

Company number: 10551265
Charity number: 1178655

The Malala Fund UK

Report and financial statements
For the year ended 31 March 2019

The Malala Fund UK

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For the year ended 31 March 2019

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The Malala Fund UK

Reference and administrative information

For the year ended 31 March 2019

Company number 10551265
Country of incorporation United Kingdom

Charity number 1178655
Country of registration England and Wales

Registered office and operational address 138 Holborn, London, EC1N 2SW

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Akhter Mateen	Director	
Susan MaCaw	Director	
Fayeeza Naqvi	Director	(appointed 12 September 2019)
Mabel van Oranje	Director	(resigned 12 September 2019)
Malala Yousafzai	Director	(appointed 21 March 2019)

Key Management Personnel Farah Mohamed, CEO to 5 February 2019

Amanda Cosby, COO and Secretary / Interim Co-CEO, from 5 February 2019
Ami Thompson, Interim Co-CEO, from 5 February 2019

Bankers Citibank
Canada Square
Canary Wharf
LONDON
E14 5LB

Solicitors Bates Wells
10 Queen Street Place
LONDON
EC4R 1BE

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
LONDON
EC1Y 0TL

The Malala Fund UK

Trustees' annual report

For the year ended 31 March 2019

The trustees present their report and the audited financial statements for the year ended 31 March 2019.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Purposes, aims and objectives

Together with the Malala Fund U.S., the Malala Fund UK is working toward a world where every girl can choose her own future. Co-founded by Malala Yousafzai and her father Ziauddin, The Malala Fund began as a United States based organisation in early 2013 in response to a swell of public support following the October 2012 attack on Malala's life. Since then, Malala has become the movement leader for girls' education and her continued activism has built momentum for girls' education and equality around the world.

As stated in the Malala Fund UK's Articles of Association, the objectives of the charity are to promote education worldwide, particularly (but not limited to) secondary school age girls in the developing world denied education due to poverty, violence, discrimination or tradition.

Since incorporation in 2017 and registration as a public charity in England and Wales in June 2018, the Malala Fund UK has worked alongside the Malala Fund U.S. to support programmes that improve access to high-quality education in Afghanistan, Brazil, India, Lebanon, Nigeria, Turkey and Pakistan. The charity also directly advocates for the resources and policy changes needed to give all girls a secondary education – informing policy makers and the general public in the United Kingdom and elsewhere about the importance and benefits of education globally.

Throughout the year, the trustees of the Malala Fund UK review the aims, objectives and activities of the charity. This report looks at what the Malala Fund UK has achieved and the outcomes of its work during the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to the people it is set up to help. Regular reviews and the process of putting together this annual report help the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

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

Beneficiaries, activities and progress to date

The beneficiaries of the Malala Fund UK's work are the 130 million girls who are out of school globally and the millions more who are not receiving a quality education. To Malala Fund, a "quality" education means not just that children are retaining knowledge, but also that what they learn translates into a wider set of personal, social and developmental benefits. Two aspects of education quality particularly pertinent for girls are the relevance of education to their lives and aspirations, and the extent to which education is gender responsive so that girls are supported in pursuing their goals.

Specifically, the charity (along with the Malala Fund U.S.) engages in three overarching activities:

1. **Advocating to hold leaders accountable:** The charity advocates — at local, national and international levels — for resources and policy changes needed to give all girls a secondary education.
2. **Investing in local education activists:** Through its Education Champion Network (formerly the "Gulmakai Network" programme) the Malala Fund U.S. awards grants to local educators and advocates — the people who best understand girls in their communities — in regions where the most girls are missing out on secondary school. The Malala Fund UK supports these grantees through capacity building, advocacy support, networking opportunities and programme monitoring, evaluation and learning (MEL).
3. **Amplifying girls' voices:** The charity believes that girls should speak for themselves and tell leaders what they need to learn and achieve their potential. To this end, the charity amplifies girls' voices and shares their stories through Assembly, its digital publication and newsletter.

All of the Malala Fund UK's charitable activities focus on getting more girls into school and learning and are undertaken to further the charity's mission and to serve a public benefit. Specifics on the charity's activities and progress towards its objectives are provided below.

Advocacy work and victories

In 2014 and 2015, the Malala Fund U.S. played a vital role in securing a commitment to 12 years of free, safe, quality education in the Sustainable Development Goals (SDGs) and convincing the Global Partnership for Education (GPE), and its donors, to expand the organisation's mandate to upper secondary education. By embedding the 12 years commitment in the global education system, the charity laid a baseline for future work.

In 2018 and 2019, the Malala Fund UK and the Malala Fund U.S. played a leading role in bringing education to the top of world leaders' agendas. Malala Yousafzai's interventions with donor governments were decisive in securing \$2.3 billion for the largest GPE replenishment to date. In 2018, the Malala Fund UK was the only education organisation engaged in the Commonwealth, G7

and G20 Summits, all of which delivered political, policy or funding commitments, including \$2.9 billion for girls' education at the Charlevoix G7 Summit.

Supporting a network of local educators and activists

By the close of FY2018–2019, the Malala Fund U.S. had supported 40 local educators and advocates in seven developing countries with \$7.8 million (USD) in grants to their organisations, capacity building and networking opportunities. While the Malala Fund UK does not engage in direct grant-making, its staff do support grantee capacity building, advocacy, networking opportunities and programme monitoring, evaluation and learning (MEL).

Together, the Malala Fund U.S. and the Malala Fund UK are working to cultivate a network of education champions around the world who can pursue joint advocacy strategies, share innovative models for increasing access to quality education and learn from each other's work. Specifically, the Malala Fund UK has undertaken the following activities in support of this effort:

- Facilitating collective action within the network and increasing local advocates' ability to realise their agendas and impact.
- Supporting capacity building for advocates through in-person, online and individual training programmes.
- Raising the profile of individual education champions and providing access to decision-makers.

Youth activism and awareness raising

In recent years, the Malala Fund UK and the Malala Fund U.S. have developed a large, diverse and active supporter base of young people around the world (the majority of charity's 195,000 online supporters in the United Kingdom are between the ages 18 and 34). The charity's young audience positions it well to lead regional, national and global efforts on girls' education. Young followers are often the first to take action online and share the Malala Fund's campaigns, giving more visibility to the activists and girls the charity supports. On Assembly, the Malala Fund's digital publication and newsletter, girls have the opportunity to share their stories — and to discover ideas and inspiration from their peers around the world. When young supporters finish school and enter university or the workforce, many continue to support the charity's mission, having formed a connection with Malala Fund in their early years. Led by Malala Yousafzai's example, the charity encourages and cultivates young people to create change for girls' education on a global scale.

Plans for the future

The Malala Fund UK and the Malala Fund U.S. have shared, ambitious plans for the next five years. Building on lessons learned, the charity's work will focus on encouraging governmental provision of more funding for education and on special campaigns to change social norms that deny girls' potential. The charity will also focus efforts on promoting quality education that prepares young women to shape the world around them.

In terms of investments, the Malala Fund U.S. intends to grow its grant-making portfolio over the next five years – expanding its Education Champion network from seven countries to 17. At the same time, the organisation plans to launch new programmes to partner with state / provincial governments in three targeted geographies (India, Nigeria and Pakistan) and to support girls' training and movement building around education advocacy.

While the Malala Fund UK does not plan to engage in direct grant-making for the foreseeable future, its staff will continue to support grantees of the Malala Fund U.S. Specifically, staff of the Malala Fund UK will develop and refine programmatic approaches to benefit both the U.K. and U.S. entities. Staff of the U.K. charity will also work with Malala Fund U.S. grantees to produce a joint advocacy agenda for every country where the Malala Fund U.S. invests grant funding. Staff of the Malala Fund UK will also oversee and evaluate overall programme process, monitoring, evaluation and learning (MEL). They will also engage in education research and awareness raising efforts to benefit audiences in the U.K. and globally.

Commitment to accountability

The Malala Fund UK holds leaders accountable for their commitments to girls — and the charity holds itself to the same standards. Though still a new organisation, the charity is currently developing monitoring evaluation and learning (MEL) frameworks to measure its longer-term work and has already taken steps to assess impact, apply findings to future programming and share results. Critical accountability steps to be taken by both the Malala Fund UK and the Malala Fund U.S. in the coming years will include the following:

- Evaluating the success of the charity's activities through an impact framework, which, once finalised, will include detailed theories of change, measures of success and impact / outcome level indicators for the charity's objectives.
- Developing monitoring, evaluation and learning (MEL) frameworks for each area of the charity's work, which will collect data to inform the charity's impact framework.
- Investing in organisational MEL capacity by creating dedicated systems, building staff and partners' skills and using innovative tools and technologies.
- Creating an organisational learning system for staff, partners and programme participants to review internal monitoring and data results, and to adjust programmes accordingly.

- Commissioning independent external evaluations on key programmes, policy and advocacy initiatives.
- Sharing impact and lessons with external and internal stakeholders.

The charity's future impact framework will monitor and measure progress in three key areas:

- **Changes in institutional structures:** Girls in selected provinces or states in India, Nigeria and Pakistan will benefit from better-funded, higher-quality education through the adoption and implementation of sub-national girls' education improvement plans and effective cross-sector partnerships for education reform, providing a model for scaling up efforts across each country.
- **Changes in attitudes, behaviour and practices:** More girls in developing countries will benefit from primary and secondary education as education funding and policy decisions better reflect their local experience. Twelve years of education for all girls becomes a social expectation as local advocates address norms that suppress ambition for girls. Global, national and local leaders are held accountable for their efforts on girls' education by an active network of advocates that continues to push for progress for girls.
- **Changes in agency:** More girls in the United Kingdom and globally are speaking out on issues affecting their education and decision-makers hear their voices. Young women help to shape attitudes and agendas, accelerating change. Around the world, girls feel connected to the global movement for girls' education and more able to have an impact on challenges they face.

Financial review

Per the Malala Fund UK's FY2018–2019 financial statements, total expenditures for the period were £912,258, against £923,398 in net revenue (and £86,730 in in-kind contributions). In its first year of operations as a registered charity, the Malala Fund UK was almost completely funded by a grant from its sole member, the Malala Fund U.S.

During the course of the financial year, the Malala Fund U.S. transferred U.S. board-approved disbursements to cover operational costs as needed, with limited carry-over balances from month to month. All operational costs for the Malala Fund UK were in alignment with the annual budget independently approved by its trustees.

At the close of the Malala Fund UK's financial year, on 31 March 2019, the charity reported £70,499 in funds carried forward. In accordance with the standing inter-company cooperation agreement between the Malala Fund U.S. and the Malala Fund UK, the U.S. entity will continue to financially support the operations of the U.K. until the time that the U.K. entity becomes self-sustaining. For this reason, a modest carry-over balance at the close of the financial year is not cause for concern.

Principal risks and uncertainties

Even prior to registration as a charity in 2018, the Malala Fund UK has taken steps to identify and mitigate risks whenever possible. In early 2019, the charity began to develop a formal risk register and risk management policy, which necessitates review of all risks by the CEO and a special committee at least bi-annually and a review of select, key risks by the full board at least annually.

Organisational risks identified by the Malala Fund UK are categorised as follows:

- **Management and government risks**, including failure to make an impact as a result of strategic approach, loss of board members or key staff, and failures in policies, procedures and systems.
- **Public perception**, including reputational risks and the risk of losing supporters.
- **Programmes and operational risks** including economic or political turmoil, potential negative impact of Brexit on staffing and fundraising and a potential incident involving a staff member or programme participant.
- **Financial**, including failure to raise funds in the future or an act of theft or abuse of funds.
- **Security risks**, including acts of terrorism or a cyber breach involving donor or partner data.

All identified risks are rated based on probability and severity of impact. In each area, the charity is taking critical steps to mitigate risk, including significant investments in a robust due diligence process for vendors, staff and other partners, child safeguarding measures and guidance and support from security experts.

Reserves policy

Given the Malala Fund UK's status as a newer charity and its modest financial activity during FY2018–2019 (relative to the financial activity of its nearly exclusive funding source for the period, the Malala Fund U.S.), the charity does not yet have a reserves policy. In the future, the charity will likely establish such a policy, particularly as it begins to scale up fundraising in the United Kingdom. Once established, the policy may be similar to the reserves policy of the Malala Fund U.S., which mandates holding at least six-months of operating expenses in a board-managed investment account at all times. Per the inter-company cooperation agreement between the Malala Fund UK and the entity in the U.S., in event of a revenue shortfall, the U.S. entity is prepared to provide any payment and other resources to cover the Malala Fund UK's contractual obligations in accordance with annual budgets or as approved in writing by the boards of the two entities, utilising U.S. reserve funds or other sources. At the end of the year the Malala Fund UK had free reserves (defined as unrestricted funds excluding fixed assets) of £70,499.

Fundraising

The Malala Fund UK did not engage in any significant, solicited fundraising efforts during FY2018–2019, its first year as a registered charity. Nearly 100% of the charity's £923,398 in net revenue for its first year arrived in the form of a grant from the Malala Fund U.S., in alignment with the inter-company cooperation agreement between the two entities to support a shared mission. In addition, the Malala Fund U.S. also provided £86,730 in in-kind contributions to support the new charity. While a portion of the CEO's salary was allocated to fundraising, no fundraising-specific staff were employed by the Malala Fund UK during FY2018–2019. The charity did not employ professional fundraisers and it received no complaints.

Structure, governance and management

Trustees of the Malala Fund UK are recruited and retained based on their talents and ability to add significant value in the following areas: 1) Leadership in strategy and planning; 2) Administrative governance; 3) Fundraising; and 4) Support and advocacy.

By a simple majority vote, the trustees of the Malala Fund UK may appoint new trustees as they deem beneficial. The Malala Fund UK's sole member, the Malala Fund U.S., may also appoint trustees, as was the case at the time of the Malala Fund UK's initial establishment. All trustees give their time voluntarily and receive no benefits from the charity.

In terms of trustee induction, key trustee documents are provided to all new trustee. In the near future the charity plans to develop a formal training and induction process for trustees.

Governance activities of the Malala Fund UK's trustees include the following:

- Approval of the Articles of Association, board policies and amendments thereof.
- Approval of the annual budget and top-line organisational strategy.
- Establishment of committees and committee charters.
- Oversight of the Malala Fund UK's organisational and financial sustainability.
- Evaluation of major areas of risk via regular discussion.
- Ensuring that the Malala Fund UK is legally and financially compliant with the intentions of its donors and its status as a charity in England and Wales.
- Appointing a Chair, new trustees and officers.
- Hiring and setting the CEO's compensation rate.
- Conducting regular performance reviews on the CEO, remediating concerns if necessary.
- Providing general support to the CEO and other senior leadership.

The Malala Fund UK's CEO is authorised to make decisions relating to office expansion, staff changes, major campaigns, employee policies and security or reputational concerns, but in all of these cases must first consult with the trustees. The CEO is also responsible for day-to-day management and decision-making for the charity and implementation of trustee-approved strategic plans. They are supported by an Executive Leadership Team comprised of two senior

The Malala Fund UK

Trustees' annual report

For the year ended 31 March 2019

department heads who are employees of the Malala Fund UK and three senior department heads employed by the Malala Fund in the U.S.

The trustees of the Malala Fund UK during FY2018–2019 are provided on page 1 of this report.

The charity's Chief Executive Officer, and executor of the trustee's direction and day-to-date manager of the organisation, was Farah Mohamed. Amanda Cosby served as Board Secretary, charged with documenting all trustee materials and decisions. Beginning on 5 February 2019, Amanda Cosby and Ami Thompson served as Interim Co-CEOs following Farah Mohamed's resignation.

The organisation is a charitable company limited by guarantee, incorporated on 6 January 2017 and registered as a charity on 5 June 2018. The company was established under a memorandum of association, which established the objects and powers of the charitable company and is governed under its articles of association.

Related parties and relationships with other organisations

The sole member of the charity is the Malala Fund (U.S.), a registered not-for-profit United States 501(c)(3) charitable organisation. While the two organisations are independent entities, they do cooperate around a shared mission in service to the same beneficiaries. Given the U.S. entity is the sole member of the U.K. entity, the Malala Fund UK is a trading subsidiary of the Malala Fund (U.S.).

Remuneration policy for key management personnel

The Malala Fund UK maintains a shared policy with the Malala Fund U.S. for determining the compensation level of the charity's CEO. Under the policy, the trustees set the salary level for the CEO and in doing so must rely on comparability data that demonstrates the reasonableness of the proposed CEO compensation. For example, when setting compensation, the trustees must secure data that documents compensation levels paid by similarly situated organisations for functionally comparable positions.

The compensation levels for all other staff of the Malala Fund UK is authorised by the charity's CEO. The salary levels of the charity are based on comparability data sourced by the charity's operations and human resources staff.

Statement of responsibilities of the trustees

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

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

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The sole member of the charity, The Malala Fund guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

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

The Malala Fund UK

Trustees' annual report

For the year ended 31 March 2019

The trustees' annual report has been approved by the trustees on 17 March 2020 and signed on their behalf by:

Akhter Mateen
Chair, Board of Trustees
The Malala Fund UK

Independent auditor's report

To the members of

The Malala Fund UK

Opinion

We have audited the financial statements of The Malala Fund UK (the 'charitable company') for the year ended 31 March 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express

Independent auditor's report

To the members of

The Malala Fund UK

any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

To the members of

The Malala Fund UK

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

To the members of

The Malala Fund UK

Use of our report

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

Noelia Serrano (Senior statutory auditor)

17 March 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

The Malala Fund UK

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

For the year ended 31 March 2019

	Note	12 months to 2019 Total £	15 months to 2018 Total £
Income from:			
Donations and legacies	2	1,010,128	535,952
Total income		1,010,128	535,952
Expenditure on:			
Raising funds	3a	75,576	37,374
Charitable activities	3a	923,412	439,219
Total expenditure		998,988	476,593
Net income for the year	4	11,140	59,359
Reconciliation of funds:			
Total funds brought forward		59,359	-
Total funds carried forward		70,499	59,359

All income received is unrestricted.

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

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Balance sheet

Company no. 10551265

As at 31 March 2019

	Note	£	2019 £	£	2018 £
Current assets:					
Cash and cash equivalents		105,231		60,454	
Debtors	9	20,344		19,461	
		<u>125,575</u>		<u>79,915</u>	
Liabilities:					
Creditors: amounts falling due within one year	10	(55,076)		(20,556)	
		<u>(55,076)</u>		<u>(20,556)</u>	
Total net current assets and total net assets			70,499		59,359
			<u><u>70,499</u></u>		<u><u>59,359</u></u>
The funds of the charity:					
Unrestricted funds		70,499		59,359	
		<u>70,499</u>		<u>59,359</u>	
Total unrestricted funds			70,499		59,359
			<u><u>70,499</u></u>		<u><u>59,359</u></u>
Total charity funds			70,499		59,359
			<u><u>70,499</u></u>		<u><u>59,359</u></u>

Approved by the trustees on 17 March 2020 and signed on their behalf by

Akhter Mateen
Chair, Board of Trustees

The Malala Fund UK

Statement of cash flows

For the year ended 31 March 2019

	Note	2019 £	£	2018 £	£
Net income for the reporting period (as per the statement of financial activities)		11,140		59,359	
Increase in debtors		(882)		(19,461)	
Increase in creditors		34,519		20,556	
Net cash provided by operating activities		44,777		60,454	
Change in cash and cash equivalents in the year		44,777		60,454	
Cash and cash equivalents at the beginning of the year		60,454		-	
Cash and cash equivalents at the end of the year	a	105,231		60,454	
Analysis of cash and cash equivalents and of net debt					
	At 31 March 2018	Cash flows	Other non- cash changes	At 31 March 2019	
	£	£	£	£	
Cash at bank and in hand	60,454	44,777	-	105,231	
Total cash and cash equivalents	60,454	44,777	-	105,231	

1 Accounting policies

a) Statutory information

The Malala Fund UK is a charitable company limited by guarantee and is incorporated in the United Kingdom.

The registered office address and principal place of business is 138 Holborn, London, EC1N 2SW.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (March 2018) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees have not made any key judgements that have a significant effect on the accounts.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1 Accounting policies (continued)

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

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

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on direct costs incurred, of the amount attributable to each activity

- | | |
|--------------------------|-------|
| ● Costs of raising funds | 7.6% |
| ● Charitable activities | 92.4% |

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.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

m) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1 Accounting policies (continued)

o) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

p) Pensions

The charity operates a defined contribution pension scheme with Royal London. Employer contributions of 9% are charged to the statement of financial activities for the period to which they relate. The company has no liability under the scheme other than payments of these contributions.

2 Income from donations and legacies

	12 months to 2019 Total £	15 months to 2018 Total £
General donations	922,402	435,732
Individual donations	996	–
Donated services	86,730	100,220
	1,010,128	535,952

All income received is unrestricted income.

The Malala Fund UK

Notes to the financial statements

For the year ended 31 March 2019

3a Analysis of expenditure (current year)

	Charitable activities				12 months to 31 March 2019 £	15 months to 31 March 2018 £
	Raising funds £	Programmes and advocacy £	Support costs £	Governance costs £		
Staff costs (Note 5)	49,954	576,281	74,499	-	700,734	333,254
Bank fees	-	-	1,566	-	1,566	781
Insurance	-	-	7,295	-	7,295	3,589
Professional services	-	9,600	10,560	8,400	28,560	-
Travel	1,374	19,503	720	-	21,597	10,846
Occupancy	8,589	121,852	4,501	-	134,942	21,739
Communications	-	-	2,187	-	2,187	939
Office expenses	-	-	2,172	-	2,172	226
Honorariums	-	1,981	-	-	1,981	-
Meetings and events	-	1,070	-	-	1,070	76
Donated services	-	1,790	84,940	-	86,730	100,220
Foreign exchange	-	-	10,154	-	10,154	4,923
	59,917	732,077	198,594	8,400	998,988	476,593
Support costs	15,024	183,570	(198,594)	-	-	-
Governance costs	635	7,765	-	(8,400)	-	-
Total expenditure 2019	75,576	923,412	-	-	998,988	
Total expenditure 2018	37,374	439,219	-	-		476,593

The Malala Fund UK

Notes to the financial statements

For the year ended 31 March 2019

3b Analysis of expenditure (prior year)

	<u>Charitable activities</u>				15 months to 31 March 2018 £
	Raising funds £	Programmes and advocacy £	Support costs £	Governance costs £	
Staff costs (Note 5)	23,757	274,067	35,430	-	333,254
Bank fees	-	-	781	-	781
Insurance	-	-	3,589	-	3,589
Travel	690	9,794	362	-	10,846
Occupancy	1,384	19,630	725	-	21,739
Communications	-	-	939	-	939
Office expenses	-	-	226	-	226
Donated services	-	-	100,220	-	100,220
Meetings and events	-	76	-	-	76
Foreign exchange	-	-	4,923	-	4,923
	<u>25,831</u>	<u>303,567</u>	<u>147,195</u>	<u>-</u>	<u>476,593</u>
Support costs	11,543	135,652	(147,195)	-	-
Total expenditure 2018	<u>37,374</u>	<u>439,219</u>	<u>-</u>	<u>-</u>	<u>476,593</u>

4 Net income for the year before foreign exchange losses

This is stated after charging:

	2019 £	2018 £
Auditor's remuneration (excluding VAT):		
Audit	7,000	–
Other services	1,000	–
Foreign exchange losses	10,154	4,923
	<u>10,154</u>	<u>4,923</u>

5 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	12 months to 31 March 2019 £	12 months to 31 March 2019 £
Salaries and wages	574,233	281,590
Redundancy and termination costs	26,244	–
Social security costs	66,368	30,084
Employer's FICA taxes	422	–
Employer's contribution to defined contribution pension schemes	32,203	19,541
Other forms of employee benefits:		
Life and ADD insurance	1,264	400
Other benefits	–	1,640
	<u>700,734</u>	<u>333,254</u>

The redundancy and termination costs included a PILON to the former CEO in March 2019 in the amount of £25,811. All termination costs were settled and paid at the balance sheet date.

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
£60,000 – £69,999	–	–
£70,000 – £79,999	2	–
£80,000 – £89,999	–	–
£90,000 – £99,999	–	–
£180,000–£189,999	1	–
	<u>1</u>	<u>–</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £220,905 (2018: £91,921).

Farah Mohamed, CEO, was a full-time employee of Malala Fund U.K. She oversaw global operations of both the Malala Fund UK and the Malala Fund U.S. and was compensated at a level commensurate with the scale this responsibility.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses in the year were nil (2018: nil).

6 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 10 (2018: 6).

Staff are split across the activities of the charity as follows:

	2019 No.	2018 No.
Programmes & advocacy	7.5	3.0
Support	2.5	1.0
	10.0	4.0
	10.0	4.0

7 Related party transactions

The Malala Fund, the parent charity of Malala Fund UK, directly paid the costs of salaries and rental costs in the year totalling £922,402 (2018: £435,732). In addition it provided in kind support totalling £86,730 (2018: 100,220). This is recognised as income in the accounts.

Total unrestricted donations from trustees and senior management totalled £1,000 (2018: nil).

8 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

9 Debtors

	2019 £	2018 £
Trade debtors	1	–
Other debtors – We Work deposit	18,960	18,960
Prepayments	1,383	501
	20,344	19,461
	20,344	19,461

10 Creditors: amounts falling due within one year

	2019 £	2018 £
Taxation and social security	39,601	15,414
Other creditors	5,875	5,142
Accruals	9,600	–
	55,076	20,556
	55,076	20,556

11 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of the sole member, The Malala Fund, in the event of winding up is limited to £1.

12 Ultimate controlling party

The company's ultimate parent undertaking and controlling party is The Malala Fund, a Section 501©(3) charitable corporation incorporated in the State of Delaware, U.S.A.