

THE TOYBOX CHARITY

ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2015

Charity Number 1084243

The Toybox Charity

Year Ended 31 March 2015

Contents	Page
Our Charitable Objectives and Activities	1
Financial Review.....	7
Our Structure, Governance and Management	9
Reference and Administrative Details	11
Independent Auditors' Report to the Members of The Toybox Charity	12
Statement of Financial Activities	14
Balance Sheet as at 31 March 2015.....	15
Notes to the Accounts.....	16

Report of the Trustees of the Toybox Charity for the year ended 31 March 2015

Our Charitable Objectives and Activities

Toybox is a UK Christian 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 – to do the right thing, to speak the truth against injustice and to be unafraid to try new ideas.

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.

The Toybox Charity

Why we exist - real life stories of impact and transformation

Our work is divided into 3 categories:

1. Preventing children from becoming street connected
 2. Intervening to support children who are living on the street
 3. Supporting children and families if and when children can return home or to residential care
- Below are some real stories from each category.

Prevention

Elena* is in the 8th grade at school. She is a sociable girl who loves basketball – “If I’m near the basket court, I play basketball; I like to spend time with my classmates I like to spend time with smaller children and play with them. I have a 5 year old niece and I love to play with her.” Elena, who was abused by her father, lives with her mum and older sister who is 16 and, despite her precarious start to life, she has ambitions to be a secretary after high school and then to go on to university to study psychology or social work.

Elena has struggled with anger and says that the support she has received from Toybox through the Child Ambassador Scheme (a regular giving scheme) has made a real difference: “I got very excited when I heard I was going to be an ambassador, they held elections with the other children and they elected me. Because of the scheme I’ve met people I never thought I’d meet, I have changed my temperament, I was not like this. I was angry a lot and I didn’t like children. I used to be very rebellious and I didn’t help my mum, I just used to watch T.V. Now I read and I see what I can do to help. Being a child ambassador has changed my life because it has helped me so much and because of all the friends I’ve made.”

Elena now has great hopes for her future; “I want to study psychology because I don’t want girls and teenagers to face what I faced. It’s very hard to know that your dad abuses you, that’s horrible and I don’t want any child to go through that. I have been attending the project for 7 years, it has changed my life”.

Intervention

Sarah, Toybox’s Programme Officer, visited our outreach work in Zone 4, one of the most dangerous parts of Guatemala City. “When we arrive, Wendi and Antonio, the outreach workers, explain the day’s activity to the street children we meet - some were enthusiastic while others ruffled their hair and said ‘not me!’ Soon sachets of shampoo were opened and the group began to wash their hair - some of them had lice which we removed using lice combs.

Of course, this activity is not just about the physical well-being of these young people, it is an entry point. The team check in with the young people, respond to any immediate needs and identify referrals that can be made to other agencies. They also identify new arrivals and begin to help them. One young mother commented that she feels rejected on the streets by people who shout abuse at her, but that she feels respected by the outreach team because they treat her like a human being.

This weekly encounter gives these street children respect, kindness and concern - a reprieve from the desperation of their daily lives. That day I watched these young people change - they held their shoulders a little higher, checked their hair out in the wing mirrors of parked cars and laughed together. It is a powerful combination of receiving respect and beginning to respect themselves.”

Restoration

Many of Guatemala’s estimated 15,000 children who live and work on the streets are orphans; others have simply been abandoned by families who do not have the resources to care for them. According to the Joint Council on International Children’s Services (JCICS) ‘a child was abandoned in Guatemala City every four days in the last year; most of them were babies’.

The Toybox Charity

One of these children was Christopher.* Christopher was just four months old when he was abandoned by his mother on the streets of Guatemala City. Fortunately, he was rescued by the local authorities, however he was severely malnourished and in desperate need of immediate medical care. Because of his young age and the horrific situation he had been through, placing him into institutional care would have been even more traumatising. But until last year, in Guatemala an alternative didn't even exist.

However in 2013, alongside our local partner Viva Guatemala, Toybox worked with the government to pioneer a unique and innovative fostering programme for orphaned and abandoned children in Guatemala City - Casa Vida. Casa Vida challenged the 'simple solution' of institutional care and instead connected some of the world's most vulnerable children with loving foster families. With the help of local churches and faith communities, prospective families were identified and supported through extensive training to ensure they were prepared and able to provide the best care possible. Throughout the fostering process, work was done in partnership with the social services to either reunite children with their biological families or find them a suitable permanent adoptive family.

Through the work of the Casa Vida programme, Christopher was found a loving home with the Gonzales* family and he is now growing into a healthy and playful little boy. His foster mother says, *"He was very thin when he arrived, he barely moved. It's been very satisfying seeing him develop and he's now in the process of adoption. I felt awful about all that Christopher has been through, but now I'm just so happy that he will never have to go through all of that again."*

*the names have been changed to protect their identity

Inspired by these stories of hope and transformation in individual children's lives 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 which will be fuelled by an increase in income. Both our impact and income growth will be achieved through becoming the most innovative street connected charity in the UK.

Why we work with partners

At Toybox we believe that local organisations are best placed to find the most appropriate solutions to remove and prevent children from becoming street connected. Locally-led development increases the effectiveness, legitimacy and cost effectiveness of our engagement with street connected children. Toybox has significant experience, skills and resources which can help build impactful partnerships, and in addition we support monitoring and training activities while enabling capacity building. This joint working helps our partners to respond more effectively and efficiently whilst growing as an organisation in their own right.

This year we supported the following partners and projects:

Country	City	Partner	Project	Project Focus & Activities
Guatemala	Guatemala City	Viva	EE Guatemala City	Prevention & Outreach
			Casa Vida	Fostering
		Conacmi	I Exist	Birth Registration
			El Castillo Children	Restoration
Nicaragua	Managua	Viva	Santa Faz	Education
			EE Managua	Prevention
El Salvador	San Salvador	Viva	EE El Salvador	Prevention & Outreach
			Night Shelter	Outreach
			Street Child World Cup	Restoration
Peru	Lima	Agape	Agape	Prevention and Health
Bolivia	La Paz	Alalay	Alalay Village	Restoration
	Cochabamba	Viva	Cochabamba	Prevention & Outreach
	Cochabamba		Cochabamba Refuge	Restoration
	Oruro		Oruro	Prevention & Outreach

Reviewing this year

What we said we would do and did we achieve it?

We had a year where income continued to be challenging and we were constantly testing new ideas to ensure we met our commitments to the street children we are working alongside. We measured our achievements and effectiveness this year within the following three main streams of our organisational strategy.

1. Innovation

We said that we would:

Start working with a partner in either Africa or Asia by the end of the financial year.

Did we?

Nearly - we started working in India on 1 June 2015, and plan to start a project in Kenya by 30 September 2015.

We said that we would:

Develop our Design Monitoring and Evaluation (DME) systems and accountability approach.

Did we?

This work continues as planned into the next financial year, good progress has been made this year and we should complete the DME system and the Toybox Accountability Approach by 31 March 2016.

We said that we would:

Implement 2 prototype projects in our international programmes. Our innovation process has three stages: prototype, pilot and mainstream.

Did we?

Yes we did – we supported the development of a new night shelter in El Salvador that has brought together a number of partners to work together in a different way. We also saw the implementation of our prototype birth registration project, and this project will be extended into a pilot project, impacting hundreds of children.

We said that we would:

Dedicate 10% of all Toybox team members' time to off line innovation

Did we?

No – we are still embedding the practical outworking of what it is to be a constantly innovative culture. However over this year the team has learnt and is implementing a variety of tools and techniques which will help in our innovation, and we have several innovation ideas which are at the prototype stage.

We said that we would:

Implement at least 30 incremental improvements in our processes and procedures to ensure improved productivity.

Did we?

Yes – we achieved more than 30.

The Toybox Charity

We said that we would:

Design and test 3 new marketing and fundraising products.

Did we?

Yes – we designed and tested: an alternative fundraising pack for Halloween; a Christmas social media campaign (which won the Highly Commended Award from MemCom in May 2015) and approached donors new to Toybox with an appeal at Christmas.

2. Impact

We said that we would:

Work with at least 6 partners across Guatemala, El Salvador, Bolivia, Peru and Nicaragua.

Did we?

Yes – we worked with 7 partners in these countries.

We said that we would:

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.

Did we?

Yes - we supported 14 projects in 5 countries across the spectrum of prevention, outreach and restoration.

We said that we would:

Develop a project portfolio that includes education, health care, street outreach work, fostering care and birth registration amongst others.

Did we?

Yes we did, the location of those projects can be seen in the list of partners and projects above.

We said that we would:

Continue to reach over 10,000 children across the 5 countries where we have partners.

Did we?

Yes – we worked with 15,568 children across the 5 countries.

We said that we would:

Commission and complete a full HR review of all policies and procedures by 31 December 2014.

Did we?

No – the review is still ongoing and will be completed by 30 September 2015.

We said that we would:

Ensure that staff turnover is less than 25% for the year.

Did we?

Yes - during the year our staff turnover was 9.5%, this is lower than 14% for the previous year.

The Toybox Charity

We said that we would:

Re-design and re-launch the Toybox brand throughout the entire organisation by 31 December 2014.

Did we?

Yes - a full re-design and re-launch were completed within budget and to the deadline. Toybox was the winner in the MemCom Brand Development Category in May 2015.

We said that we would:

Re-develop and re-launch the website by 30 September 2014.

Did we?

Yes - a full re-design and re-launch were completed within budget and to the deadline.

3. Income

We said that we would:

Raise over £1.8 million in voluntary income.

Did we?

No - our income for the year was £1.66 million.

We said that we would:

Increase regular giving income by 3%.

Did we?

No - this year we saw a 5% decrease in income from regular giving, although we did see a marked increase in income from the Easter and Christmas appeals.

We said that we would:

Ensure our fundraising ratio remains below 8% for the full financial year.

Did we?

Yes! Our fundraising ratio for the year was 5.7 %. This ratio shows the money which is spent to generate the next pound, and is calculated by comparing direct, non-staff fundraising expenditure with voluntary income.

We said that we would:

Develop quarterly forecasting models for up to 2 years, thereby improving our management information

Did we?

Yes - our budgeting models have continued to be developed and we now have quarterly budgets for the next 2 financial years. All budgets are reviewed quarterly and updated when required.

Ambitions for the next year

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

Impact

- We will be supporting street children in 3 continents by 31 March 2016
- We will reach over 15,000 children
- We will be working with 7 partners by the end of the financial year
- The number of unrestricted reserve days will be no more than 90 days (3 months)
- Staff turnover will be less than 12% over the year
- We will invest in training, aiming to spend the equivalent of 1.5% of salaries on training
- Complete a full review of our HR policies and procedures by 30 September 2015
- Review our 5 year strategic plan and adjust as appropriate
- Design and implement new tools for tracking impact, including the Toybox Accountability Framework

Income

- Growth in total income of 4.9%
- Regular giving income will increase by more than 1%
- Growth in institutional income of more than 25%
- Growth in philanthropic income of more than 12%
- Fundraising ratio of less than 8%

Innovation

- Design and test a new regular giving product
- 6 new prototype projects in place
- 3 pilot projects operating
- Upgrade our accounting systems to Advanced Exchequer
- Complete a full review of our IT systems

Financial Review

Income

Income this year increased by 1.4% compared to the previous year, voluntary income increased during the year to £1,643,238 from £1,623,314, an increase of £19,924. Total income of £1,661,005 was higher than £1,638,491 in the previous year due mainly to a legacy received of £97,800.

The income from regular giving decreased this year: Best Friends income decreased by £4,053 (1%) and income from Child Ambassadors decreased by £45,518 (7%).

Grants received decreased slightly this year to £193,605 from £200,913.

Income from trading decreased again this year due to a decision made to discontinue the selling of Christmas cards. Investment income remained the same this year at just under £7,000 and there was a currency gain of £8,872 from advantageous purchasing of US dollars.

We strive to use our resources for generating income in the most cost effective and productive way possible. Our fundraising activities are limited to: event fundraising, radio advertising, online advertising and Direct Mail activities, including sourcing cold lists. In addition we send appeals and use telemarketing campaigns to engage with our current supporters.

The Toybox Charity

Expenditure

The total resources expended during the year were £1,438,456 (2014: £1,560,087). Charitable expenditure decreased this year by £148,163, due to changes in the timing to remit funds to our overseas partners. We send to partners the budgeted amount just before the start of each quarter to assist them with their cash flow and to enable the planned projects to take place. This has resulted in a prepayment of grants at the year end, and a corresponding reduction in the constructive obligation to partners. This adjustment in constructive obligation has resulted in reducing charitable expenditure by £184,250 this year.

Therefore, charitable expenditure comprised 80.4% of total expenditure. Expenditure continues to be closely controlled and efficiency and effective 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 2015.

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.

In March 2014 the Trustees designated £150,000 of the unrestricted reserves to be for the development of overseas work with partners. During the year £12,020 was used for evaluation of new partners. The remaining funds of £137,980 are carried forward for use in the next 2-3 years.

At 31 March 2015 general unrestricted reserves, excluding fixed assets but including the adding back of £29,750 treated as a constructive liability, was £618,517 and equivalent to 4.0 months expenditure (2014: £501,266 or 3.2 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.

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

Toybox Crafts Limited, which was a wholly owned subsidiary of the charity, was dissolved on 6 May 2014; due to no longer being required.

Auditors

A resolution will be proposed at the September 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:

Mr D Lowbridge	Chair of Trustees
Mr JR Eke	Treasurer
Ms J Watson	
Mrs J Hytner	Appointed 22 September 2014
Mr S Shrouder	Appointed 23 February 2015
Ms N Battle	Appointed 18 May 2015
Mrs NA Adlam	Resigned 22 September 2014
Mr M Jennings	Resigned 24 November 2014
Mrs J York	Resigned 23 February 2015

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 all the governing documents, annual report, strategic plan, core documents and other supporting papers. Each new Trustee has a full induction programme and 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.

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 an organisational risk report.

The Toybox Charity

Leadership Team

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.

The salaries of executive teams in the third sector are constantly under scrutiny. At Toybox we strive to employ dedicated professionals whilst ensuring a pay structure which is fair, equitable and reflects the mission and values of the organisation. For this financial year, the ratio between the highest paid employee and the median FTE salary was 2.4:1; our aim is to keep this ratio below 3:1. We do not want a situation where the leadership team are paid vastly different from the other team members; the salary bands for the leadership team are shown in note 4 of the accounts.

Salaries are reviewed annually and a salary increase will normally be applied on 1st April each year. This adjustment will be based on the cost of living increase over the last 12 months, and will give consideration to the Consumer Price Index movement for the previous year to 31st December.

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 Trustee meetings. Outcomes of these discussions feed into the strategic and operations plans.

During the year the principal risks that were identified included:

<i>Risk</i>	<i>Strategy for managing this risk</i>
Board capacity	Recruitment of new trustees
Political and economic uncertainty	Constant monitoring and evaluation
Falling value of GB pound against the US dollar	Purchasing of forward contracts
Regular giving income	Good communication to our supporters

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 of the incoming resources and

The Toybox Charity

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 judgements 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 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 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.

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.

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, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL
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

Approved by the Board of Trustees on 21 September 2015 and signed on its behalf by

Mr D Lowbridge, Chair of Trustees
Date: 21 September 2015

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 2015 which comprise the statement of financial activities, balance sheet 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 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 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 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.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, 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.

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.

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 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. 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 charitable company's affairs as at 31 March 2015 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
- Have been prepared in accordance with the requirements of the Companies Act 2006

The Toybox Charity

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees 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 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
- The financial statements are not in agreement with the accounting records and returns
- Certain disclosures of trustees' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit
- 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

Jonathan Orchard (Senior statutory auditor)

25 September 2015

for and on behalf of Sayer Vincent LLP, Statutory Auditors

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of Financial Activities

(incorporating and income and expenditure account)

Year Ended 31 March 2015

	Notes	Unrestricted Funds £	Restricted Funds £	2015 Total £	2014 Total £
Incoming Resources					
<i>Voluntary income</i>	2	1,294,282	348,956	1,643,238	1,623,314
<i>Income from trading activity</i>		873	-	873	8,199
<i>Investment income</i>		6,723	-	6,723	6,978
<i>Other income</i>		10,171	-	10,171	-
Total incoming resources		<u>1,312,049</u>	<u>348,956</u>	<u>1,661,005</u>	<u>1,638,491</u>
Resources Expended					
<i>Costs of Generating Funds</i>	3				
Costs of generating voluntary income		247,586	23,204	270,790	233,173
Costs of trading activity		137	-	137	14,088
<i>Charitable activities</i>	3	760,281	396,054	1,156,335	1,304,498
<i>Governance costs</i>	3	11,194	-	11,194	8,328
Total resources expended		<u>1,019,198</u>	<u>419,258</u>	<u>1,438,456</u>	<u>1,560,087</u>
Net movement in funds	5	292,851	(70,302)	222,549	78,404
Funds at 1 April		451,820	295,809	747,629	669,225
Funds at 31 March		<u>744,671</u>	<u>225,507</u>	<u>970,178</u>	<u>747,629</u>

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 16 to 22 form part of these accounts

Balance Sheet as at 31 March 2015

	Notes	2015 £	2014 £
Fixed Assets			
Tangible assets	6	<u>17,924</u>	<u>14,464</u>
Current Assets			
Stock		-	90
Debtors	7	192,274	48,143
Short term deposits		729,068	681,348
Cash at bank		<u>125,795</u>	<u>314,715</u>
		<u>1,047,137</u>	<u>1,044,296</u>
Creditors: amounts falling due within one year	8	(94,883)	(311,131)
Net Current Assets		<u>952,254</u>	<u>733,165</u>
Net Assets		<u>970,178</u>	<u>747,629</u>
Funds			
Unrestricted:			
General	9	606,691	301,820
Designated	9	137,980	150,000
Restricted	10	225,507	295,809
Total Funds		<u>970,178</u>	<u>747,629</u>

The accounts were approved by the Board of Trustees on 21 September 2015 and were signed on their behalf by:

Mr David Lowbridge
Chair of Trustees

The notes on pages 16 to 22 form part of these accounts

Notes to the 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) Cash Flow Statement

The charity 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 company.

c) 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 attributable income was received and is included in donations with the original gift.

d) Resources Expended

Expenditure is accounted for on an accruals basis, inclusive of VAT.

Overseas grant payments are recognised when a constructive obligation has arisen which results in the payment being unavoidable. Grants to partners may be remitted before the start of the period to which they relate in order to assist partners with their cash flow, and accordingly have been treated as a prepayment at the year end. Should the grant conditions not be met, the payment could be refundable.

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.

e) 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.

f) Volunteer services and Gifts in Kind

No amounts are included in the accounts for services donated by volunteers. The charity has not received any gifts in kind during the year.

g) Depreciation

All fixed assets acquired for 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
Equipment	25% per annum straight line

1. Accounting Policies (continued)h) Stocks

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

i) 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 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.

j) 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.

k) 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.

l) Tax Status

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

m) 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.

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.

2. Voluntary Income

	2015	2014
	£	£
Regular Giving: Child Ambassadors	587,230	632,748
Best Friends	311,408	315,461
Grants received	193,605	200,913
Trusts	63,450	74,571
Legacies	98,505	3,499
Other donations	389,040	396,122
Total voluntary income	<u>1,643,238</u>	<u>1,623,314</u>

3. Resources Expended

	Grants	People Resources	Pro-motion	Support & Other	Total 2015	Total 2014
	£	£	£	£	£	£
Guatemala	203,647	90,492	-	33,717	327,856	240,331
Bolivia	246,150	109,379	-	40,755	396,284	336,208
Peru	45,504	20,220	-	7,534	73,258	15,637
El Salvador	89,026	39,559	-	14,740	143,325	165,184
Nicaragua	72,416	32,179	-	11,990	116,585	119,638
Monitoring & Evaluation	14,208	6,313	-	2,352	22,873	23,551
Constructive Obligation	(184,250)	-	-	-	(184,250)	46,000
Regional Management	-	-	-	-	-	68,796
Advocacy & Awareness	-	153,376	68,744	38,284	260,404	289,153
Total Charitable Expenditure	<u>486,701</u>	<u>451,518</u>	<u>68,744</u>	<u>149,372</u>	<u>1,156,335</u>	<u>1,304,498</u>
Fundraising	-	152,279	82,612	35,899	270,790	233,173
Trading	-	-	-	137	137	14,088
Total Cost of Generating Funds	<u>-</u>	<u>152,279</u>	<u>82,612</u>	<u>36,036</u>	<u>270,927</u>	<u>247,261</u>
Governance (note 5)	-	-	-	11,194	11,194	8,328
Total Expenditure	<u>486,701</u>	<u>603,797</u>	<u>151,356</u>	<u>196,602</u>	<u>1,438,456</u>	<u>1,560,087</u>
2014	<u>663,899</u>	<u>521,430</u>	<u>176,046</u>	<u>198,712</u>		

The grants were made to our partner organisations in Latin America to implement programmes with street children. Our partner organisations during the year included Viva, Conacmi, Agape and Alalay.

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.

The Constructive Obligation previously recognised the liability of the charity to honour its grant commitments to partner for 3 months. Since grants to overseas partners have are now usually paid just before the beginning of the quarter to which they relate, the constructive obligation is much reduced.

4. Employees and Staff Costs

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

	2015	2014
	No	No
Overseas	5.1	3.9
Advocacy & Awareness	3.5	4.2
Fundraising	3.3	2.8
Support	4.2	3.7
	<u>16.1</u>	<u>14.6</u>

The cost of employing these staff was:

	2015	2014
	£	£
Salaries	514,150	434,873
Social security costs	53,017	47,393
Employer's pension contributions	18,387	16,931
	<u>585,554</u>	<u>499,197</u>

The average number of contracted employees throughout the year, calculated on a numbers basis, was:

	2015	2014
	No	No
Overseas	5.7	4.6
Advocacy & Awareness	3.8	4.7
Fundraising	3.4	3.2
Support	4.7	4.2
	<u>17.6</u>	<u>16.7</u>

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

	2015	2014
	Number	Number
£40,001 - £50,000	2	2
£50,001 - £60,000	1	0
£60,001 - £70,000	1	1

The ratio between the highest paid employee and the median FTE salary was 2.4

Pension contributions of £5,359 (2014: £5,240) 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:

	2015	2014
	£	£
Depreciation	6,498	4,897
Operating lease: office premises	<u>50,484</u>	<u>48,375</u>
Governance costs:		
Trustees expenses: UK travel and subsistence	537	140
Trustees recruitment and training	817	-
Auditors remuneration: UK audit	<u>9,840</u>	<u>8,189</u>
	<u>11,194</u>	<u>8,329</u>

Expenses reimbursed to trustees represent travel costs for 3 trustees relating to attendance at their meetings (2014: 2). No trustee travelled overseas to represent the charity during the year and no trustees received remuneration during the year (2014: none).

6. Tangible Fixed Assets

	Motor Vehicles	Furniture & Fittings	Equipment	Total
	£	£	£	£
<i>Cost</i>				
At 1 April 2014	7,150	30,688	33,414	71,252
Additions	-	-	9,959	9,959
Disposals	(1)	-	-	(1)
At 31 March 2015	<u>7,149</u>	<u>30,688</u>	<u>43,373</u>	<u>81,210</u>
<i>Depreciation</i>				
At 1 April 2014	7,149	18,669	30,970	56,788
Charge for the Year	-	3,069	3,429	6,498
Disposals	-	-	-	-
At 31 March 2015	<u>7,149</u>	<u>21,738</u>	<u>34,399</u>	<u>63,286</u>
<i>Net Book Value</i>				
At 31 March 2015	<u>-</u>	<u>8,950</u>	<u>8,974</u>	<u>17,924</u>
At 31 March 2014	<u>1</u>	<u>12,019</u>	<u>2,444</u>	<u>14,464</u>

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

7. Debtors

	2015	2014
	£	£
Trade debtors	-	1,670
Gift Aid recoverable	16,391	14,070
Prepayments	40,830	26,013
Grants to partners	134,144	4,863
Other debtors	909	1,527
	<u>192,274</u>	<u>48,143</u>

The grants to partners shown above were remittances which were made before the year end relating to planned expenditure for the period April to June 2015.

8. Creditors: amounts falling due within one year

	2015	2014
	£	£
Taxation and social security	10,130	10,477
Accruals and other creditors	55,003	86,654
Constructive obligation to partners	29,750	214,000
	<u>94,883</u>	<u>311,131</u>

Toybox was the sole beneficiary to an estate which was valued at £110,090. At 31 March 2014, £33,069 of this legacy had been received and is included in accruals and other creditors. The Department of Work and Pensions made a claim on the estate and determined that £12,290 was owed to them; this amount is included in other creditors above at 31 March 2015. The net income of £97,800 from the legacy has been recognised in this financial year.

9. Unrestricted Funds

	Balance at 1 April 2014	Incoming Resources	Resources Expended	Balance at 31 March 2015
	£	£	£	£
General Fund	301,820	1,312,049	(1,007,178)	606,691
Designated Fund: International Development	150,000	-	(12,020)	137,980
	<u>451,820</u>	<u>1,312,049</u>	<u>(1,019,198)</u>	<u>744,671</u>

10. Restricted Funds

	Balance at 1 April 2014	Restricted Income	Outgoing Resources	Balance at 31 March 2015
	£	£	£	£
Restricted Funds				
Guatemala				
Early Encounter	75,156	39,266	92,713	21,709
Fostering	6,406	23,731	30,137	-
Birth Registration	45,177	300	38,386	7,091
Conacmi	-	97,062	45,301	51,761
El Salvador				
Early Encounter	2,633	12,250	14,883	-
Street Child World Cup	-	4,373	4,373	-
JOAC funded	-	96,643	7,843	88,800
Nicaragua				
Early Encounter	57,961	-	57,961	-
Bolivia				
Early Encounter	-	41,136	41,136	-
Alalay	-	34,195	34,195	-
Peru				
Agape	108,476	-	52,330	56,146
	<u>295,809</u>	<u>348,956</u>	<u>419,258</u>	<u>225,507</u>

- Early Encounter 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 2 projects: in San Salvador to increase the safety of street children through provision of an overnight shelter and targeted services; and in Guatemala City to protect and provide a future for street connected children in Santa Faz.
- The innovative birth registration programme continues in Guatemala to provide children with a much needed proof of identity.
- Toybox funded a team of girls from El Salvador to attend the Street Child World Cup held in Brazil in March 2014
- In March 2014 the Trustees designated £150,000 of the unrestricted reserves to be used for the development of international work. During the year £12,020 was used for the evaluation of new partners. The remaining funds of £137,980 are carried forward for use in future years.

11. Analysis of Net Assets Between Funds

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible Fixed Assets	17,924	-	-	17,924
Current Assets	683,650	137,980	225,507	1,047,137
Current Liabilities	(94,883)	-	-	(94,883)
Total	<u>606,691</u>	<u>137,980</u>	<u>225,507</u>	<u>970,178</u>

12. Operating Lease

The charity had annual commitments under a non-cancellable operating lease for its current office property which expires as follows:

	2015	2014
	£	£
Lease expiring:		
Between one and five years	54,802	-
Over five years	-	<u>54,802</u>

13. 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 2015 there were no outstanding contributions (2014: nil).

14. Control

During this financial year and the previous financial year the charity was under the control of the Trustees, 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 2015 was 5 (2014: 6).

15. Commitments

At 31 March 2015 there were commitments to buy 600,000 US Dollars in foreign exchange forward contracts (2014: USD 740,000). 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.

16. Contingencies

The Trustees have confirmed that there were no contingent liabilities which need to be disclosed (2014: nil).