4,981,740	(4,981,740)	-	-
CRM system fund	132,892	-	-	(75,360)	57,532
Total restricted funds	132,892	4,981,740	(4,981,740)	(75,360)	57,532
General funds	1,942,733	669,594	(1,171,911)	75,360	1,515,776
Total unrestricted funds	1,942,733	669,594	(1,171,911)	75,360	1,515,776
Total funds	2,075,625	5,651,334	(6,153,651)	-	1,573,308

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

The transfer represents the use of the CRM system fund for the capitalised intangible asset (Systems Software) which was purchased using these restricted funds.

18b Movements in funds (prior year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers in/(out) £	At 1 January 2020 £
Restricted funds:					
Pennies donations	-	5,128,187	(5,128,187)	-	-
CRM system fund	-	132,892	-	-	132,892
Events related fund	-	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

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.

CRM system fund

The CRM system fund represents a donation for the implementation of a customer relationship management (CRM) system, partly developed and in use during the year.

Notes to the financial statements

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

	2020	2019
	£	£
Net (expenditure) for the reporting period (as per the statement of financial activities)	(502,317)	(239,571)
Depreciation charges	42,009	26,369
Interest from investments	(2,244)	(10,596)
Decrease in value of investments	-	186
Decrease/(Increase) in debtors	470,414	(61,465)
(Decrease)/Increase in creditors	(129,759)	166,041
Net cash (used in) operating activities	(121,897)	(119,036)

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.