

THE TOYBOX CHARITY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2014

Charity Number 1084243

The Toybox Charity

Year Ended 31 March 2014

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Report of the Trustees of the Toybox Charity for the year ended 31 March 2014

Our Charitable Objectives and Activities

Toybox is a UK charity with a mission to end the injustice of street children, one of the world's most vulnerable groups.

Our vision is of a just world with no street children.

Our mission is to end the injustice of children living and working on the streets.

Our core value is to be Courageous.

Our foundations:

- 1) Toybox is an international development agency with a focus on street children;
- 2) Toybox seeks to operate globally responding to the needs of street children;
- 3) Toybox concentrates on one issue - street children, and works with partners looking for many solutions;
- 4) Toybox is driven by the impact we can have on changing the world for street children.

The Charity's objects are:

1. The relief and prevention of poverty in particular but not exclusively by:
 - a) Providing help, care and assistance to vulnerable families in the developing world so as to encourage a stable and caring family life and prevent children being forced onto the streets
 - b) Providing help, care and assistance for street working and street living children, including access to education and healthcare
2. The promotion of the human rights of children, as set out in the United Nations Convention on the Rights of the Child, by any means the Trustees in their absolute discretion choose and in particular by raising awareness as to the needs of street living and working children, and advocacy as to how those needs can best be met.
3. The advancement of education of the public in particular but not exclusively by:
 - a) Educating the public about the nature, causes and effects of poverty and of life on the streets and how appropriate help can be provided or improved
 - b) Conducting and procuring research concerning the same and disseminating the useful results to the public
4. The advancement of the Christian faith in particular but not exclusively by:
 - a) Promoting the active engagement of the Christian church in the provision of help, care and assistance to vulnerable families, and street working and living children, as well as in the promotion of their rights
 - b) Being witnesses of God's love through our dedication to our mission, absolute integrity and unprejudiced compassion, working with all people irrespective of race, gender, colour, age or religious belief

In setting our programme each year we have regard to both the Charity Commission's general guidance on public benefit and prevention and relief of poverty for the public benefit. The Trustees always ensure that the programmes we undertake are in line with our charitable objects and aims.

All our charitable activities are directed towards, and motivated by, our desire to help street children and their communities and are undertaken to further our charitable purposes for the public benefit. In setting our strategic objectives and implementing the operational plans the Trustees have considered the Charity Commission's general guidance on public benefit.

International Programmes Overview

Toybox is currently working in 5 countries across Latin America: Bolivia, Peru, Nicaragua, Guatemala and El Salvador. We have increased the number of partners we are working with in these countries from 5 to 7 and the number of projects we fund from 7 to 12 over the past 18 months. This expansion has enabled us to diversify our programme work to ensure that we are targeting the children who are most vulnerable, and provide programmes for the children that are the most needed.

We continue to work across the three areas of prevention, outreach and restoration, ensuring that we support children who are at risk of becoming street connected, those who are living or working on the streets and children who are escaping life on the streets. All in all, we reached 10,600 children, with programmes in the areas of education, sports and arts therapy, accommodation, birth registration, foster care, psycho-social support and street outreach services. Over the last 18 months we have carried out full evaluations of all our programmes, and we are currently working on how to improve our work.

We have exciting plans for the coming year, the highlights of which are laid out below.

Reviewing this financial year: What we said we would do and did we achieve it?

International Programmes

We said that we would:

Improve the effectiveness of our work with street children and seek new and innovative models and partnerships to achieve this.

Did we? Yes

To improve the effectiveness of our work with street children we carried out an independent review of all of our programmes. This has established a firm foundation for the improvement of our work.

We have worked on innovative models, most particularly in supporting partners to address the issue of birth registration. Across a number of our programme countries, children suffer barriers to accessing health care, education and other basic services due to them not being officially registered. This can be a root cause for children ending up on the street. We have therefore worked with partners to design programmes that will enable children to be registered. This has been a new innovation for us, and is showing promising signs of immediate impact.

We have also been able to identify 3 new partners to work with. These partners are working with some of the most vulnerable street-connected children in Peru, Bolivia and Guatemala. We ensured that each partner went through our new Partnership Assessment Process, which they found to be a rigorous but useful process. Toybox is excited about the possibilities these new partnerships provide to reach more children and have a greater impact on their lives.

We said that we would:

Improve systems for monitoring and evaluating our projects. We said that we were going to audit each project and partner we support. We want to identify best practice and share this across our project portfolio. Our development model will focus on street children and the key areas of prevention, intervention and re-integration.

Did we? Yes

During this past year we have carried out independent reviews of all of the programmes that we fund. We have provided partners with recommendations for improvement, and have started implementing those recommendations.

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Toybox has also developed new frameworks for Partner Assessment and our programme designs and reporting. This provides a good foundation for improving the capacity of our partners to deliver better work, as well as an enhanced ability to manage our programmes more effectively. This year we have also started a systematic financial review process with partners, with one partner successfully completing this process.

We said that we would:

Fund and support 80 projects working with more than 9,000 street connected children in the next year.

Did we? Yes

We supported 79 projects working with 10,600 children.

We said that we would:

Send a girls' football team from El Salvador to the Street Child World Cup in Brazil. This project was part of an advocacy campaign in El Salvador to highlight good treatment of children, and the value of each and every child, no matter what their background or situation.

Did we? Yes

We enabled a girls' team from El Salvador to take part in the Street Child World Cup in Brazil, which was a great success. The girls came 3rd in the tournament and experienced life changing moments. The girls have become strong advocates in their projects and communities, and they are also influencing the whole country as they have featured in a number of media events speaking to government officials about their experiences.

Advocacy

We said that we would:

Review the most effective way to advocate on behalf of street children, whether this should be UK or overseas based advocacy, or a combination of both.

Did we? Yes

The evaluations we commissioned with all our programmes examined this area to a limited extent, and we supported advocacy in a number of countries. The main advocacy programme has been a child led campaign in Guatemala, Bolivia, El Salvador and Nicaragua called the "Good Treatment" campaign. It highlights and challenges the endemic issues of child abuse in those countries. These campaigns have raised significant awareness of the impact of violating child rights within families and communities.

Toybox staff have also talked directly to a number of senior politicians in the countries where we work to advocate for the rights of street-connected children.

In the UK we have been part of a number of All Political Party Group meetings on street children, advocating on behalf of the children we work with. Of particular note was a meeting with a Bolivian delegation of government ministers, enabling us to highlight issues of child labour and access to services for street-connected children. We are an active member of the Consortium for Street Children who advocate for street children at a global level.

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Marketing and Fundraising

We said that we would:

Grow income by 3%; most of this increase would be regular giving, aiming for it to rise to over £1m. The flexible and easily-administered Best Friend scheme was forecast to grow most strongly. A substantial part of the budget was for supporter acquisition activity through events, radio advertising roll-out and, for the first time, the direct acquisition of new contacts. The communication model for the Child Ambassador scheme would be re-assessed with a view to efficiency savings.

Did we? No – but we tried!

Income fell by 0.5% and our income from regular giving was £948,209. However, we had the opportunity to test the new acquisition strategy by trying new channels and adapting existing products which has been productive to date.

We said that we would:

Undertake a full marketing and communications audit to revise the product portfolio to ensure maximum engagement of the supporter base. In addition, all acquisition channels will be reviewed to ensure maximum return on investment.

Did we? In progress

With the recruitment of a new Director of Marketing and Fundraising partway through the year this project has started and will continue into the next financial year.

We said that we would:

Encourage ad hoc giving through sponsored challenges and through cash appeals to the supporter base. More emphasis will be placed on engaging with the philanthropic and corporate communities with the creation of bespoke programmes for interested companies or individuals.

Did we? Yes

Income from sponsored challenges was £29,942 with 35 people taking in part in events ranging from the London Marathon to Trekfest and Night Rider.

The Christmas Appeal was very successful, the most successful appeal in Toybox's history. In addition, there is now a dedicated person within the Marketing and Fundraising team who is responsible for looking after all of the philanthropic donors and this is an area we are looking to grow within the next 18 months.

Finance and Support Services

We said that we would:

Continue to provide an excellent level of service to all our valued supporters, seeking to engage them at every opportunity in a positive way.

Did we? Yes

We have continued our ongoing engagement with supporters and received positive feedback; our supporters express a high level of satisfaction during our interactions with them.

We said that we would:

Review our IT strategy in order to maintain and develop an appropriate IT infrastructure that is innovative and making maximum use of available technology.

Did we? Partially

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We continued to upgrade our PC and server infrastructure ensuring that staff are always able to work efficiently and effectively. We upgraded our internet connection to Fibre Optic Broadband which improved productivity across the organisation. We are still working on a full review of our IT strategy now that our Strategic Plan has been agreed and communicated.

Staff and Volunteers

The Trustees wish to express their appreciation to all staff and volunteers in the UK and overseas for their work and commitment during the year. The activities of the charity would not have been possible without the enthusiasm and expertise demonstrated throughout the organisation and the committed involvement of all staff and volunteers.

Volunteers are involved in a diverse range of activities adding real value to the work we do. Together with the trustees, volunteers have given in excess of 530 days of support during the year.

We said that we would:

Invest in the training of our staff, aiming to spend the equivalent of 1.5% of their salary on training

Did we? Yes

This year 2.1% of salaries was spent on staff training; this increase was an intentional decision as we wanted to ensure that we were investing well in all team members and we want to ensure that our team has the appropriate skills to implement our new strategy.

We said that we would:

Aim to reduce staff turnover to 30% or less for the next year.

Did we? Almost

Staff turnover was 32%, compared with 42% in the previous financial year.

We have introduced awards to our staff for long service, and during this year made 3 awards, including one for 10 years' service to the Charity.

We said that we would:

Review and update our employment terms and conditions, our staff policies and handbook.

Did we? Yes

We reviewed our terms and conditions and have started the process to review all HR policies and procedures.

We said that we would:

Look at ways of motivating our team, and empower them to fulfil their roles and be the very best that they can be.

Did we? Yes

We are planning to introduce a regular staff survey which will measure staff satisfaction and motivation.

We said that we would:

Examine our vision, mission and values and develop a Strategic Plan for the Charity for the 5 years to 2018.

Did we? Yes

One thing will not change: we will continue to work with street children

Ambitions for the next year

Looking forward

During the last financial year we developed our 5 year growth and diversification strategic plan. Our goal is to significantly reduce the number of children living and working on the streets in cities across the world.

Our aim is that by 2018 we will have:

Significantly increased our impact on the lives of street-connected children, fuelled by an increase in income. Both our impact and income growth will be achieved through becoming the most innovative charity in the UK. The year to 31 March 2015 will be the first full financial year of implementing this strategy and our focus will be in 3 key areas: Innovation, Impact and Income.

Our key performance indicators for the next year are outlined below:

Innovation

- To start working with a partner in either Africa or Asia by the end of the financial year
- To develop our Design Monitoring and Evaluation systems and accountability approach
- 10% of all Toybox team members' time will be dedicated to off line innovation
- To implement at least 30 incremental improvements in our processes and procedures to ensure improved productivity
- To implement 2 prototype projects in our international programmes. Toybox's innovation process has three stages: prototype, pilot and mainstream
- To design and test 3 new marketing and fundraising products

Impact

- To work with 6 partners across Guatemala, El Salvador, Bolivia, Peru and Nicaragua.
- To support 13 projects that work on preventing children becoming street connected, outreach support for those children who are living on the street, and restoration and reintegration for children as they come off the street.
- To develop a project portfolio that includes education, health care, street outreach work, fostering care and birth registration amongst others.
- To continue to reach over 10,000 children across the 5 countries where we have partners
- To commission and complete a full HR review of all policies and procedures by 31 December 2014
- To ensure that staff turnover is less than 25% for the year
- To redesign and re-launch the Toybox brand throughout the entire organisation by 31 December 2014
- To redevelop and re-launch the website by 30 September 2014

Income

- To raise over £1.8 million in voluntary income
- To increase regular giving income by 3%
- To ensure our fundraising ratio remains below 8% for the full financial year
- To develop quarterly forecasting models for up to 2 years, thereby improving our management information

Financial Review

Income

Income this year was comparable to the previous year, voluntary income increased during the year to £1,623,314 from £1,620,909, an increase of £2,405. Total income of £1,638,491 was slightly lower than £1,647,441 in the previous year due to lower sales of Christmas cards.

The income from regular giving shows a mixed picture this year: Best Friends income increased by £20,928 (7%) but income from Child Ambassadors decreased by £37,450 (6%).

During the year it was decided that income arising from the Best Friends and Child Ambassador regular giving products should be treated as unrestricted income by the charity. This will allow the funds to be used for the area of greatest need in the charity's work, and will give greater flexibility in funding new partners and new initiatives. This change in policy has been communicated through our fundraising material to our supporters and has been widely accepted.

Grants received increased this year to £200,913 due to the recognition of income from Comic Relief which had been deferred from the previous year. Income from legacies decreased this year, this income source is always uncertain.

Income from trading decreased this year due to decreasing sales of Christmas cards. Investment income increased by 17% due to increased balances held in short term deposits.

Expenditure

The total resources expended during the year were £1,560,087 (2013: £1,472,491). Charitable expenditure increased this year by £23,876.

Charitable expenditure comprised 84% of total expenditure. Expenditure continues to be closely controlled and efficiency and good use of our resources is pursued in every area of our work.

Reserves

Regular giving provides income stability which allows the charity to commit to existing and new projects and long-term decisions to help more street children. The reserves provide a cushion in the event of shortfalls in income compared to the budget so that projects can be planned and approved within the project planning cycle. The reserves policy is reviewed annually by the Finance and Audit Committee and was last reviewed in May 2014.

The minimum level of reserves deemed to be required is based on the budgeted expenditure for the next year, with the aim being for general reserves to be between two and four months' expenditure with a target of three months; plus an amount to cover any contingency or risk anticipated. In this respect a provision for a possible decline in income of £100,000 or 5%, plus a provision for a fall in value of the GB Pound against the US Dollar of £50,000 or 5%, is made.

The Trustees have designated £150,000 of the unrestricted reserves to be for the development of overseas work with partners.

At 31 March 2014 general unrestricted reserves, excluding fixed assets and stock, and including the adding back of three months overseas expenditure of £214,000 treated as a constructive liability, was £501,266 and equivalent to 3.2 months expenditure (2013: £649,444 or 4.4 months).

Investment Policy

The aim in investing funds is to provide a maximum income return, whilst ensuring that there is appropriate liquidity to cover both operational costs as timing requires and other reserves as determined by the Reserves Policy.

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The investment policy of Toybox is to adopt a prudent approach with regard to the investments it holds and to accept lower rates of returns to reduce the level of speculative risk. As a result the investment policy is to invest in bank or building society deposits; fixed interest securities and government bonds on terms to match the timing of returns to meet the needs of the charity. Toybox does not have a bespoke ethical policy but where practically possible Toybox will make investments covered by an ethical policy in the accepted definition of the word.

Toybox Crafts Limited

During the year Toybox Crafts Limited, the wholly owned subsidiary of the Charity, did not trade. Therefore, an application was made to Companies House to close the company because it was no longer trading, nor was it likely to trade in the future. The Registrar subsequently confirmed that the company was dissolved on 6 May 2014.

For the year ended 31 March 2014 total sales of Christmas cards and other items sold through the charity totalled £8,199 (2013: £20,557).

Auditors

A resolution will be proposed at the next Board meeting that Sayer Vincent be re-appointed as auditors to the charity for the ensuing year.

Our Structure, Governance and Management

The Toybox Charity is a registered charity and charitable company limited by guarantee governed by its Memorandum and Articles of Association dated 29 March 2000 as amended by special resolution dated 6 December 2000 and further on 28 June 2010 which sets out the objects and powers.

Directors and Trustees

The Directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving through the year and on the date the report was approved were:

Mrs NA Adlam
Mr JR Eke (Treasurer)
Mr M Jennings
Mr D Lowbridge (Chair of Trustees)
Ms J Watson
Mrs J York

Appointment of Trustees, Induction and Training

The process for recruitment of new Trustees is as follows: after an open recruitment process, selected candidates are interviewed by the Governance and Nominations Committee; if successful at this stage they are then invited to observe a Board meeting and at this meeting the candidate will or will not be approved by the full Board.

When appointed new Trustees are provided with an information pack containing copies of the governing documents, annual report, strategic plan, core documents and other supporting papers. Each new Trustee is linked with an existing Trustee for induction and also spends time in the UK office meeting staff and gaining an understanding of each department. After initial attendance at Trustee meetings, new Trustees may undertake an international awareness visit. Training is made available as required and can include providing suitable publications, in-house updates and external events.

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Trustee and Committee Meetings

The Trustees met four times during the year to make strategic and policy decisions. The CEO and members of the Leadership Team attended these meetings but had no voting powers. The CEO reports to and is appointed by the Trustees to manage the day-to-day operations of the charity.

The Finance and Audit Committee met four times during the year and the Governance and Nominations Committee met prior to each of the Board meetings.

All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses are disclosed in note 5 to the accounts. Trustees are required to disclose all relevant interests and register them with the CEO and in accordance with the Charity's policy withdraw from decisions where a conflict of interest arises. One third of Trustees are required to retire (and if appropriate seek reappointment) annually.

At the end of each quarter the Trustees receive management accounts, a KPI Dashboard and a risk report.

Chief Executive

Mrs Lynne Morris, the Chief Executive is responsible for the day to day operation of the charity and managing the staff of the charity on behalf of the Trustees. The Chief Executive heads the Leadership Team and the staff team who deliver the strategy and programmes of Toybox.

Risk Management

The Trustees have considered the major risks to which the charity is exposed and have reviewed those risks, establishing systems and procedures to manage major risks.

The positive risk management strategy adopted by the Trustees comprises:

- Quarterly review of the major risks of the charity, the overall risk map, movement in risks, actions taken and an updated risk map presented and discussed at each Trustee meeting;
- Ongoing systems and procedures to mitigate major risks identified;
- Implementation of procedures designed to minimise any potential impact on the charity should these risks materialise.

This strategy of positive risk management identifies significant risks, along with the probability of such risks occurring, the likely level of impact, together with mitigating action. Particular attention is given to those risks having the potential to have the greatest impact on the charity such as reputation, finance, funding, international partnerships and child protection. Procedures to mitigate other identified significant risks are implemented covering areas such as staff retention, erosion of values, mission drift, key relationships and efficiency.

Significant opportunities and threats are discussed in more detail at the annual Trustee away days. Outcomes of these discussions feed into the strategic and operations plans.

Statement of Trustees' responsibilities

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

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 judgements and estimates that are reasonable and prudent;

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- 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 operation.

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 the group 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 auditors are 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 auditors are 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.

Reference and Administrative Details

Charity number	1084243
Company number	03963000
Registered Office & Principal Address	G4 Challenge House, Sherwood Drive, Bletchley, Milton Keynes, Buckinghamshire MK3 6DP Telephone: 01908 360050 Email: info@toybox.org Website: www.toybox.org.uk
Auditors	Sayer Vincent LLP, 8 Angel Gate, City Road, London EC1V 2SJ
Bankers	Co-operative Bank, 9 Prescott Street, London, E1 8BE
Solicitors	Bates Wells & Braithwaite London LLP, 2-6 Cannon Street, London, EC4M 6YH Fairchild Dobbs & Co., 1 Bulstrode Way, Gerrards Cross, SL9 7QT

Small Companies Exemption Statement

The report of the trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the Board of Trustees on 22 September 2014 and signed on its behalf by

Mr D Lowbridge, Chair of Trustees
22 September 2014

Independent Auditors' Report to the Members of The Toybox Charity

We have audited the financial statements of The Toybox Charity for the year ended 31 March 2014 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities set out in the Trustees' report, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014, and of the group's 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 and the Charities Act 2011.

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Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- 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 in preparing the report of the trustees' and take advantage of the small companies exemption from the requirement to prepare a strategic report; or
- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jonathan Orchard

For and on behalf of Sayer Vincent LLP, Statutory Auditors
24 September 2014

Sayer Vincent LLP, 8 Angel Gate, City Road, LONDON EC1V 2SJ
Sayer Vincent is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Statement of Financial Activities

(including Income & Expenditure Account)

For the Year Ended 31 March 2014

	Notes	Unrestricted Funds £	Restricted Funds £	2014 Total £	2013 Total £
Incoming Resources					
<i>Voluntary income</i>	2	744,948	878,366	1,623,314	1,620,909
<i>Income from trading activity</i>	7	8,199	-	8,199	20,557
<i>Investment income</i>		6,978	-	6,978	5,975
Total incoming resources		760,125	878,366	1,638,491	1,647,441
Resources Expended					
<i>Costs of Generating Funds</i>	3				
Costs of generating voluntary income		188,144	45,029	233,173	153,971
Costs of trading activity		14,088	-	14,088	27,839
<i>Charitable activities</i>	3	604,256	700,242	1,304,498	1,280,622
<i>Governance costs</i>	3	8,328	-	8,328	10,059
Total resources expended		814,816	745,271	1,560,087	1,472,491
Net movement in funds	5	(54,691)	133,095	78,404	174,950
Funds at 1 April		506,511	162,714	669,225	544,275
Subsidiary capital adjustment		-	-	-	(50,000)
Funds at 31 March		451,820	295,809	747,629	669,225

All of the Charity's activities are considered as continuing
There were no recognised gains or losses other than the result for the year

The notes on pages 15 to 22 form part of these accounts

Consolidated and Charity Balance Sheet as at 31 March 2014

		Group		Charity	
	Note	2014 £	2013 £	2014 £	2013 £
Fixed Assets					
Tangible assets	6	14,464	19,361	14,464	19,361
Current Assets					
Stock		90	5,706	90	5,706
Debtors	8	48,143	53,356	48,143	53,691
Short term deposits		681,348	575,318	681,348	575,318
Cash at bank		314,715	346,774	314,715	344,576
		1,044,296	981,154	1,044,296	979,291
Creditors: amounts falling due within one year	9	(311,131)	(331,290)	(311,131)	(331,290)
Net Current Assets		733,165	649,864	733,165	648,001
Net Assets		747,629	669,225	747,629	667,362
Funds					
Unrestricted:	10				
General		301,820	506,511	301,820	504,648
Designated		150,000	-	150,000	-
Restricted	11	295,809	162,714	295,809	162,714
Total Funds		747,629	669,225	747,629	667,362

The accounts were approved by the Board of Trustees on 22 September 2014 and were signed on their behalf by:

Mr David Lowbridge
Chair of Trustees

Mr John Eke
Treasurer & Company Secretary

The notes on pages 15 to 22 form part of these accounts

Notes to the Consolidated Accounts

1. Accounting Policies

a) Basis of Accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (issued in March 2005) and the Companies Act 2006.

b) Group Accounts

These financial statements consolidate the results of the Charity and its wholly-owned trading subsidiary, Toybox Crafts Limited, on a line by line basis.

c) Cash Flow Statement

The group has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small group.

d) Incoming Resources

Income is recognised in the period in which the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Charity being notified of an impending distribution or the legacy being received. Tax recoverable on gift aid is accounted for in the period in which the gift aided amount is received and is included in donations with the original gift.

e) Resources Expended

Expenditure is accounted for on an accruals basis, inclusive of VAT where this cannot be recovered. Overseas grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Certain expenditure is directly attributable to specific activities and has been allocated to those cost categories. Certain other costs and some staff costs are attributable to more than one activity. In these cases the costs have been apportioned to the other individual activities on the basis of the time spent by staff on matters relating to those activities.

Support costs represent the costs incurred by UK based staff directly providing support to directly charitable activities including management, technical and prayer support.

f) Governance Costs

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.

g) Gifts in Kind

Gifts in kind represent assets donated for distribution or use by the charity. Assets given for distribution are recognised as incoming resources only when distributed. Assets given for use by the charity are recognised when receivable. Gifts in kind are valued at the amount actually realised from the disposal of the assets or the price the charity would otherwise have paid for the assets.

No amounts are included in the accounts for services donated by volunteers.

The Toybox Charity

1. Accounting Policies (continued)

h) Depreciation

All fixed assets costing more than £5,000 are capitalised.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Furniture & fittings	10% per annum straight line
Motor vehicles	25% per annum straight line
Equipment	25% per annum straight line

i) Stocks

Purchased stocks are valued at the lower of cost or net realisable value after making due allowance for obsolete or slow-moving items.

j) Foreign Currencies

Foreign currency transactions are recorded at the exchange rate achieved when the foreign currency was purchased. In order to minimise the risk from buying foreign currencies, forward contracts for a period of up to three months are entered into. The expenditure is recorded at the average rate of the balance held in the foreign currency account when the payment is made.

Assets and liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling at that date, with exchange gains and losses taken to the Statement of Financial Activities.

k) Pensions

The Charity operates a defined contribution stakeholder pension scheme. The pension charge represents the amount payable by the Charity to the scheme for the year.

l) Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

m) Tax Status

The Charity is a registered Charity and therefore it is not assessable to corporation tax on any surplus funds.

n) Funds Accounting

Funds held by the Charity are:

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees. During the year the Trustees designated £150,000 from unrestricted reserves to be used for international projects.

Designated funds – these are funds which have been designated by the Trustees to be used for the development of international projects.

Restricted funds – these are funds which can only be used for particular purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

The nature and purpose of each fund is explained further in the notes to the accounts.

The Toybox Charity

2. Voluntary Income

	2014	2013
	£	£
Regular Giving: Child Ambassadors	632,748	670,198
Best Friends	315,461	294,533
Grants received	200,913	77,021
Trusts	74,571	90,862
Legacies	3,499	62,567
Other donations	396,122	425,728
Total voluntary income	<u>1,623,314</u>	<u>1,620,909</u>

3. Resources Expended

	Grants	People Resources	Pro-motion	Support & Other	Total 2014	Total 2013
	£	£	£	£	£	£
Guatemala	157,144	58,069	-	25,118	240,331	295,383
Bolivia	219,835	81,235	-	35,138	336,208	303,513
Peru	10,225	3,778	-	1,634	15,637	195,980
El Salvador	108,008	39,912	-	17,264	165,184	116,910
Nicaragua	78,227	28,907	-	12,504	119,638	85,962
Latin America	90,460	33,428	-	14,459	138,347	(14,046)
Advocacy	-	11,344	-	1,696	13,040	31,522
Awareness	-	142,944	89,789	43,380	276,113	265,398
<i>Total Charitable Expenditure</i>	<u>663,899</u>	<u>399,617</u>	<u>89,789</u>	<u>151,193</u>	<u>1,304,498</u>	<u>1,280,622</u>
Fundraising	-	116,778	86,257	30,138	233,173	153,971
Trading	-	5,035	-	9,053	14,088	27,839
<i>Total Cost of Generating Funds</i>	<u>-</u>	<u>121,813</u>	<u>86,257</u>	<u>39,191</u>	<u>247,261</u>	<u>181,810</u>
Governance (note 5)	-	-	-	8,328	8,328	10,059
Total Expenditure	<u>663,899</u>	<u>521,430</u>	<u>176,046</u>	<u>198,712</u>	<u>1,560,087</u>	<u>1,472,491</u>
2013	<u>727,020</u>	<u>487,424</u>	<u>141,673</u>	<u>116,374</u>		

The grants were made to our partner organisations in Latin America to implement programmes for street children. Our partners during the year were Viva and Conacmi in Guatemala and Agape in Peru.

People resources comprises staff costs in the UK and internationally and consists of all costs relating to staff employed, including their training and development. People resources and support and other costs are allocated to the areas of activity according to staff time spent on that particular activity.

Promotion costs are entirely spent on promoting the activities of the charity and include enhancing the awareness of the charity and the issues it seeks to address, not only with its supporters but also with the wider public. Fundraising costs are those which are entirely spent on activities which were undertaken in order to generate voluntary income.

4. Employees and Staff Costs

The average number of employees during the year, calculated on a full time equivalent basis, was:

	2014	2013
	No	No
Overseas	3.9	3.6
Advocacy	0.2	0.5
Awareness	4.0	5.0
Fundraising	2.8	2.8
Trading	0.2	0.5
Support	3.5	3.7
	<u>14.6</u>	<u>16.1</u>

The cost of employing these staff was:

	2014	2013
	£	£
Salaries	434,873	411,433
Employer's National Insurance contributions	47,393	42,202
Employer's pension contributions	16,931	16,297
	<u>499,197</u>	<u>469,932</u>

The salaries of the Leadership Team, who were the highest paid employees, fell into the following bands:

	2014	2013
	Number	Number
£40,001 - £50,000	2	3
£60,001 - £70,000	1	0

The ratio between the highest and lowest paid employee during the year was 3.95. We strive to ensure this ratio remains less than 1:4.

Pension contributions of £5,240 (2013: £325) were paid to defined contribution pension schemes during the year in relation to the 1 employee who earned over £60,000 in the year.

5. Net incoming resources for the year

This is stated after charging:

	2014	2013
	£	£
Depreciation	4,897	4,578
Operating lease: office premises	48,375	48,502
Provision of corporation tax services by auditors	-	500
Governance costs:		
Trustees expenses: UK travel and subsistence	140	1,048
Trustees expenses: overseas travel and subsistence	-	595
Recruitment of trustees	-	346
Auditors remuneration: UK audit	8,189	8,070
	<u>8,329</u>	<u>10,059</u>

Expenses reimbursed to trustees represent travel costs for 2 trustees relating to attendance at their meetings (2013: 3). No trustee travelled overseas to represent the charity during the year (2013: 1). No trustees received remuneration during the year (2013: none).

The Toybox Charity

6. Tangible Fixed Assets

	Motor Vehicles	Furniture & Fittings	Equipment	Total
	£	£	£	£
<i>Cost</i>				
At 1 April 2013	7,150	30,688	33,414	71,252
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2014	7,150	30,688	33,414	71,252
<i>Depreciation</i>				
At 1 April 2013	7,149	15,600	29,142	51,891
Charge for the Year	-	3,069	1,828	4,897
Disposals	-	-	-	-
At 31 March 2014	7,149	18,669	30,970	56,788
<i>Net Book Value</i>				
At 31 March 2014	1	12,019	2,444	14,464
At 31 March 2013	1	15,088	4,272	19,361

The assets owned by the Charity are used for direct charitable purposes.

7. Income from Trading and Subsidiary Company

	2014	2013
	£	£
During the year trading activity by the charity comprised:	8,199	20,557

Toybox Crafts Limited is a wholly owned subsidiary of the Charity. During the year Toybox Crafts Limited did not trade. During the year application was made to Companies House to close Toybox Crafts Limited because it was no longer trading, nor was it likely to trade in the future. The Registrar subsequently confirmed that the company was dissolved on 6th May 2014. A summary of the financial statements for Toybox Crafts Ltd is as follows:

	2014	2013
	£	£
Turnover	-	-
Administrative expenditure	-	(537)
Retained loss for the financial year	-	(537)
Balance brought forward	1,861	17,398
Transferred to parent company	(1,861)	(15,000)
Balance carried forward	-	1,861
Current assets	-	1,863
Share capital	-	2
Reserves	-	1,861
Total funds	-	1,863

8. Debtors

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	1,670	1,870	1,670	1,870
Gift Aid recoverable	14,070	17,409	14,070	17,409
Prepayments	26,013	33,501	26,013	33,501
Amounts due from subsidiary	-	-	-	335
Other debtors	6,390	576	6,390	576
	<u>48,143</u>	<u>53,356</u>	<u>48,143</u>	<u>53,691</u>

9. Creditors: amounts falling due within one year

	Group		Charity	
	2014	2013	2014	2013
	£	£	£	£
Taxation and social security	10,477	12,230	10,477	12,230
Accruals and other creditors	86,654	151,060	86,654	151,060
Constructive obligation to partners	214,000	168,000	214,000	168,000
	<u>311,131</u>	<u>331,290</u>	<u>311,131</u>	<u>331,290</u>

Toybox is the sole beneficiary to an estate which is valued at £109,811. At the year end, £33,069 of this legacy has been received and is included in the above figures. However, the Department of Work and Pensions have made a claim on the estate, the extent of which currently cannot be quantified with any certainty. The Department of Work and Pensions have indicated that this matter could take up to 14 months to resolve.

10. Unrestricted Funds

	Balance at 1 April 2013	Incoming Resources	Resources Expended	Transfers In / (Out)	Balance at 31 March 2014
	£	£	£	£	£
General Fund	506,511	760,125	(814,816)	(150,000)	301,820
Designated Fund:					
International development	-	-	-	150,000	150,000
	<u>506,511</u>	<u>760,125</u>	<u>(814,816)</u>	<u>-</u>	<u>451,820</u>

The Trustees have designated £150,000 of the unrestricted reserves to be used for the development of international work.

The Toybox Charity

11. Restricted Funds

	Balance at 1 April 2013	Incoming Resources	Outgoing Resources	Transfers In / (Out)	Balance at 31 March 2014
	£	£	£	£	£
<i>Red Alert Networks</i>					
Guatemala	54,848	137,480	117,172	-	75,156
Bolivia	-	212,758	252,810	40,052	-
El Salvador	20,014	86,234	103,615	-	2,633
Nicaragua	37,347	110,575	89,961	-	57,961
<i>Other Projects</i>					
Guatemala: Fostering	34,069	-	27,663	-	6,406
Guatemala: Birth Registration	-	55,966	10,789	-	45,177
El Salvador: Street Child World Cup	-	19,318	20,594	1,276	-
Latin America	12,482	150,995	122,149	(41,328)	-
<i>Peru - Comic Relief</i>	3,954	105,040	518	-	108,476
	162,714	878,366	745,271	-	295,809

- Red Alert Networks are a model of working with street children in a city-wide strategy.
- Funds have been received from Comic Relief to improve the physical, mental and social health of street-involved children in Lima, Peru.
- Jersey Overseas Aid Committee has funded projects in Nicaragua and Guatemala, including the innovative Birth Registration project in Guatemala City.
- Toybox funded a team of girls from El Salvador to attend the Street Child World Cup held in Brazil in March 2014
- Latin America project costs include funds for specific or more general project work.
- Transfers were made from income received for work in Latin America to cover shortfalls in funding for projects in Bolivia and the Street Child World Cup.

12. Analysis of Net Assets Between Funds

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible Fixed Assets	14,464	-	-	14,464
Current Assets	598,487	150,000	295,809	1,044,296
Current Liabilities	(311,131)	-	-	(311,131)
Total	301,820	150,000	295,809	747,629

13. Operating Lease

The Charity had annual commitments under a non-cancellable operating lease for its current office property as at 31 March 2014 which expires as follows:

	2014	2013
	£	£
Lease expiring:		
Between one and five years	-	42,406
Over five years	45,668	-

14. Pension Scheme

The Charity operates a defined contribution stakeholder pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the Charity. At 31 March 2014 there were no outstanding contributions (2013: nil).

15. Control

During this financial year and the previous financial year the Charity and trading subsidiary were under the control of the Trustees of the Charity, who are also its directors and members of the company. The charitable company is limited by guarantee and has no share capital. The liability of each member of the company in the event of winding up is limited to £10. The total number of guarantees at 31 March 2014 was 6 (2013: 8).

16. Commitments

At 31 March 2014 there were commitments to buy 740,000 US Dollars in foreign exchange forward contracts (2013: nil). These commitments were made in order to reduce the risk that the charity faces should the value of the GB pound decline against the US dollar over the next 12 months.

17. Contingencies

The Trustees have confirmed that there were no contingent liabilities which need to be disclosed (2013: nil).