

Company number: 10551265
Charity number: 1178655

The Malala Fund UK

Report and financial statements

For the year ended 31 March 2020

The Malala Fund UK

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For the year ended 31 March 2020

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Reference and administrative information

For the year ended 31 March 2020

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 Suzanne Ehlers, CEO (from 1 February 2020)

Amanda Cosby, Interim Co-CEO (to 31 January 2020)
Ami Thompson, Interim Co-CEO (to 31 January 2020)

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 trustees present their report and the audited financial statements for the year ended 31 March 2020.

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 registered organisation in early 2013 in response to a swell of public support following the 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 objects 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 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, Ethiopia, India, Lebanon, Nigeria, Turkey and Pakistan. The charity also 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 against its charitable objectives during the reporting period. Regular reviews and the process of putting together this annual report help the trustees ensure the charity's aims, objectives and activities remain focused on its stated purposes.

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

People served, activities and progress to date

The Malala Fund UK works to support change in the lives of the nearly 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 2018-2019, 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.

Following Malala's visit to Japan in 2019, the Osaka G20 reaffirmed its commitment to invest in education for all at its Summit in June. Malala Fund advocacy helped secure the 'G20 Initiative on Human Capital Investment' which focuses on ensuring that every child can go to school and learn. Later in the year, Malala met with French President Macron as part of a strategy to increase G7 aid to education in the Sahel and launch an initiative to support gender responsive education sector planning (GRESA). At the August Biarritz Summit, the UK government announced a £90 million commitment to the Education Cannot Wait Fund, one third of it to be earmarked for the Sahel.

As a result of advocacy by Malala Fund Champions in India in 2019, the National Congress Party (the second largest political party in India) included girls' education commitments in their election manifesto. Following advocacy by Malala Fund and its Education Network Champions in Nigeria, in 2019 the Nigerian Senate passed an amendment to the Universal Basic Education Act extending the right to education to all children up to the age of 18 and increasing federal funding for basic education. Malala Fund and its partners continue to advocate for the amendment to be passed in the Nigerian House.

Supporting a network of local educators and activists

By the close of FY2019-2020, the Malala Fund U.S. had supported 62 local educators and advocates in eight Global South countries with \$12.8 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 the charity's 270,000 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. 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 ambitions for the coming 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 eight 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 benefitting both the Malala Fund UK and the Malala Fund U.S. Staff of the 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). Staff of the Malala Fund UK will also engage in education research and awareness raising efforts to benefit audiences in the U.K. and globally.

In response to the 2020 COVID-19 global pandemic, the Malala Fund made several strategic changes to its advocacy and grant-making approaches, which are expected to continue well into 2021 and beyond. By mid-2020, at the time of this report's writing, Malala Fund had initiated multiple actions in response to the pandemic. In April 2020 the organisation released a research report on the impacts of COVID-19 on education, which found that approximately 20 million secondary school age girls are unlikely to ever return to classrooms as a result of the pandemic. This research sparked the development of Malala Fund's COVID-19 Response Framework, which entails the following through special advocacy campaigns and grant-making to local organisations in six Global South countries: 1) Respond to the immediate needs of girls displaced from in-person learning in the near-term; 2) Help ensure that countries have clear plans to assist girls returning to school as part of national recovery in the medium-term; and 3) Work with partners and governments around education resiliency in the longer-term, building on lessons learned from the pandemic.

Commitment to accountability

The Malala Fund UK holds leaders accountable for their commitments to girls — and the charity holds itself to the same standards. In 2019 the organisation hired its first, full-time monitoring evaluation and learning (MEL) employee and in early 2020 procured a third-party assessment of its Education Champion Network programme. In the past year, the organisation began developing frameworks to measure its longer-term work and took significant 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. for 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 FY2019-2020 financial statements, total expenditures for the period were £904,732, against £1,090,089 in net revenue (and £94,492 in in-kind contributions). In its second 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 2020, the charity reported £350,349 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 UK until the time that the UK entity becomes self-sustaining. For this reason, FY2019-2020's 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 took steps to identify and mitigate risks where possible. In early 2020, the charity finalised 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. 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, safeguarding measures for children and at-risk adults and guidance and support from security experts.

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, the negative impact of COVID-19 on programmatic implementation and oversight 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.

Impact of COVID-19

Beginning in early 2020, the near and likely longer-term impacts of COVID-19 presented additional and significant organisational risks. By the close of FY2019-2020, the global pandemic rendered most international, national and even local travel unfeasible. This has in turn impacted Malala Fund's ability, albeit temporarily, to conduct some meetings, advocacy events and training, when digital alternatives are not possible. The organisation has also had to shift its approach to some of its MEL work, relying more heavily on in-country expertise and stakeholder interviews over video versus in-person site visit reports from visiting staff and third-party evaluators.

However, while the Malala Fund's approach to work has changed during the pandemic, its ultimate objectives and five-year goals are expected to remain constant. For the foreseeable future, the Malala Fund U.S. is confident in its ability to fundraise at a level that fulfils all existing commitments, including to its staff, grantees and to the Malala Fund UK, while also fuelling programmatic expansion. The financial health of the organisation is due in large part to the consistency of funding from several well-established institutional funders giving at the multi-year level as well as steps taken by organisational leadership to cut expected spending by approximately 15% in FY2020-2021.

Reserves policy

Given the Malala Fund UK's status as a newer charity and its modest financial activity during FY2019-2020 (relative to the financial activity of its nearly exclusive funding source for the period, the Malala Fund U.S.), the charity does not have a reserves policy yet. The charity will establish such a policy in 2020/21, particularly as it begins to scale up fundraising in the United Kingdom.

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 cover 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 £350,349.

Fundraising

The Malala Fund UK did not engage in any significant, solicited fundraising efforts during FY2019-2020, its second year as registered charity. Approximately 93% of the charity's £1,090,089 in net revenue for FY2019-2020 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 the charity with

£94,492 in in-kind contributions to support the newer charity. While a portion of the CEO salary was allocated to fundraising, no fundraising-specific staff were employed by the Malala Fund UK during FY2019-2020. The charity did not employ professional fundraisers and it received no complaints.

Structure, governance and management

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.

Trustees of the Malala Fund UK are recruited and retained based on their talents and ability to add significant value in some or all of the following areas: 1) Subject matter expertise on global (girls') education, with an understanding of the constituencies the Malala Fund serves; 2) Core business experience in advocacy, grant-making, operational programming, etc.; 3) Innovative, strategic communications experience; and 4) Board governance experience and experience in organisational management, particularly in the charity sector.

As a matter of formal vote, the trustees of the Malala Fund UK may appoint new board members 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 trustees, including a detailed overview of trustee roles, responsibilities and expectations. Induction for new trustees includes a handover of key documents and a series of weekly meetings with individual departments covering topics such as organisational history, key programmatic priorities, fundraising plans and financial health and planning.

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.
- The handling of Serious Incident Reports (SIRs) to the Charity Commission and whistleblower complaints, in the event that they arise.
- Providing general support to the CEO and other senior leadership.

The Malala Fund UK

Trustees' annual report

For the year ended 31 March 2020

The Malala Fund UK's CEO (a shared employee with The Malala Fund U.S.) 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 composed of two senior department heads who are employees of the Malala Fund UK and three senior department heads employed by the Malala Fund in the U.S.

For most of FY2019-2020, the Malala Fund U.S. and the Malala Fund UK were led by Amanda Cosby and Ami Thompson, who served as Interim Co-CEOs following the January 2019 departure of Malala Fund's past, permanent CEO. In February 2020, the U.S. and U.K. boards appointed Suzanne Ehlers as the new, permanent CEO of both entities.

The trustees of the Malala Fund UK conducted two formal, in-person meetings in FY2019-2020, in September 2019 and March 2020, with all trustees present. Most trustees were also present as observers during three additional board calls of the Malala Fund US's board of directors during the same financial year.

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 are 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 guarantees 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 2020

The trustees' annual report has been approved by the trustees on 6 October 2020 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Akhter Mateen', written in a cursive style.

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 2020 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 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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

Independent auditor's report

To the members of

The Malala Fund UK

information and, except to the extent otherwise explicitly stated in our report, we do not express 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

Independent auditor's report

To the members of

The Malala Fund UK

trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Independent auditor's report

To the members of

The Malala Fund UK

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.

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)

19 October 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 2020

	Note	2020 Total £	2019 Total £
Income from:			
Donations and legacies	2	<u>1,184,581</u>	<u>1,010,128</u>
Total income		<u>1,184,581</u>	<u>1,010,128</u>
Expenditure on:			
Raising funds	3a	<u>16,120</u>	<u>75,576</u>
Charitable activities	3a	<u>888,611</u>	<u>923,411</u>
Total expenditure		<u>904,732</u>	<u>998,987</u>
Net income for the year	4	279,849	11,141
Reconciliation of funds:			
Total funds brought forward		<u>70,500</u>	<u>59,359</u>
Total funds carried forward		<u>350,349</u>	<u>70,500</u>

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.

The Malala Fund UK

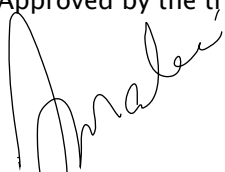
Balance sheet

Company no. 10551265

As at 31 March 2020

	Note	£	2020 £	£	2019 restated £
Current assets:					
Debtors	9	69,549		96,168	
Cash and cash equivalents		332,943		29,407	
		<u>402,492</u>		<u>125,575</u>	
Liabilities:					
Creditors: amounts falling due within one year	10	(52,143)		(55,076)	
Total net current assets and total net assets			<u><u>350,349</u></u>		<u><u>70,500</u></u>
The funds of the charity:			<u> </u>		<u> </u>
Total charity funds – general unrestricted funds			<u><u>350,349</u></u>		<u><u>70,500</u></u>

Approved by the trustees on 6 October 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 2020

	Note	2020 £	£	2019 £	£
Net income for the reporting period (as per the statement of financial activities)		279,849		11,140	
Increase / (decrease) in debtors		26,619		(76,706)	
(Increase) / decrease in creditors		(2,933)		34,519	
Net cash provided by operating activities		303,536		(31,047)	
Change in cash and cash equivalents in the year		303,536		(31,047)	
Cash and cash equivalents at the beginning of the year		29,407		60,454	
Cash and cash equivalents at the end of the year	a	332,943		29,407	
Analysis of cash and cash equivalents and of net debt					
		At 1 April 2019 £	Cash flows £	Other non- cash changes £	At 31 March 2020 £
Cash at bank and in hand		29,407	303,536	-	332,943
Total cash and cash equivalents		29,407	303,536	-	332,943

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) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) 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) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,173 (\$1,500). Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|----------------------|---------|
| ● Computer equipment | 3 years |
| ● Computer software | 5 years |
| ● Office equipment | 5 years |

m) 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.

n) 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.

1 Accounting policies (continued)

o) 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.

p) 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.

q) 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

	2020 Total £	2019 Total £
General donations	1,042,080	922,402
Individual donations	42,921	996
Gift Aid	5,088	–
Donated services	94,492	86,730
	<u>1,184,581</u>	<u>1,010,128</u>

All income received is unrestricted income.

The Malala Fund UK

Notes to the financial statements

For the year ended 31 March 2020

3a Analysis of expenditure (current year)

	<u>Charitable activities</u>					
	Raising funds	Programmes and	Support costs	Governance	Total	2019
	£	advocacy	£	costs	£	(restated)
		£		£		£
Staff costs (Note 5)	3,514	560,270	84,221	-	648,005	725,983
Staff training	-	-	5,398	-	5,398	-
Bank fees	-	-	1,901	-	1,901	1,566
Insurance	-	-	10,403	-	10,403	7,295
Professional services	-	26,500	29,149	8,400	64,049	88,250
Travel	-	-	-	-	-	21,597
Occupancy	-	146,488	16,753	-	163,241	134,942
Communications	-	-	-	-	-	2,187
Office expenses	-	-	8,116	-	8,116	3,962
Honorariums	-	2,087	-	-	2,087	1,981
Meetings and events	-	-	-	-	-	1,070
Loss on foreign exchange	-	-	1,532	-	1,532	10,154
	<u>3,514</u>	<u>735,345</u>	<u>157,473</u>	<u>8,400</u>	<u>904,732</u>	<u>998,987</u>
Support costs	11,968	145,505	(157,473)	-	-	-
Governance costs	638	7,762	-	(8,400)	-	-
Total expenditure 2020	<u>16,120</u>	<u>888,611</u>	<u>-</u>	<u>-</u>	<u>904,732</u>	
Total expenditure 2019	<u>75,576</u>	<u>923,411</u>	<u>-</u>	<u>-</u>		<u>998,987</u>

The Malala Fund UK

Notes to the financial statements

For the year ended 31 March 2020

3b Analysis of expenditure (prior year) – restated

	<u>Charitable activities</u>				
	Raising funds £	Programmes and advocacy £	Support costs £	Governance costs £	2019 £
Staff costs (Note 5)	50,833	580,676	94,474	–	725,983
Bank fees	–	–	1,566	–	1,566
Insurance	–	–	7,295	–	7,295
Professional services	–	38,024	41,826	8,400	88,250
Travel	1,374	19,503	720	–	21,597
Occupancy	8,589	121,852	4,501	–	134,942
Communications	–	–	2,187	–	2,187
Office expenses	–	–	3,962	–	3,962
Honorariums	–	1,981	–	–	1,981
Meetings and events	–	1,070	–	–	1,070
Foreign exchange	–	–	10,154	–	10,154
	<u>60,796</u>	<u>763,106</u>	<u>166,685</u>	<u>8,400</u>	<u>998,987</u>
Support costs	14,145	152,540	(166,685)	–	–
Governance costs	635	7,765	–	(8,400)	–
Total expenditure 2019	<u>75,576</u>	<u>923,411</u>	<u>–</u>	<u>–</u>	<u>998,987</u>

4 Net income for the year before foreign exchange losses

This is stated after charging:

	2020	2019
	£	£
Auditor's remuneration (excluding VAT):		
Audit	7,000	7,000
Other services	1,300	1,000
Foreign exchange losses	1,532	10,154
	<u>1,532</u>	<u>10,154</u>

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

Staff costs were as follows:

	2020	2019
	£	£
Salaries and wages	549,774	599,482
Redundancy and termination costs	–	26,244
Social security costs	54,866	66,368
Employer's FICA taxes	–	422
Employer's contribution to defined contribution pension schemes	42,729	32,203
Other forms of employee benefits:		
Life and ADD insurance	636	1,264
	<u>648,005</u>	<u>725,983</u>

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

	2020	2019
	No.	No.
£60,000 – £69,999	2	–
£70,000 – £79,999	–	2
£100,000 – £109,999	1	–
£180,000–£189,999	–	1
	<u>–</u>	<u>1</u>

The total employee benefits (including pension contributions and employer's social security) of the key management personnel were £17,735 (2019: £220,905). In 2018/19 100% of the cost of employing the CEO was disclosed, including a PILON payment. In the current year, the CEO's salary and benefits were paid by Malala Fund USA and so only a proportion has been allocated to Malala Fund UK, in line with the staff time spent on Malala Fund UK work.

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

Trustees' expenses in the year were nil (2019: £nil).

The Malala Fund UK

Notes to the financial statements

For the year ended 31 March 2020

6 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 8.8 (2019: 10).

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

	2020 No.	2019 No.
Programmes & advocacy	7.8	7.5
Raising funds	0.2	–
Support	3.0	2.5
	<u>11.0</u>	<u>10.0</u>

Average head count is based on the number of staff working for Malala Fund UK each month. The figure includes 3 staff employed by Malala Fund US for the months where a portion of the cost of their employment has been allocated to Malala Fund UK. A portion of the CEO's time has been allocated to fundraising activities.

7 Related party transactions

The Malala Fund, the parent charity of Malala Fund UK, funded the costs of salaries and rental costs in the year totalling £1,042,080 (2019: £922,402). In addition it provided in kind support totalling £94,492 (2019: 86,730). This is recognised as income in the accounts.

There were no donations from trustees or senior management in the year (2019: £1,000).

8 Taxation

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

9 Debtors

	2020 £	2019 restated £
Trade debtors	–	1
Other debtors – We Work deposit	25,500	18,960
Other debtors – funds held on behalf of Malala Fund UK	42,458	75,824
Prepayments	1,591	1,383
	<u>69,549</u>	<u>96,168</u>

10 Creditors: amounts falling due within one year

	2020	2019
	£	£
Taxation and social security	27,857	39,601
Other creditors	9,526	5,875
Accruals	14,760	9,600
	<u>52,143</u>	<u>55,076</u>

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.