



Girls  
Friendly  
Society  
in England  
and Wales

**Annual Report and  
Financial Statements**

30 September 2020

Company Limited by Guarantee  
Registration Number  
3172713 (England and Wales)

Charity Registration Number  
1054310

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## Reference and administrative details of the charity, its trustees and advisers

<b>Trustees</b>	Ms I Vidal (Chair) Mrs C Charlesworth (Wales President) (resigned 5 December 2020) Ms E Dickinson Ms D Farrow (resigned 28 March 2020) Mrs M Hughes (Vice Chair) Ms L Massey (appointed 5 December 2020) Ms C Osborne Ms S Schibli (Treasurer) (resigned 30 August 2020) Ms R Turton (appointed 30 March 2020) Mrs M Winks (England President) Miss P Winks Ms M Young (Treasurer) (appointed 30 August 2020)
<b>Chief Executive</b>	Ms L Sercombe (appointed January 2020)
<b>Registered office and head office</b>	Unit 12, Angel Gate 326 City Road London EC1V 2PT
<b>Company registration number</b>	3172713 (England and Wales)
<b>Charity registration number</b>	1054310
<b>Website</b>	<a href="http://www.girlsfriendlysociety.org.uk">www.girlsfriendlysociety.org.uk</a>
<b>Facebook</b>	<a href="http://www.facebook.com/girlsfriendlysocietyuk">www.facebook.com/girlsfriendlysocietyuk</a>
<b>Twitter</b>	<a href="http://www.twitter.com/gfsenglandwales">www.twitter.com/gfsenglandwales</a>
<b>Instagram</b>	<a href="http://www.instagram.com/girlsfriendlysociety/">www.instagram.com/girlsfriendlysociety/</a>
<b>LinkedIn</b>	<a href="http://www.linkedin.com/company/girls-friendly-society-in-england-and-wales">www.linkedin.com/company/girls-friendly-society-in-england-and-wales</a>

## Reference and administrative details of the charity, its trustees and advisers

<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Solicitors</b>	Bates Wells & Braithwaite London LLP 2-6 Cannon Street London EC4M 6YH
<b>Custodians</b>	Schroders & Co Limited (to November 2020) 1 London Wall Place London EC2Y 5AU
<b>Principal investment managers</b>	Schroders & Co Limited (to November 2020) 1 London Wall Place London EC2Y 5AU  Rathbone Investment Management (from November 2020) 8 Finsbury Circus Finsbury London EC2M 7AZ
<b>Principal bankers</b>	Barclays Bank plc 1 Churchill Place London E14 5HP

The Girls Friendly Society in England and Wales (GFS) has a long and rich history of renewal and innovation. In its 145 years, our charity has seen six British monarchs, two world wars and the introduction of modern technology to the home and workplace. And yet, even our great organisation has been challenged in the last 12 months, by the debilitating effects of the coronavirus pandemic.

This is the greatest challenge we have faced – nationally and globally – in a generation, and it has tested humanity's capacity to collaborate, communicate and care for each other as never before. These values are ones which have fuelled our movement for many years, and the individual and collective endeavours of GFS women and girls has been heartening to see. From the unstoppable volunteers delivering care packages to girls isolated at home, to the inspiring staff members rapidly changing plans to accommodate online sessions. From the dedicated trustees and committee members who devoted extra time to support the running of the charity to our fearless girls and young women who led with ideas to keep us connected. This is the true spirit of GFS and a legacy that Mary Townsend would be proud of.

Despite the disruption, as a team, GFS achieved and delivered in a number of strategic areas:

- ◆ We focused on reforming and strengthening our culture, revising our policies to ensure a safe environment and creating more space for learning and collaboration across the organisation.
- ◆ We opened new groups physically and virtually, introduced new programmes and sessions, and provided our girls with extra support during these challenging times.
- ◆ We continued to work towards building a sustainable future for the charity, with a growth in fundraised income despite the difficult environment and a supported plan to release a portion of our permanent endowment to ensure that the charity continues for future generations.

As ever, all of this could not have been achieved without the love, commitment and support of our incredible girls, staff, volunteers and supporters. We will continue to build on the strong and inspiring roots of our movement, to develop a safe haven for girls and young women across England and Wales where they can learn more about themselves and the world, make new friends and importantly, have fun.



Iana Vidal

Chair

**Chair's report** 30 September 2020

## **Trustees' report** 30 September 2020

The trustees of Girls Friendly Society in England and Wales (GFS) present the Trustees' Report and Financial Statements for the year ended 30 September 2020.

This report has been prepared in accordance with Part VI of the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 33 to 39 of the attached financial statements and comply with the charitable company's memorandum and articles of association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

### **OBJECTS, ACTIVITIES AND PUBLIC BENEFIT**

#### **Objects**

GFS is established for the public benefit and for general charitable purposes according to the laws of England and Wales and in particular, but not exclusively, to advance education and any other charitable purpose for the benefit of women and girls. The charity works with women and girls of all religious faiths and of none.

#### **Public benefit aims**

The trustees have referred to the Charity Commission's guidance on public benefit when reviewing the charity's aims and activities for the year and the organisational plans for future periods.

#### **Our approach**

Our vision is a world where all girls and young women fulfil their potential.

Our mission is to provide opportunities for girls and young women to develop their confidence, self-esteem, wellbeing and resilience to enable them to fulfil their potential.

Our values: we endeavour to engage every girl, young woman, parent, volunteer and member of staff with the following principles of behaviour:

- |            |              |
|------------|--------------|
| ♦ Kindness | ♦ Respect    |
| ♦ Humility | ♦ Empathy    |
| ♦ Trust    | ♦ Compassion |

**OBJECTS, ACTIVITIES AND PUBLIC BENEFIT** (continued)

**The need**

In 2020, there were a number of key pieces of research launched including that of Plan International UK who released *The State of Girls' Rights in the UK, 2020* which identified that:

- ◆ Girls do not feel safe in public;
- ◆ 2 in 3 girls aged 14-21 have been sexually harassed in public;
- ◆ Mental health issues amongst girls are rising and they don't feel this is being taken seriously; and
- ◆ Where a girl lives affects her experiences and opportunities.

In addition, The Fawcett Society shared its Unlimited Potential Report on the effect of gender stereotypes on young children. Some of their key findings remind us all why the work of GFS remains so important:

- ◆ 36% girls aged 7-10 say they are made to feel their looks are their most important attribute;
- ◆ 66% of people think people treat girls and boys differently because of their gender; and
- ◆ 56% of primary school teachers had one session or less on challenging gender stereotypes during their teacher training and 44% haven't had any since.

Research such as this remains vital to ensure our work is evidence based but, alongside such research, it is also so very helpful to hear from individuals such as Alicia in Bishop Auckland who wrote to say:

*'Can I just say that it has honestly made me so happy that an organisation like GFS exists? I would have loved to have been part of something like this when I was younger! There is so much pressure on women at any age but especially as young adults to look, perform, speak and act a certain way, and without guidance from an organisation like yourselves they will get their guidance from Instagram. And that's not a world I want to see. Girls at any age should be standing up strong and working for what they believe in and your charity gives them a voice and keeps them safe! I'm only 25 so it wasn't so long ago I felt the pressures as a teenager! Thank you for helping our future women! '*

**What we do**

It is well known that girls and young women start to lose confidence at key times in their development. GFS is there to support them through these difficult transitions by providing opportunities for them to come together in a safe environment that is designed to inspire and empower. The GFS role models offer this while girls have fun, make friends and develop their understanding about themselves and the world around them to enable them to go on to achieve their personal vision and live as confident, independent women.



## OBJECTS, ACTIVITIES AND PUBLIC BENEFIT (continued)

We developed our programme in consultation with the groups and informed by the issues girls and young women face today, and current academic thinking in youth development. Our small staff team and national network of more than 200 trained volunteers deliver a gender-specific programme of activities, services and support to girls and young women aged between 5 - 25 in a safe, single gender, non-judgmental environment throughout England and Wales designed to:

- ♦ Build self-esteem, wellbeing and resilience;
- ♦ Create support networks and foster friendship; and
- ♦ Develop healthy life coping and decision-making skills.

Our groups meet weekly for one to two hours. A typical session will start with check-in and circle time where girls discuss their week and any plans for future sessions. This is followed by one or two activities selected from the themes below. Sessions end with reflection time.

### GFS Programme Framework

<b>Self-esteem</b>	<i>"I feel good about myself"</i>	<b>Happy to Be Me</b> "I like myself and am aware of issues affecting girls and young women like me"	<b>Issues</b>	issues affecting girls and young women
		<b>My Community</b> "I feel a sense of belonging and connection to people and places"	<b>Relationships</b>	relating to others
			<b>Volunteer</b>	making a contribution to society
			<b>Trips Out</b>	personal development
<b>Wellbeing</b>	<i>"I am happy and healthy"</i>	<b>Be Creative</b> "I can express myself and have interests and talents"	<b>Arts and Crafts</b>	creativity and self-expression
		<b>Get Active</b> "I enjoy feeling healthy and positive"	<b>Music and Drama</b>	development through performance
			<b>Physical</b>	being active, fit and healthy
<b>Resilience</b>	<i>"I can deal with problems"</i>	<b>Have Fun</b> "I have fun, take risks and like working in a team"	<b>Games</b>	social and emotional skills
		<b>Skills for Life</b> "I know how to look after myself and others"	<b>Group Challenge</b>	interpersonal skills and teamwork
			<b>Skill-based</b>	essential life skills

## **OBJECTS, ACTIVITIES AND PUBLIC BENEFIT** (continued)

For many of the girls and young women, our groups provide stability and an opportunity for them to develop their understanding of the importance of supporting each other and accepting one another, regardless of economic status, race, religion, cultural background, sexual orientation or ability.

We provide guidance, advice and information about a number of topics, issues and themes including friendship, healthy living, positive relationships, happiness and independent living. We also support and promote campaigns addressing issues affecting girls and young women such as sexualisation, abusive relationships, discrimination, the lack of equality in the workplace and everyday sexism.

### **Strategic aims and objectives**

The Board and staff team worked together in 2020 to develop a five year plan that looked back to our roots of 1875 and ahead to our 150<sup>th</sup> anniversary in 2025. We built a plan around the reality that this is an organisation that is needed just as much today as it was when it was founded. The plan has three core fundamentals.

Our first priority is to build on what we have in terms of **culture** and make the most of the strengths of our people that resulted in a brave, collaborative team that was able to deliver a safe and relevant service for the girls and young women we serve.

Our second priority is to acknowledge that we are proud of what the volunteer groups achieve across England and Wales and grow our impact by implementing an ambitious **growth** plan to ensure that we can continue to offer support where it is needed, but in an efficient and impactful way.

Our third priority is **sustainability** and therefore has a focus on assuring the long-term future of the charity. The Third Sector has faced challenges around sustainability and GFS is no different. To continue to build on our founder's vision and the 150 years of dedication offered by our volunteers, we owe it to them to build a sound and sustainable financial plan.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Culture**

COVID dominated the year for GFS as it did for everyone. The team was dedicated, hardworking and creative which meant that GFS was able to constantly pivot and find a way to continue to provide services for girls and young women who we saw being disproportionately affected by the pandemic. They needed the service more than ever before and we recognised that our commitment to have an effective and supportive culture was vital during this time.

When the Pandemic started we had already carried out a review of the structure, roles and responsibilities. This was to empower the team to focus on what was important but also develop a spirit of responsibility and

**ACHIEVEMENTS AND PERFORMANCE** (continued)

accountability. A key part of this work was to establish a Leadership Team which was vital as they worked closely together to carry the team and organisation through COVID. As well as refining job descriptions and developing more effective teams, we developed banks of policies and procedures so that there was real clarity for staff and volunteers and that they felt enabled to make decisions and manage locally.

The staff team adopted a new approach which was all about ensuring the volunteers were served better by us, the employees. The Board worked with the staff team to support the initiative and carried out vital work streams such as an organisational governance review. This also included the launch of BBS - Better Board Staff – to have a more supportive and collaborative approach so that volunteers and girls would all benefit. For example, we made the most of 'Zoom' with staff and board members all making a commitment to join volunteer regional and national meetings to develop more meaningful and effective working relationships. We also set up a regular CEO coffee morning to support volunteers through a virtual 'open door policy'.

We worked hard before, and during, COVID to build excellent relationships with volunteers, support their needs, improve our training and development offer; investing in them so that girls and young women benefitted. We saw the development and implementation of a suite of volunteer training modules as well as a separate one for group leaders. We know that this, alongside our new Group Leader Handbook, will mean we can succession plan and assure a high quality service. We also developed a virtual safeguarding course so we can update and refresh everyone's safeguarding knowledge annually and ensure a high degree of knowledge to support vulnerable girls and young women.

One of the key parts of our work under culture was to reinvigorate our work to hear girls' voices. The most notable project was to establish our pilot focus group - the **Jane Bonds**. They have been meeting weekly to feed into key strands of our strategic planning, decision making and programme development. Their work is going to be an important part of our future alongside such projects as **Voices of the Frontline**, a project in the North West funded by ROSA that sets out to support girls to have confidence in their own thoughts and voices. This exciting piece of work resulted in the launch of a campaign, designed and implemented by the girls.

The staff team, like others in our sector, saw increased demand for our service alongside operational and funding challenges making it difficult for us to respond. It was so important to keep the team united and strong, especially when we could not be together. We met on Zoom every week and once a month did a training session together as well as a monthly wellness session. Nothing could replace being together but we did all we could to address that gap so that we were as effective and mutually supportive as possible.

**ACHIEVEMENTS AND PERFORMANCE** (continued)

We also supported key campaigns such as **Show the Salary** and **Black Lives Matter**. We invested in our learning and development as well as initiating important work streams. For example we established an Equality Diversity and Inclusion Taskforce to initiate learning, policy and practice across all teams and the organisation. This was supported by our **Day of Learning** when we all committed to learning about how to ensure we could be an anti-racist charity.

**Growth**

Growing our impact is a core ambition for the organisation and in the year of the Pandemic this became all about adapting what we did to develop our offering for girls. GFS responded quickly to the sudden and dramatic impact of COVID; a core team was assembled to monitor external developments, manage decision making and share vital communications for the charity. Of course we had no choice but to close all GFS groups in March 2020, and the closure of the London office in the same month.

The staff team were supported to work from home and they developed an online offer with interactive groups to keep girls connected and supported. At the same time, the team developed a support network for volunteers to keep them connected to the organisation, which for some, was central to their lives and mental wellbeing. Despite the challenges during this time we managed to deliver 13 virtual groups, open two new groups, as well as launch a national online programme: Big Dreamers Club.

In addition we wrote, revised and revised again a regional development plan to plan for safe return and our development. We also developed a bank of regular print-free #StayConnected resources for girls at home. We then went onto prepare the national team by developing a plan, communications, training and resources for a safe return to groups. This was a difficult time but the organisation achieved growth as well as establishing new work.

The Voices from the Frontline campaigning project was important work that will feed into our efforts to become more 'girl shaped' as well as enable us to grow our impact with the simple objective of encouraging them to have confidence in their thoughts and then voicing those thoughts.

The organisation has an objective to raise our profile and during this time we supported campaigns as well as contributing to Black History Month with communications such as #sharethemic. We enjoyed working in partnership with others such as International Women's Day and a related project with Google, and International Day of the Girl and our work with Festival of the Girl. Our communication is vital for this and we invested some time to agree key messaging to, for example, develop our organisational position on feminism, revise our values, as well as early work to review our strategic plan.

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

Our impact measurement and our ability to comment on this relies heavily on our data and we recognise how important it is to get this right for the charity, our partners and supporters. We took some time to develop a database baseline in SalesForce, establish a decluttered layout, as well as review our data. We have more work to do on this but are excited about what this early work will be able to do in terms of clear reporting.

### **Sustainability and future plans**

Our work to address this fundamental foundation stone was also challenged by COVID. We developed a fundraising strategy and started to build a team, a case for support and key processes and policies. COVID meant that income was significantly reduced across the sector for fundraising and investments because of the financial crisis in the markets which had an impact for GFS as it did for others in the sector.

A variety of funders announced emergency funding for charities, but these were not open to GFS as our charitable objects did not meet the criteria for support. There was increased competition and funders often chose to continue to support charities they had already worked with rather than new organisations. Despite this the team did well and we started to see a pipeline that generated income from trusts and foundations as well as corporate partnerships such as Legal & General.

The charity was advised by its investment managers that the impact on financial markets would affect our returns for 2019/20, and we recognised these in our reporting by developing a reforecast and being mindful of keeping costs down as much as possible. Furthermore, we were proud to successfully work through a retender process and achieve a positive outcome for the charity. This review of our investment programme will ensure that we have a total return approach so that the capital is better protected and less at risk.

We were assisted through this by the strong leadership of the team which was vital to us steering a steady course through such difficult times. It enabled us to implement our new fundraising strategy and develop new financial practices in an effort to support volunteers and governance, as well as review key lines of expenditure to save funds – approximately £40k this year.

An important contributing factor was to successfully apply to the Charity Commission to release £3.5M from permanent endowments and designate this to invest in the fundraising strategy and give the charity time to achieve our strategic plan. In 2019, to support the organisation's five year strategic plan, "*A Clear View Ahead*", trustees applied to the Charity Commission to release part of the Permanent Endowment in order to that it can be applied towards the implementation of a new fundraising strategy for the charity, in furtherance of the Objects. The new fundraising strategy was designed so that the charity could invest in the adoption of

## **ACHIEVEMENTS AND PERFORMANCE** (continued)

a more diverse approach to income streams, including trusts & foundations, corporate giving, legacy, individual and regular giving as well as membership.

These plans for long term sustainability were rooted in the fact that the charity sought to invest this sum in stages over a period of ten years. This was to allow the charity to invest more confidently in the first few years to establish this change programme and weather any financial shock or market volatility, with a view to reassessing funding needs in later years when a diversified income strategy is successfully embedded. Building a sustainable fundraising base is a long-term project and whilst we will see income generated in year one of the plan, we assume that no meaningful impact will be seen before 2-3 years because it takes time to develop the team, the resources and the pipeline.

During this time we not only need investment to continue to deliver the services in place but also to invest in growing the income generation team. Therefore we will seek to grow the team by recruiting two members of the team in 2020 and a further two in 2021 before reviewing our progress and having the flexibility to adjust our plans in line with the financial and strategic needs of the organisation. Estimating where to invest is not straightforward. However, the fundraising strategy has been developed around the best ROI and around opportunity allowing time for these income streams to mature and come to fruition.

Since writing the original strategy, it is worth noting that COVID-19 has made every strand of this plan more challenging. Operationally the need has grown; the girls we work with have become isolated, vulnerable and in need of a service. There is much evidence from organisations such as NSPCC and Young Minds that suggest this need is going to increase and that post COVID-19 charities such as GFS will need to address the 'Post Traumatic Stress' that young people are going to emerge with. Financially it is challenging because investments have declined and certain areas of fundraising declined dramatically. This is reinforcing that we need to diversify our income streams but with a real focus on areas of success.

## **FINANCIAL REVIEW**

### **Results for the year**

The statement of financial activities on page 29 shows net expenditure for the year before investment losses of £87,853 (2019 – £240,106) being a deficit on unrestricted funds of £34,398 (2019 – £155,646), a deficit on restricted funds of £53,455 (2019 – £83,348) and a deficit on the endowment funds of £nil (2019 – £1,112).

Total income for the year was £649,543 (2019 – £550,093) with income from investments and interest receivable comprising 74% (2019 – 95%)

**FINANCIAL REVIEW** (continued)

of the total and amounting to £481,259 (2019 – £509,539). Included in the income is the gain from the sale of freehold land and buildings amounting to £131,086. Although the income yield from investments is welcome, it may not be sustainable and there is a need for it to be supplemented by substantial other sources of income in the future to ensure the financial security which will safeguard the charity's services for the long term.

Expenditure in the year totalled £737,396 (2019 – £790,199) with expenditure on community and school based programmes amounting to £639,822 (2019 – £719,163). The charity's largest expense item continues to be staff costs reflecting the importance of people to the successful achievement of the organisation's aims – both paid staff and volunteers. The trustees continue to strive to achieve the charity's aims within the framework of providing a high quality service to the girls and young women who require the charity's support.

The final net movement in funds for the year, after net investment losses of £940,231 (2019 – £138,042) amounted to losses of £1,028,084 (2019 – £378,148).

Over recent years the charity has made substantial deficits on its continuing activities. Like many other charitable organisations, the impact of COVID, changes in Government policy, together with the economic climate have had a major effect on fundraising plans. Despite this, we have developed a sensible strategy, recruited a team and had some good successes in grant and corporate relationships.

**Financial position**

*Free reserves and reserves policy*

GFS' policy is to maintain adequate level of cash or free reserves, net of the pension fund deficit, of around 3-4 months' expenditure, so that the charity can at least fund a baseline service, should it ever be in a position of not being able to meet its short-term cash flow needs. The reserves are, in the main, restricted to generate income to fund the service; we are unable to access these as free reserves. However, the Trustees have structured the reserves to protect the service and also allow the charity to continue to fundraise in order to prevent any shortfall in cash flow (should it arise) becoming an on-going issue.

The charity carries a pension deficit of £226,360 that also needs to be mitigated by our reserves. The endowment interest provides the charity with a more sustainable income stream to fund the baseline service and to help erode the pension deficit over time. The additional fundraising income is being built on top of the strong financial foundation the endowment provides, to allow the charity to innovate and to meet the growing demand for our services.

**FINANCIAL REVIEW** (continued)

*Free reserves and reserves policy (continued)*

In 2019, the Leadership Team and Board of Trustees recognised that the charity needed to adopt a new strategy to be able to meet the growing need our service users and volunteers were facing in the communities. Across the country other youth services had been systematically closing due to years of austerity measures taking their toll.

In 2020, we were successful in our application to the Charity Commission to move £3.5m from the restricted endowment to designated funds. These funds are now designated to fund the growth in our fundraising capability so that we can develop a sustainable future for the charity by diversifying our income portfolio beyond being solely reliant on our endowment.

In order for GFS to remain socially impactful, we also need to evolve our services to fully meet the changing needs of the girls we serve. While the reserves may appear significant, they cannot contribute to our innovation or expansion costs financially or legally. In actuality, our unrestricted free reserves net of the pension fund deficit, and therefore the ones that are available to us, totalled £242,612 at the year end. This equates to just below 4 months expenditure and therefore is in line with the reserves policy.

The new and evolving fundraising team are working on a plan that allows GFS to evolve our clubs digitally, geographically, diversify our volunteers and introduce more robust impact measurements. All of which proved crucial when responding to the pandemic. It is early days but we have seen success evolving in attracting funds from the National Lottery, a Community Fund, Trusts and our first corporate partnership in Legal & General. Alongside this we are managing costs better and finding more affordable ways to deliver our services.

Being a 150 year old youth organisation, we know how remaining relevant to the needs of the girls we serve is vital to making a lasting and meaningful impact. The blended finance of the core model being underpinned by the endowment, but kept fresh and versant by the fundraised income enables GFS to continue to meet our impact goals even as needs change and demand increases.

GFS's fundraising strategy currently focuses on two income streams, Trusts and Foundations and Corporate Social Responsibility. The level of reserves is reflective of the risks and levels of uncertainty associated with these two income streams, and takes into consideration the fact that GFS is still in the very early stages of fundraising rather than being fully funded by our endowment. The reserves policy is reviewed at least annually.

*Other funds*

In addition to its endowment funds, at 30 September 2020, GFS had restricted funds which totalled £2,273,044 (2019 – £2,391,681) most of



## **FINANCIAL REVIEW** (continued)

which are restricted to being spent in certain geographic areas and, in particular, specific dioceses. Full details of the funds are given in notes 17 to 19 to the attached financial statements.

As noted above, the charity has certain designated funds which at 30 September 2020 totalled £3,886,167 (2019 – £436,039) and comprise monies invested, in part, to generate income. The increase being attributed to the charity commission granting the release of £3,500,000 from the endowment fund which has been released to designate into the organisational growth and sustainability.

The pension deficit fund of minus £226,360 matches the liability on the balance sheet in respect to the defined benefit pension scheme which the charity contributes to on behalf of certain of its employees. Details of the scheme and the deficit funding determined by an actuary are given in note 24 to the attached financial statements.

The tangible fixed assets fund of £6,610 (2019 – £10,032) represents the net book value of those tangible fixed assets held as part of the charity's unrestricted funds.

The pension deficit fund of minus £226,360 matches the liability on the balance sheet in respect to the defined benefit pension scheme which the charity contributes to on behalf of certain of its employees. Details of the scheme and the deficit funding determined by an actuary are given in note 24 to the attached financial statements.

The tangible fixed assets fund of £6,610 (2019 – £10,032) represents the net book value of those tangible fixed assets held as part of the charity's unrestricted funds.

### **Investment policy**

The charity has a portfolio of investments which had a market value as at 30 September 2020 of £9,134,345 (2019 – £10,200,749) comprising listed investments of £9,117,488 (2019 – £10,159,464), and cash awaiting investment of £16,857 (2019 – £41,285). The investment portfolio represents in part the charity's endowment funds, the capital of which cannot be spent.

Following the worldwide outbreak of the Coronavirus pandemic and its impact on global markets, between 1 October 2019 and 31 March 2020 the market value of the charity's investments had fallen by approximately 9%. However, since 31 March the value of the investment portfolio has recovered.

## **FINANCIAL REVIEW** (continued)

### **Investment policy** (continued)

Independent investment managers, who operate within specific guidelines that are set and regularly reviewed by the trustees, manage the charity's investments. The investment objectives are to achieve the highest possible yield from the portfolio and long term capital growth whilst maintaining the underlying risk at acceptable levels.

The trustees meet with the investment managers regularly to review the performance of the portfolio and the investment strategy.

### **The charity's assets**

Tangible fixed assets, as well as acquisitions and disposals of fixed assets during the year are recorded in note 11 to the financial statements.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The trustees have assessed the major risks to which the charity is exposed. Finance, Legal and Regulatory, Operational, People and Safety, Information Security and Impact. The trustees believe that by monitoring these and developing controls they will have established effective systems to mitigate such risks. These activities are designed to identify and manage, rather than eliminate, the risk of failure to achieve the charity's objectives or to successfully deliver on our strategy.

The trustees discuss risks at every Board meeting, although risks may be raised by the Chief Executive to the Board at any time. The **risk management process** includes:

- ◆ Risk identification – including principal risks
- ◆ Risk assessment – of potential likelihood and estimated severity
- ◆ Risk response – to accept or remediate current risk, determine corrective action if needed
- ◆ Risk reporting and monitoring – by staff, RDCs, and Investment and Finance and Audit Committees, and by trustees

The Board uses a Risk Rating matrix to help it focus on the principal risks where we need to develop and execute on mitigating plans of action. The risk rating ensures risks are prioritised – with the lowest priority starting at 'no action', increasing to 'monitor', then 'action', and the highest priorities given to 'urgent action' and 'stop'. There are currently no risks assessed as 'urgent action' and 'stop'.

**PRINCIPAL RISKS AND UNCERTAINTIES** (continued)

A summary of the top ten principal risks and uncertainties that have been identified by the trustees follows:

Strategic risk	Operational risk	Outcome	Plans to mitigate risk
<b>Finance</b>	Continuing to run charity on a deficit	Funding to run out in 8-10 years	<ul style="list-style-type: none"> <li>• Strategic plan developed to generate funds</li> <li>• Fundraising strategy reviewed by Board December 2020</li> <li>• CC has given permission to unlock endowment fund to the value of £3.5M and is now designated</li> </ul>
	Failure in investments and/or markets	Reduced funds because of COVID	<ul style="list-style-type: none"> <li>• This was raised as a risk because of COVID markets</li> <li>• Appropriate reserves in place</li> <li>• Reserves policy in place</li> <li>• Re-tender process achieved</li> <li>• Investment policy in place</li> <li>• Regular monitoring</li> <li>• Good quality financial advice</li> </ul>
	Failure to meet regulatory requirements	Action taken by Charity Commission, Companies House, Fundraising Regulator, Information Commissioner's Office	<ul style="list-style-type: none"> <li>• Understanding legal and regulatory requirements</li> <li>• Monitoring compliance of requirements</li> <li>• Ensuring appropriate skills at board, staff and volunteer level</li> </ul>
	Mismanagement of staff team or service delivery as a result of COVID-19	Diagnosed case of Coronavirus at GFS in staff team and/or group	<ul style="list-style-type: none"> <li>• COVID task force managed transition to remote working and digital offer for girls</li> <li>• COVID task force will manage a cautious return to office and re-opening of groups but nothing before March 2021 at earliest</li> </ul>

			<ul style="list-style-type: none"> <li>• Safe Return policy and pack in place – project lead appointed</li> </ul>
	Non-compliance with GDPR	Action taken by the Charity Commission, Companies House or Information Commissioner's Office, Reputational damage, Fine	<ul style="list-style-type: none"> <li>• GDPR Compliance Forms for groups to sign</li> <li>• GDPR updates required by groups and families</li> <li>• Regular GDPR compliance monitoring</li> <li>• Training and support for staff and volunteers</li> <li>• This will be reviewed as part of budget and post budget action plan</li> </ul>
	Unjustified cost per beneficiary ratio	Reduced reach and impact because of COVID	<ul style="list-style-type: none"> <li>• Possibility of some groups not returning post COVID and our cost per beneficiary ratio worsening in the short term</li> <li>• Virtual groups, volunteer comms planning, online resources</li> <li>• Strategy to increase number of beneficiaries but this has been further delayed because of COVID</li> <li>• Regular monitoring of numbers of beneficiaries</li> <li>• Regular financial monitoring</li> <li>•</li> </ul>

**PRINCIPAL RISKS AND UNCERTAINTIES** (continued)

Strategic risk	Operational risk	Outcome	Plans to mitigate risk
<b>Impact</b>	Inadequate quality of programme	Reduced reach and impact because of COVID	<ul style="list-style-type: none"> <li>Continued programme development</li> <li>Regular training for volunteers</li> <li>Monitoring of programme delivery and development of QA process</li> <li>Evaluation process for beneficiaries in development</li> <li>Virtual programme and BDC</li> </ul>
	Inadequate quality of delivery/ operations	Reduced reach and impact because of COVID	<ul style="list-style-type: none"> <li>Regular monitoring of stakeholder journey</li> <li>Development of evaluation process for beneficiaries</li> </ul>
	Closure of GFS groups due to unwillingness to be compliant	Reduced reach and impact because of COVID	<ul style="list-style-type: none"> <li>Clear comms from HO to groups regarding compliance position</li> <li>Clarity of support for compliance</li> <li>Decisive action if this is not achieved – two groups closed August 20</li> <li></li> </ul>
	Any finance, legal, regulatory, operational, safeguarding, cyber security or impact issue or incident with GFS worldwide or a GFS in another country	Reduced reach and impact because of COVID	<ul style="list-style-type: none"> <li>Clarification of GFS England &amp; Wales' role in and relationship with GFS worldwide</li> <li>Engagement with GFS worldwide on the topic at next World Council</li> <li>Request that GFS worldwide monitor and report any incidents</li> <li>Prepare and plan for PR communications</li> </ul>

## **GOVERNANCE, STRUCTURE, MANAGEMENT AND POLICIES**

### **Governance**

Girls Friendly Society in England and Wales is a company limited by guarantee (Company Registration No. 3172713) and is registered under the Charities Act 2011 (Charity Registration No. 1054310).

The board of trustees consists of up to eight elected representatives and four co-opted representatives. The elected representatives comprise the English President, the Welsh President, four GFS members with appropriate skills and two 15-25 year-old representatives.

Trustees are elected by members of GFS in accordance with procedures laid out in the Bye Laws. Newly elected trustees are formally interviewed and their appointment is for a three year term. Trustees may serve for two consecutive terms of office and thereafter must take a break from office. The trustees may from time to time appoint additional trustees either to fill casual vacancies or by way of co-option to the Board.

Each new trustee receives an induction pack, and an existing board member becomes their mentor for at least one year. Trustees are encouraged to attend individual in-house and external training events with or without staff. Trustees also have a member of the Senior Leadership Team as a mentor and who they meet informally to ensure good staff-board communication. This is an initiative that has been started since the launch of the **Better Board Staff Focus Group** in 2020.

The trustees constitute directors of the charity for the purposes of the Companies Act 2006.

The trustees take responsibility for monitoring the charity's activities and constant regard is had to the skills mix of the trustees to ensure that the board of trustees has all the necessary skills required to contribute fully to the charity's development.

No trustee received any remuneration for services as a trustee during the period. No trustee had any beneficial interest in any contract with the charity during the period.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 1 of this annual report and financial statements.

### **Statement of trustees' responsibilities**

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

**GOVERNANCE, STRUCTURE, MANAGEMENT AND POLICIES**  
(continued)

**Statement of trustees' responsibilities** (continued)

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 income and expenditure of the charitable company for that period. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in 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 United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards 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 charitable company 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.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustee has taken all the steps needed as a trustee in order to make herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**GOVERNANCE, STRUCTURE, MANAGEMENT AND POLICIES**  
(continued)

**Statement of trustees' responsibilities** (continued)

The trustees are responsible for the maintenance and integrity of 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.

**Employees**

GFS aims to be an equal opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunity and, where appropriate and possible, special training to enable them to progress both within and outside the organisation. GFS is committed to a programme of action to make this policy effective, and brings it to the attention of all employees.

**Key management personnel**

The trustees consider that they, together with the Chief Executive and Leadership Team, comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. None of the trustees receives any remuneration in connection with their role as key management personnel.

The remuneration of the Chief Executive and Leadership Team is determined by the trustees after considering and benchmarking against salaries paid for similar roles by other organisations. It is reviewed on an annual basis and staff salaries are externally benchmarked every two years.

**Structure and management reporting**

Overall responsibility for the charity rests with the trustees who are charged with setting and monitoring the overall strategic direction of the charity and for establishing policy. The trustees, who meet on a regular basis, delegate the day-to-day operation of the charity to the Chief Executive and her Leadership team. The Chief Executive meets with the Chair at least once a month and reports to the trustees on a regular basis. The trustees meet quarterly.



**GOVERNANCE, STRUCTURE, MANAGEMENT AND POLICIES**  
(continued)

**Structure and management reporting** (continued)

Within GFS there are three sub-committees: the Investment Committee, the Finance and Audit Committee and the Youth Committee (currently being re-designed). Each comprises two or more trustees, existing GFS members with relevant skills and external specialists. The Board has reviewed its practice and committed to complying with the Charity Governance Code to ensure GFS governance is best practice and has a sense of audit of its own.

**Trustees**

The trustees who were in office during the year and up to the date of signing the financial statements are listed on page 1 and our thanks goes to them for their incredible support during a difficult year.

**Our volunteers**

We would like to thank our volunteers, without whom we would not be able to deliver our programme of activities to girls and young women and whose dedication to the girls and young women they serve has been extraordinary during COVID-19.

**Fundraising policy**

The charity aims to achieve best practice in the way in which it communicates with supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters.

The charity's fundraising activities have always been aligned to professional and ethical practices. We are committed to this approach and are therefore registered with the Fundraising Regulator and signed up to the Fundraising Preference Service. Each year we carry out an annual audit of our practice against the Regulator's standards as part of our audit process.

Our fundraising practice and performance is regularly monitored against our own fundraising policy and ethical practices which include a commitment to protect the public, vulnerable people, from unreasonably intrusive, persistent or pressurised fundraising practice.

We do not work with commercial fundraising organisations and do not carry out face to face door to door or telephone and digital fundraising. We do not sell or buy personal data and are proud to say that we have received no fundraising complaints in the past year.

**GOVERNANCE, STRUCTURE, MANAGEMENT AND POLICIES**

(continued)

**Fundraising Policy** (continued)

**Our donors**

We thank the following individuals and organisations who have supported the charity during 2019-20 and formally acknowledge our thanks as a condition of the grant:

- ◆ Northumbria Police and Crime Commissioner
- ◆ ROSA Fund for Women

Trustees' report approved by and signed on behalf of the trustees:



I. Vidal

Trustee

Approved on: 27 March 2021

## **Independent auditor's report to the members of Girls Friendly Society in England and Wales**

### **Opinion**

We have audited the financial statements of Girls Friendly Society in England and Wales (the 'charitable company') for the year ended 30 September 2020 which comprise the statement of financial activities, the comparative statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 30 September 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

## **Independent auditor's report** Year to 30 September 2020

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

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' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ♦ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic 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' report including the strategic 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.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Independent auditor's report** Year to 30 September 2020

### **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.

 Buzzacott LLP

Amanda Francis (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

30 March 2021

**Statement of financial activities**  
**(incorporating an income and expenditure account)** Year to 30 September  
2020

	Notes	General funds £	Designated funds £	Restricted funds £	Endowment funds £	2020 Total funds £	2019 Total funds £
<b>Income and expenditure</b>							
<b>Income from:</b>							
Donations and legacies	1	13,522	—	14,352	—	27,874	25,486
Investment income and interest receivable	2	395,569	—	85,690	—	481,259	509,539
Gain on disposal of tangible fixed asset		131,086	—	—	—	131,086	—
Charitable activities							
. Community and school based programmes: grants receivable		1,970	—	—	—	1,970	2,808
Other sources							
. Miscellaneous income		7,354	—	—	—	7,354	12,260
<b>Total income</b>		<b>549,501</b>	<b>—</b>	<b>100,042</b>	<b>—</b>	<b>649,543</b>	<b>550,093</b>
<b>Expenditure on:</b>							
Raising funds	3	97,574	—	—	—	97,574	71,036
Charitable activities:							
. Community and school based programmes	4	486,325	—	153,497	—	639,822	719,163
<b>Total expenditure</b>		<b>583,899</b>	<b>—</b>	<b>153,497</b>	<b>—</b>	<b>737,396</b>	<b>790,199</b>
<b>Net expenditure before net investment losses</b>	7	<b>(34,398)</b>	<b>—</b>	<b>(53,455)</b>	<b>—</b>	<b>(87,853)</b>	<b>(240,106)</b>
<b>Net losses on investments</b>		<b>—</b>	<b>(49,872)</b>	<b>(65,182)</b>	<b>(825,177)</b>	<b>(940,231)</b>	<b>(138,042)</b>
<b>Net expenditure</b>		<b>(34,398)</b>	<b>(49,872)</b>	<b>(118,637)</b>	<b>(825,177)</b>	<b>(1,028,084)</b>	<b>(378,148)</b>
<b>Statement of recognised gains and losses</b>							
Actuarial gains on defined benefit pension scheme	24	—	—	—	—	—	—
<b>Net movement in funds before transfers</b>		<b>(34,398)</b>	<b>(49,872)</b>	<b>(118,637)</b>	<b>(825,177)</b>	<b>(1,028,084)</b>	<b>(378,148)</b>
<b>Transfers between funds</b>	20	<b>—</b>	<b>3,500,000</b>	<b>—</b>	<b>(3,500,000)</b>	<b>—</b>	<b>—</b>
<b>Net movement in funds</b>		<b>(34,398)</b>	<b>3,450,128</b>	<b>(118,637)</b>	<b>(4,325,177)</b>	<b>(1,028,084)</b>	<b>(378,148)</b>
<b>Reconciliation of funds:</b>							
Fund balances brought forward at 1 October 2019		283,620	436,039	2,391,681	7,212,767	10,324,107	10,702,255
<b>Fund balances carried forward at 30 September 2020</b>		<b>249,222</b>	<b>3,886,167</b>	<b>2,273,044</b>	<b>2,887,590</b>	<b>9,296,023</b>	<b>10,324,107</b>

All of the charity's activities derived from continuing operations during the above financial period and the immediately preceding financial period.

All recognised gains and losses are included in the above statement of financial activities.

A full comparative statement of financial activities for the year to 30 September 2019 is set out on page 30.

**Comparative statement of financial activities**  
**(incorporating an income and expenditure account)** Year to 30 September  
2019

	Notes	General funds £	Designated funds £	Restricted funds £	Endowment funds £	2019 Total funds £
<i>Income and expenditure</i>						
Income from:						
Donations and legacies	1	25,486	—	—	—	25,486
Investment income and interest receivable	2	409,508	—	100,031	—	509,539
Charitable activities						
. Community and school based programmes: grants receivable		2,808	—	—	—	2,808
Other sources						
. Miscellaneous income		12,260	—	—	—	12,260
Total income		450,062	—	100,031	—	550,093
Expenditure on:						
Raising funds	3	71,036	—	—	—	71,036
Charitable activities:						
. Community and school based programmes	4	534,672	—	183,379	1,112	719,163
Total expenditure		605,708	—	183,379	1,112	790,199
Net expenditure before net investment losses	7	(155,646)	—	(83,348)	(1,112)	(240,106)
Net (losses) gains on investments		3,848	(12,547)	51,688	(181,031)	(138,042)
Net expenditure		(151,798)	(12,547)	(31,660)	(182,143)	(378,148)
<i>Statement of recognised gains and losses</i>						
Actuarial gains on defined benefit pension scheme	24	—	—	—	—	—
Net movement in funds before transfers		(151,798)	(12,547)	(31,660)	(182,143)	(378,148)
Transfers between funds	17	350,000	(350,000)	—	—	—
Net movement in funds		198,202	(362,547)	(31,660)	(182,143)	(378,148)
Reconciliation of funds:						
Fund balances brought forward at 1 October 2018		85,418	798,586	2,423,341	7,394,910	10,702,255
Fund balances carried forward at 30 September 2019		283,620	436,039	2,391,681	7,212,767	10,324,107



## Balance sheet 30 September 2020

	Notes	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	11		6,610		68,388
Investments	12		9,134,345		10,200,749
			<u>9,140,955</u>		<u>10,269,137</u>
<b>Current assets</b>					
Debtors	13	110,479		120,349	
Short term deposits		88,019		78,531	
Cash at bank and in hand		<u>262,178</u>		<u>201,665</u>	
		<u>460,676</u>		<u>400,545</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	14	<u>(79,248)</u>		<u>(69,575)</u>	
<b>Net current assets</b>			<u>381,429</u>		<u>330,970</u>
<b>Total net assets less current liabilities</b>			<u>9,522,383</u>		<u>10,600,107</u>
<b>Provisions for liabilities</b>	15		<u>(226,360)</u>		<u>(276,000)</u>
<b>Total net assets</b>			<u>9,296,023</u>		<u>10,324,107</u>
<b>The funds of the charity:</b>					
<b>Funds and reserves</b>					
Permanent endowment funds	16		2,887,590		7,212,767
Restricted income funds					
. Trust funds	18	243,018		250,959	
. Diocesan funds	19	<u>2,030,026</u>		<u>2,140,722</u>	
			<u>2,273,044</u>		<u>2,391,681</u>
Unrestricted income funds					
. Designated funds	20	3,886,167		436,039	
. General funds					
. Tangible fixed assets fund		6,610		10,032	
. Free reserves		468,972		549,588	
. Pension deficit fund	24	<u>(226,360)</u>		<u>(276,000)</u>	
		<u>249,222</u>		<u>283,620</u>	
			<u>4,135,389</u>		<u>719,659</u>
			<u>9,296,023</u>		<u>10,324,107</u>

The financial statements were approved by the trustees of Girls Friendly Society in England and Wales Company Registration No. 3172713 (England and Wales) and signed on its behalf by:



I. Vidal

Trustee

Approved on: 27 March 2021

## Statement of cash flows Year to 30 September 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(721,763)	(798,225)
<b>Cash flows from investing activities:</b>			
Investment income received		476,129	521,901
Interest received		561	434
Purchase of tangible fixed assets		(1,076)	(7,680)
Proceeds from the disposal of tangible fixed assets		190,000	—
Proceeds from the disposal of investments		563,471	1,082,441
Purchase of investments		(461,749)	(809,510)
<b>Net cash provided by investing activities</b>		<b>767,336</b>	<b>787,586</b>
<b>Change in cash and cash equivalents in the year</b>		<b>45,573</b>	<b>(10,639)</b>
<b>Cash and cash equivalents at 1 October 2019</b>	B	<b>321,481</b>	<b>332,120</b>
<b>Cash and cash equivalents at 30 September 2020</b>	B	<b>367,054</b>	<b>321,481</b>

### Notes to the statement of cash flows for the year to 30 September 2020.

#### A Reconciliation of net movement in funds to net cash used in operating activities

	2020 £	2019 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(1,028,084)</b>	<b>(378,148)</b>
<b>Adjustments for:</b>		
Depreciation charge	3,939	5,943
Losses on investments	940,231	138,042
Investment income	(480,698)	(509,105)
Interest receivable	(561)	(434)
Gain on disposal of tangible fixed assets	(131,086)	—
Decrease in debtors	14,463	4,396
Increase (decrease) in creditors	9,673	(11,919)
Decrease in pension provision	(49,640)	(47,000)
<b>Net cash used in operating activities</b>	<b>(721,763)</b>	<b>(798,225)</b>

#### B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	262,178	201,665
Short term deposits (less than three months)	88,019	78,531
Cash held by investment managers	16,857	41,285
<b>Total cash and cash equivalents</b>	<b>367,054</b>	<b>321,481</b>

## **Principal accounting policies** 30 September 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

### **Basis of preparation**

These financial statements have been prepared for the year to 30 September 2020 with comparative information provided in respect to the year to 30 September 2019.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

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 United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- ◆ the underlying assumptions used by the actuary in determining the deficit on the defined benefit pension scheme;
- ◆ the allocation of expenditure across charitable activities; and
- ◆ the estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these accounts.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. In making their assessment, the trustees have considered the impact of the Covid-19 pandemic on the charity. The Covid-19 pandemic has had a significant economic impact in ways which have been outside of the charity's control. The full impact on the charity's income and expenditure and financial position following the emergence of the global Covid-19 pandemic is still unknown. In the next financial year, the charity's investment income may again be adversely affected because of continuing volatility in listed investment markets and the impact of the pandemic on company dividends. Other categories of income may continue to be affected for at least another year. However, the pandemic has led also to some positive new initiatives and the successful application to the Charity Commission to release £3.5m from permanent endowment funds has given the charity the flexibility and time to achieve its strategic plan. Despite the disruption caused by Covid-19, as a team, GFS achieved and delivered in a number of strategic areas:

- ◆ There was focus on reforming and strengthening the charity's culture, revising its policies to ensure a safe environment and creating more space for learning and collaboration across the organisation.
- ◆ The charity opened new groups physically and virtually, introduced new programmes and sessions, and provided girls with extra support during these challenging times.
- ◆ The charity continued to work towards building a sustainable future, with a growth in fundraised income despite the difficult environment and a supported plan to release a portion of our permanent endowment to ensure that the charity continues for future generations.

The trustees will continue to keep both income and expenditure under review but do not anticipate that the impact on the charity's finances will be material or impact on the charity's going concern.

## **ASSESSMENT OF ONGOING CONCERN** (continued)

The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 30 September 2021, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

### **Income recognition**

Income is recognised in the period in which the charity has entitlement to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations, legacies, investment income, interest receivable, income from charitable activities and miscellaneous income. Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

**Income recognition** (continued)

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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.

Income from charitable activities comprises grants from government and other agencies. Such income is recognised when the charity has entitlement to the funds under agreements or other the contractual arrangements for the payment of each grant.

**Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- a. Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising and an allocation of support costs.
- b. Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities as described in the trustees' report i.e. providing opportunities for girls and young women to develop their self confidence, wellbeing and resilience to enable them to fulfil their potential. Such costs include:
  - ◆ Staff costs and associated expenses
  - ◆ Day to day running expense of schemes and projects
  - ◆ Special projects and equipment
  - ◆ Maintenance and building costs for the schemes and projects.

This expenditure includes both costs that can be allocated directly to such activities and those indirect costs necessary to support them.

All expenditure is stated inclusive of irrecoverable VAT.

### **Allocation of costs**

Support costs are those costs that enable charitable activities to be carried out. These costs include expenses relating to personnel development, financial procedures, provision of office services and equipment, and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned to expenditure headings based on the headcount relating to each activity.

### **Tangible fixed assets**

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

- ◆ Freehold land and buildings  
Freehold land and buildings are stated in the financial statements at cost and after deducting depreciation.

Depreciation is charged at the following annual rate based on net cost:

Freehold buildings	2%
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No depreciation is charged on freehold land.

- ◆ Other tangible fixed assets  
All other tangible fixed assets are stated at cost. Depreciation is calculated at the following annual rates in order to write off the cost of each asset over its estimated useful life:

- |                                 |                              |
|---------------------------------|------------------------------|
| ◆ Computer equipment            | 33% on cost                  |
| ◆ Office equipment              | 20% on cost                  |
| ◆ Other equipment and furniture | 10% on cost                  |
| ◆ Fittings in leased property   | Over the period of the lease |

### **Fixed asset investments**

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

### **Fixed asset investments** (continued)

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

### **Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits.

### **Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### **Fund structure**

The general funds comprise free reserves, the tangible fixed assets fund and the pension deficit fund. The free reserves those net assets are which may be used towards meeting the charitable objectives of the charity and which may be applied at the discretion of the trustees.

The pension deficit fund represents the liability in respect to the defined benefit pension scheme to which the charity contributes on behalf of certain of its employees.

The designated funds comprise monies set aside by the trustees for specific purposes.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.



The permanent endowment funds comprise monies which must be held indefinitely as capital. The income therefrom can be used for general purposes and is credited directly to general funds.

### **Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

### **Pension contributions**

The growth plan pension scheme is a multi-employer scheme providing benefits for some 1,300 non-associated employers. It is therefore not possible to identify the underlying share of the charity's assets and liabilities within the scheme. However, as a member of the scheme, the charity has a legal obligation to make pension deficit reduction payments when required by the scheme's actuary. The full cost of these repayments, discounted to present values, is recognised in the year a pension deficit reduction plan is agreed.

In July 2014, all eligible members of staff were required to enrol in the charity's workplace pension scheme, under auto-enrolment. Staff members were entitled to opt out of this scheme. The percentage contribution of salary into the scheme is a minimum rate of 2.5%. The charity pays employer's contributions at a rate of 7.5%.

## Notes to the financial statements 30 September 2020

### 1 Income from: Donations and legacies

	General funds £	Restricted funds £	Total 2020 funds £
Donations and similar income	10,113	14,352	<b>24,465</b>
Legacies	3,409	—	<b>3,409</b>
<b>2020 Total funds</b>	<b>13,522</b>	<b>14,352</b>	<b>27,874</b>

  

	General funds £	Restricted funds £	Total 2019 funds £
Donations and similar income	25,456	—	25,456
Legacies	30	—	30
<b>2019 Total funds</b>	<b>25,486</b>	<b>—</b>	<b>25,486</b>

### 2 Income from: Investment income and interest receivable

	General funds £	Restricted funds £	Total 2020 funds £
Investment income (see below)	395,008	85,690	<b>480,698</b>
Interest receivable	561	—	<b>561</b>
<b>2020 Total funds</b>	<b>395,569</b>	<b>85,690</b>	<b>481,259</b>

  

	General funds £	Restricted funds £	Total 2019 funds £
Investment income (see below)	409,074	100,031	509,105
Interest receivable	434	—	434
<b>2019 Total funds</b>	<b>409,508</b>	<b>100,031</b>	<b>509,539</b>

Investment income was received from the following sources:

	Total 2020 funds £	Total 2019 funds £
UK equities	<b>58,192</b>	81,889
Overseas equities	<b>110,160</b>	84,002
UK fixed interest based common investment funds	<b>74,701</b>	90,572
Property unit trusts	<b>174,729</b>	200,784
Alternatives	<b>62,916</b>	51,858
	<b>480,698</b>	<b>509,105</b>

## Notes to the financial statements 30 September 2020

### 3 Expenditure on: Raising funds

	General funds £	Restricted funds £	Total 2020 funds £
Investment manager's fees	28,950	—	<b>28,950</b>
Staff costs	68,624	—	<b>68,624</b>
<b>2020 Total funds</b>	<b>97,574</b>	<b>—</b>	<b>97,574</b>
	General funds £	Restricted funds £	Total 2019 funds £
Investment manager's fees	31,984	—	31,984
Staff costs	39,052	—	39,052
<b>2019 Total funds</b>	<b>71,036</b>	<b>—</b>	<b>71,036</b>

### 4 Expenditure on: Charitable activities – community and school based programmes

	General funds £	Restricted funds £	Endowment funds £	Total 2020 funds £
Staff costs and recruitment	311,917	100,492	—	<b>412,409</b>
Staff travel, training and subsistence	8,173	2,339	—	<b>10,512</b>
Direct volunteer costs	6,257	1,790	—	<b>8,047</b>
Direct project costs	25,287	7,208	—	<b>32,495</b>
Direct restricted project costs	—	3,122	—	<b>3,122</b>
Premises	64,238	18,383	—	<b>82,621</b>
Office, administration and miscellaneous	40,321	11,540	—	<b>51,861</b>
Marketing and communications	3,103	888	—	<b>3,991</b>
Governance costs (note 6)	27,029	7,735	—	<b>34,764</b>
<b>2020 Total funds</b>	<b>486,325</b>	<b>153,497</b>	<b>—</b>	<b>639,822</b>
	General funds £	Restricted funds £	Endowment funds £	Total 2019 funds £
Staff costs and recruitment	333,801	117,221	—	451,022
Travel, training and subsistence	14,170	4,979	—	19,149
Direct volunteer costs	18,493	6,497	—	24,990
Direct project costs	37,530	8,768	—	46,298
Premises	69,336	24,361	1,112	94,809
Office, administration and miscellaneous	37,020	13,007	—	50,027
Marketing and communications	4,595	1,615	—	6,210
Governance costs (note 6)	19,727	6,931	—	26,658
<b>2019 Total funds</b>	<b>534,672</b>	<b>183,379</b>	<b>1,112</b>	<b>719,163</b>

## Notes to the financial statements 30 September 2020

### 5 Support costs

Support costs are those costs which enable the charitable work of GFS. They include indirect overheads and many of the head office costs which facilitate the branches and projects.

Support costs included within raising funds and community and school based programmes are as follows:

	General funds £	Restricted funds £	Endowment funds £	Total 2020 funds £
Staff costs and related costs	94,240	26,580	—	120,820
Travel, training and subsistence	8,173	2,339	—	10,512
Premises	64,026	18,323	—	82,349
Office administration and miscellaneous	42,629	12,198	—	54,827
Governance costs (note 6)	27,029	7,735	—	34,764
<b>2020 Total funds</b>	<b>236,097</b>	<b>67,175</b>	<b>—</b>	<b>303,272</b>

	General funds £	Restricted funds £	Endowment funds £	Total 2019 funds £
Staff costs and related costs	114,947	26,666	—	141,613
Travel, training and subsistence	14,021	4,927	—	18,948
Premises	63,903	22,452	1,112	87,467
Office administration and miscellaneous	35,233	12,379	—	47,612
Governance costs (note 6)	19,727	6,931	—	26,658
<b>2019 Total funds</b>	<b>247,831</b>	<b>73,355</b>	<b>1,112</b>	<b>322,298</b>

Supports costs are allocated across the expenditure headings in notes 3 and 4 as follows:

	Raising funds (note 3) £	Charitable activities (note 4) £	Total 2020 £	Basis of apportionment
Staff costs and related costs	68,624	52,196	120,820	Headcount
Other support costs:				
. Travel, training and subsistence	—	10,512	10,512	
. Premises	—	82,349	82,349	
. Office administration and miscellaneous	—	54,827	54,827	
. Governance costs	—	34,764	34,764	
<b>2020 Total</b>	<b>68,624</b>	<b>234,648</b>	<b>303,272</b>	

	Raising funds (note 3) £	Charitable activities (note 4) £	Total 2019 £	Basis of apportionment
Staff costs and related costs	39,052	102,561	141,613	Headcount
Other support costs:				
. Travel, training and subsistence	—	18,948	18,948	
. Premises	—	87,467	87,467	
. Office administration and miscellaneous	—	47,612	47,612	
. Governance costs	—	26,658	26,658	
<b>2019 Total</b>	<b>39,052</b>	<b>283,246</b>	<b>322,298</b>	

## Notes to the financial statements 30 September 2020

### 6 Governance costs

	General fund £	Restricted funds £	Total 2020 funds £
Legal and professional fees	25,706	7,356	<b>33,062</b>
Committee expenses	1,323	379	<b>1,702</b>
<b>2020 Total funds</b>	<b>27,029</b>	<b>7,735</b>	<b>34,764</b>

  

	General fund £	Restricted funds £	Total 2019 funds £
Legal and professional fees	14,441	5,073	19,514
Committee expenses	5,286	1,858	7,144
<b>2019 Total funds</b>	<b>19,727</b>	<b>6,931</b>	<b>26,658</b>

### 7 Net expenditure before net investment losses

Net expenditure before net investment losses is stated after charging:

	2020 £	2019 £
Staff costs (note 8)	<b>475,332</b>	428,888
Auditor's remuneration		
. Audit – current year's fee	<b>14,400</b>	19,800
Depreciation	<b>3,939</b>	6,253
Operating lease rentals	<b>59,839</b>	58,003

### 8 Staff costs

	2020 £	2019 £
Staff costs during the year were as follows:		
Wages and salaries	<b>417,607</b>	367,539
Social security costs	<b>31,715</b>	34,351
Pension costs	<b>75,650</b>	73,181
Pension scheme adjustment	<b>(49,640)</b>	(46,183)
	<b>475,332</b>	428,888

## Notes to the financial statements 30 September 2020

### 8 Staff costs (continued)

Staff costs (including wages and staff travel, training and subsistence) by function were as follows:

	Direct costs £	Support costs £	Total 2020 £
Charitable activities	360,213	62,708	<b>422,921</b>
Cost of raising funds	—	68,624	<b>68,624</b>
<b>2019 Total funds</b>	<b>360,213</b>	<b>131,332</b>	<b>491,545</b>

	Direct costs £	Support costs £	Total 2019 £
Charitable activities	348,289	102,561	450,850
Cost of raising funds	—	39,052	39,052
<b>2019 Total funds</b>	<b>348,289</b>	<b>141,613</b>	<b>489,902</b>

The number of employees who earned £60,000 per annum or more (including taxable benefits) during the year was as follows:

	2020	2019
£60,000 - £70,000	1	—
£80,000 - £90,000	—	1

The average number of full time equivalent employees in 2020 was 15 (2019 – 14).

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis comprise the trustees, Chief Executive and, from the current year, the Leadership Team. The total remuneration (including taxable benefits and employer's pension contributions) of key management personnel for the year was £220,156 (2019 – £104,022).

### 9 Trustees' expenses and related party transactions

During the year five trustees (2019 – two) were reimbursed a total of £1,567 (2019 – £961) for travel and subsistence.

No trustee received any remuneration in respect to their services as a trustee during the year (2019 – nil). During the year, the charity received donations from trustees totalling £641 (2019 – £185).

### 10 Taxation

Girls Friendly Society in England and Wales is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

## Notes to the financial statements 30 September 2020

The charity is only able to reclaim VAT on very limited expenditure.

### 11 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Total £
<b>Cost</b>			
At 1 October 2019	80,588	23,877	<b>104,465</b>
Additions	—	1,076	<b>1,076</b>
Disposals	(80,588)	(5,590)	<b>(86,178)</b>
At 30 September 2020	—	19,363	<b>19,363</b>
<b>Depreciation</b>			
At 1 October 2019	22,232	13,845	<b>36,077</b>
Charge for year	—	3,939	<b>3,939</b>
Disposals	(22,232)	(5,031)	<b>(27,263)</b>
At 30 September 2020	—	12,753	<b>12,753</b>
<b>Net book values</b>			
At 30 September 2020	—	6,610	<b>6,610</b>
At 30 September 2019	58,356	10,032	<b>68,388</b>

During the year the charity disposed of its freehold land and buildings resulting a gain on disposal of £131,086.

### 12 Investments

	2020 £	2019 £
<b>Listed investments</b>		
Market value at 1 October 2019	<b>10,159,464</b>	10,570,437
Additions at cost	<b>461,749</b>	809,510
Disposals at book value (proceeds: £563,494 realised losses £81,838)	<b>(645,332)</b>	(1,127,330)
Net unrealised investment losses	<b>(858,393)</b>	(93,153)
Market value at 30 September 2020	<b>9,117,488</b>	10,159,464
<b>Cash held by investment managers</b>	<b>16,857</b>	41,285
	<b>9,134,345</b>	10,200,749

It has not been possible to determine the cost of listed investments at 30 September 2020 exactly, as certain investments were purchased many years ago and records of cost cannot be obtained without incurring significant time and cost, which in the opinion of the trustees, is not justified.

## Notes to the financial statements 30 September 2020

### Investments (continued)

The worldwide outbreak of the Coronavirus pandemic and its impact on global markets, between 1 October 2019 and 30 September 2020 meant that the market value of the charity's investments had fallen by approximately 9%. As a result, the GFS Trustees reviewed the investment policy and have implemented a balanced investment objective going forwards; to move away from income return basis to a total return basis. Returns generated from a balanced approach are a combination of income and the potential for capital growth, with the intention to protect against inflation over the time horizon and unusual exceptions in market downturns, whilst providing an income for the charity in line with the portfolio aim.

Listed investments held at 30 September 2020 comprised the following:

	2020 £	2019 £
UK fixed interest based common investment funds	1,918,102	2,015,938
UK equity based common investment funds	454,056	1,030,043
Overseas equity based common investment funds	1,976,888	1,930,954
Property unit trusts	4,015,341	4,253,022
Other	753,101	929,507
	<b>9,117,488</b>	<b>10,159,464</b>

All listed investments held are dealt in on a recognised stock exchange.

At 30 September 2020, the charity had the following material investment holdings:

	Market value £	Percentage of portfolio %
The Charities Property Fund	2,447,770	27
CBF Fixed Interest Security Fund	1,469,761	16
The Property Income Trust for Charities	935,362	10
CBF Property Fund	632,209	7
Schroder Income Maximiser	818,583	9

### 13 Debtors

	2020 £	2019 £
Prepayments	4,769	19,129
Investment income receivable	105,710	101,118
Accrued grant income	—	102
	<b>110,479</b>	<b>120,349</b>



## Notes to the financial statements 30 September 2020

### 14 Creditors

	2020 £	2019 £
Expense creditors	19,419	27,385
Other taxes and social security costs	14,318	12,578
Other creditors	1,318	1,761
Accruals	44,193	27,851
	<b>79,248</b>	<b>69,575</b>

### 15 Provisions for liabilities

	2020 £	2019 £
Provision for pension scheme deficit reduction payments (note 24)		
. Payable within one year	51,000	50,000
. Payable within one to two years	53,000	51,000
. Payable within two to five years	122,360	163,000
. Payable after five years	—	12,000
	<b>226,360</b>	<b>276,000</b>

### 16 Endowment funds

The capital funds of the charity include permanently endowed monies, which must be retained indefinitely:

	At 1 October 2019 £	Transfers (see below) £	Investment gains £	At 30 September 2020 £
Endowment fund	5,268,481	(2,555,000)	(602,379)	<b>2,111,102</b>
Francis Street fund	1,944,286	(945,000)	(222,798)	<b>776,488</b>
	<b>7,212,767</b>	<b>(3,500,000)</b>	<b>(825,177)</b>	<b>2,887,590</b>

	At 1 October 2018 £	Expenditure £	Investment gains £	At 30 September 2019 £
Endowment fund	5,401,832	(1,112)	(132,239)	5,268,481
Francis Street fund	1,993,078	—	(48,792)	1,944,286
	<b>7,394,910</b>	<b>(1,112)</b>	<b>(181,031)</b>	<b>7,212,767</b>

## Notes to the financial statements 30 September 2020

### 17 Transfers

On 1 June 2020, the Charity Commission for England and Wales gave the trustees the authority to spend up to £3,500,000 over a ten year period from the charity's permanent endowment funds and to transfer that sum to unrestricted funds.

The two endowment funds are as follows:

#### ♦ **Endowment fund**

The endowment fund was established under a Charity Commission Scheme dated 31 July 2002. The Scheme replaces former trusts, a Scheme of the Commissioners dated 15 November 1972 and declaration of trusts dated 5 September 1974 and 21 November 1976. It states that income and capital shall be used:

- ♦ the trustees must first apply the income to meet the proper costs of administering the charity and of managing its assets and thereafter the remaining income must be applied in furthering the objects of the charity; and
- ♦ for the object of the charity, the trustees may also apply expendable endowment and permanent endowment but only on such terms for the replacement of the amount spent as approved by the Commissioners.

#### ♦ **Francis Street Fund**

The Francis Street Fund was established during the year ended 30 September 2004 when the Francis Street hostel, which was managed by the charity, was sold by the freeholder. Under the terms of the disposal, the net proceeds were donated to the charity to be held as a permanent endowment.

### Restricted funds – summary

	At 1 October 2019 £	Income £	Expenditure £	Investment losses £	At 30 September 2020 £
Society funds – restricted grants	—	14,352	(14,352)	—	—
Trust funds (note 18)	250,960	6,999	(14,601)	(340)	<b>243,018</b>
Diocesan funds (note 19)	2,140,721	78,691	(124,544)	(64,842)	<b>2,030,026</b>
	<b>2,391,681</b>	<b>100,042</b>	<b>(153,497)</b>	<b>(65,182)</b>	<b>2,273,044</b>

## Notes to the financial statements 30 September 2020

### Restricted funds (continued)

	At 1 October 2018 £	Income £	Expenditure £	Investment gains £	At 30 September 2019 £
<i>Society funds – restricted grants</i>	—	—	—	—	—
<i>Trust funds (note 18)</i>	258,637	1,260	(19,572)	10,635	250,960
<i>Diocesan funds (note 19)</i>	2,164,704	98,771	(163,807)	41,053	2,140,721
	<b>2,423,341</b>	<b>100,031</b>	<b>(183,379)</b>	<b>51,688</b>	<b>2,391,681</b>

### 18 Restricted funds - Trust funds

The income funds of the charity include restricted trust funds comprising the following unexpended balances of donations, grants and other income held on trusts to be applied for specific purposes:

	At 1 October 2019 £	Income £	Expenditure £	Investment gains £	At 30 September 2020 £
Packe Holiday & Housing Trust	192,503	5,535	(11,200)	(270)	<b>186,568</b>
Greenlands, Peel, Isle of Man	49,755	1,197	(2,895)	(57)	<b>48,000</b>
Almoners Trust	8,702	267	(506)	(13)	<b>8,450</b>
<b>Total</b>	<b>250,960</b>	<b>10,214</b>	<b>(14,601)</b>	<b>(339)</b>	<b>243,018</b>

	At 1 October 2018 £	Income £	Expenditure £	Investment gains £	At 30 September 2019 £
<i>Packe Holiday &amp; Housing Trust</i>	199,119	—	(15,067)	8,451	192,503
<i>Greenlands, Peel, Isle of Man</i>	50,552	1,260	(3,826)	1,769	49,755
<i>Almoners Trust</i>	8,966	—	(679)	415	8,702
<b>Total</b>	<b>258,637</b>	<b>1,260</b>	<b>(19,572)</b>	<b>10,635</b>	<b>250,960</b>

The use of the trust funds held at 30 September 2020 is restricted to the following:

♦ **Packe Holiday & Housing Trust**

The provision of housing and holidays for the needy.

♦ **Greenlands, Peel, Isle of Man**

The furtherance of the charity's objectives in the Isle of Man.

♦ **Almoners Trust**

The provision of support for elderly members.

## Notes to the financial statements 30 September 2020

### 19 Restricted funds - Diocesan funds

The income funds of the charity include restricted Diocesan funds comprising the following unexpended balances of donations, grants and other income held on trusts for use by GFS within the specific dioceses:

	At 1 October 2019 £	Income £	Expenditure £	Investment losses £	At 30 September 2020 £
Dioceses with branch activities:					
. Birmingham	137,475	15,005	(7,998)	(595)	<b>143,887</b>
. Carlisle	99,676	10,880	(5,799)	(431)	<b>104,326</b>
. Liverpool	283,838	7,015	(16,513)	(10,320)	<b>264,020</b>
. Other	242,217	11,195	(14,092)	(3,258)	<b>236,062</b>
Dioceses without branch activities:					
. Other Diocesan funds	11,996	554	(698)	(161)	<b>11,691</b>
. Branch support funds	1,365,519	34,041	(79,444)	(50,076)	<b>1,270,040</b>
<b>Total</b>	<b>2,140,721</b>	<b>78,691</b>	<b>(124,544)</b>	<b>(64,842)</b>	<b>2,030,026</b>

	At 1 October 2018 £	Income £	Expenditure £	Investment gains £	At 30 September 2019 £
Dioceses with branch activities:					
. Birmingham	136,375	5,591	(10,319)	5,828	137,475
. Carlisle	98,878	4,054	(7,482)	4,226	99,676
. Liverpool	291,108	11,968	(22,029)	2,791	283,838
. Other	244,852	8,815	(18,528)	7,078	242,217
Dioceses without branch activities:					
. Other Diocesan funds	12,126	437	(918)	351	11,996
. Branch support funds	1,381,365	67,906	(104,531)	20,779	1,365,519
<b>Total</b>	<b>2,164,704</b>	<b>98,771</b>	<b>(163,807)</b>	<b>41,053</b>	<b>2,140,721</b>

### 20 Designated funds

	At 1 October 2019 £	Investment losses £	Designated/ (released) £	At 30 September 2020 £
<b>Total – Transitional investment fund</b>	<b>436,039</b>	<b>(49,872)</b>	<b>3,500,000</b>	<b>3,886,167</b>

  

	At 1 October 2018 £	Investment losses £	Designated/ (released) £	At 30 September 2019 £
<b>Total – Transitional investment fund</b>	<b>798,586</b>	<b>(12,547)</b>	<b>(350,000)</b>	<b>436,039</b>

The designated fund is for future investment in the fundraising strategy and implementation of the charity's five year strategic plan.

## Notes to the financial statements 30 September 2020

### 21. Analysis of net assets between funds

	General funds						
	Free reserves	Pension deficit fund	Tangible fixed asset fund	Designated funds	Restricted funds	Endowment funds	Total
	£	£	£	£	£	£	£
<b>Fund balances at 30 September 2020 are represented by:</b>							
Tangible fixed assets	—	—	6,610	—	—	—	<b>6,610</b>
Investments	—	—	—	3,886,167	2,360,588	2,887,590	<b>9,134,345</b>
Net current assets (liabilities)	468,972	—	—	—	(87,544)	—	<b>381,428</b>
Pension provision	—	(226,360)	—	—	—	—	<b>(226,360)</b>
	<b>468,972</b>	<b>(226,360)</b>	<b>6,610</b>	<b>3,886,167</b>	<b>2,273,044</b>	<b>2,887,590</b>	<b>9,296,023</b>

	General funds						
	Free reserves	Pension deficit fund	Tangible fixed asset fund	Designated funds	Restricted funds	Endowment funds	Total
	£	£	£	£	£	£	£
<b>Fund balances at 30 September 2019 are represented by:</b>							
Tangible fixed assets	—	—	10,032	—	—	58,356	<b>68,388</b>
Investments	—	—	—	463,665	2,582,673	7,154,411	<b>10,200,749</b>
Net current assets (liabilities)	549,588	—	—	(27,626)	(190,992)	—	<b>330,970</b>
Pension provision	—	(276,000)	—	—	—	—	<b>(276,000)</b>
	<b>549,588</b>	<b>(276,000)</b>	<b>10,032</b>	<b>436,039</b>	<b>2,391,681</b>	<b>7,212,767</b>	<b>10,324,107</b>

### 22. Financial commitments

At 30 September 2020 the charity had future minimum commitments under non-cancellable operating leases on land and buildings as follows:

	2020 £	2019 £
Payments falling due:		
. Within one year	<b>30,164</b>	50,815
. Between one and two years	<b>43,200</b>	13,502
	<b>73,364</b>	64,317

### 23. Liability of members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £1.

## Notes to the financial statements 30 September 2020

### 24 Pension costs and provisions

The charity participates in a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee of the scheme has asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit contributions

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From 1 April 2019 to 31 January 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1 April)
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Unless a concession has been agreed with the Trustee, the term to 31 January 2025 applies.

The scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

#### Deficit contributions

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From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1 April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1 April)

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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

## Notes to the financial statements 30 September 2020

### Pension costs and provisions (continued)

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

#### Present values of provision

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Present value of provision	226	276	323	364	407

#### Reconciliation of opening and closing provisions

	2020 £'000	2019 £'000
Provision at 1 October 2019	276	323
Unwinding of the discount factor	2	5
Deficit contribution paid	(50)	(47)
Re-measurements – impact of any change in assumptions	2	6
Remeasurements - amendments to the contribution schedule	(4)	(11)
Provision at 30 September 2020	226	276

#### Income and expenditure impact

	2020 £'000	2019 £'000
Interest expense	2	5
Re-measurements – impact of any change in assumptions	2	6
Remeasurements - amendments to the contribution schedule	(4)	(11)
Costs recognised in statement of financial activities	—	—

#### Assumptions

	2020 %	2019 %	2018 %	2017 %	2016 %
Rate of discount	0.58	0.98	1.76	1.52	1.15

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.