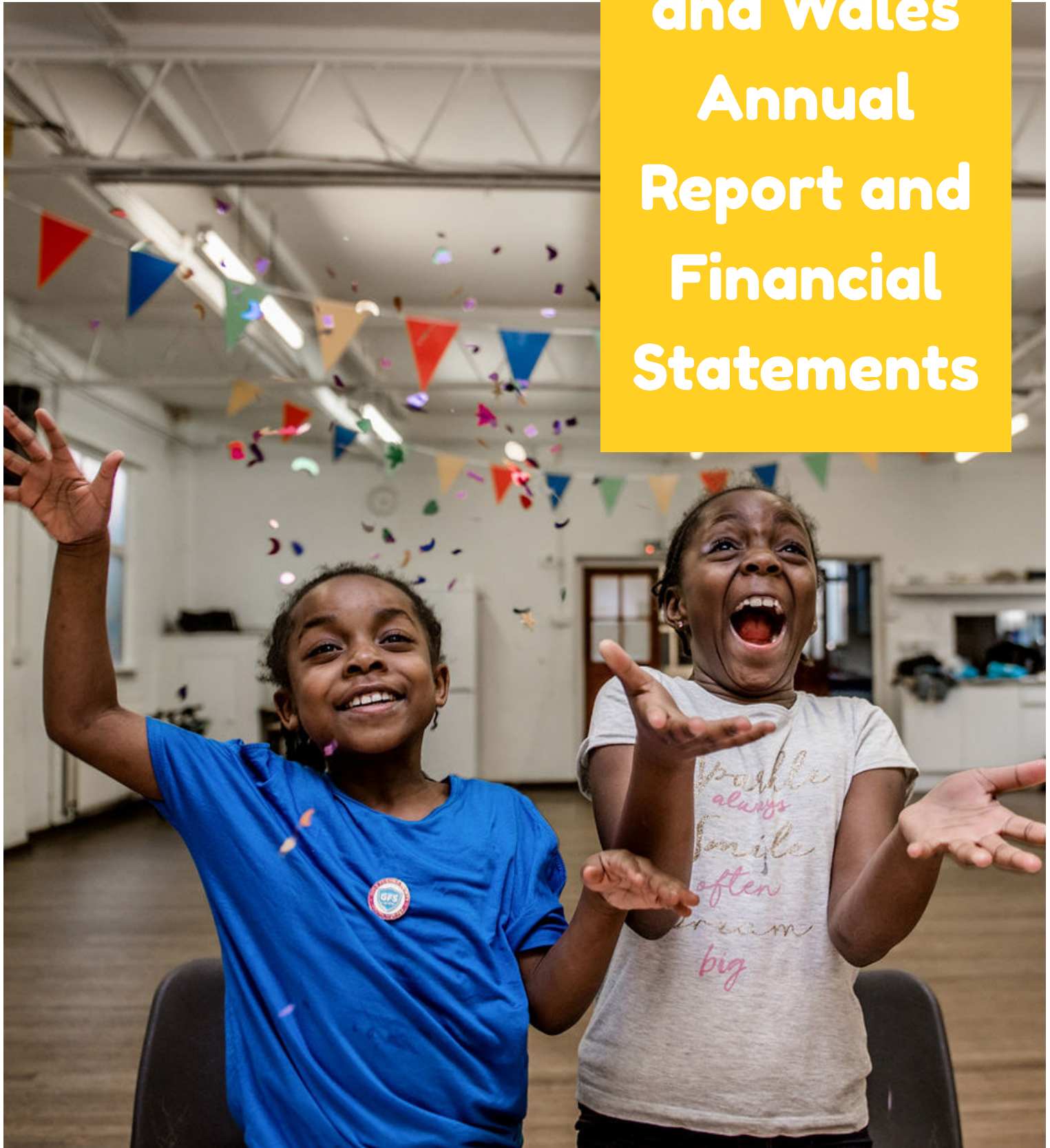




**FOR GIRLS  
FOR FRIENDSHIP  
FOR SOCIETY**

# GFS England and Wales Annual Report and Financial Statements



**1 October 2020 - 30 September 2021**

## Contents

CEO's introduction	3
Chair's welcome	4
Trustees' report	6
Independent auditor's report to the members	27
<b>Financial statements</b>	
Statement of financial activities - year to 30 September 2021	31
Comparative statement of financial activities - year to 30 September 2020	32
Balance sheet	33
Statement of cash flows	34
Principal accounting policies	35
Notes to the financial statements	38
Reference and administrative details of the charity, its trustees and advisers	49

The trustees of Girls Friendly Society in England and Wales (GFS) present the Trustees' Report and Financial Statements for the year ended 30 September 2021.

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 35 to 38 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).

# CEO'S INTRODUCTION

Every day girls and women face inequality in their lives. That has an impact for the society in which we live. Right now we should all be worried about girls and young women. The media is full of stories that are alarming and post COVID we know that the mental health of girls has suffered disproportionately (NHS Mental Health of Children and Young People in England 2021). Further research has identified that:

- Girls as young as five routinely worry about their weight and appearance.
- The belief that men are smarter than women starts in girls as young as age 6.
- Girls' self-esteem drops significantly from age 10.

GFS is responding as a network of groups to do something to address how girls feel and support them to grow into confident and aspiring young women. We have an early intervention role to address the inequalities that exist in our society for girls. Our focus is to empower girls by working on self-esteem and confidence because these factors are so important to enable girls to speak up about what is important to them or try new things.

Confidence and self-esteem enable girls to take healthy risks and learn to solve problems. This means that learning and development will be productive and will set girls up for a healthy and positive future. We believe that by supporting the girls of today we are supporting the women of tomorrow; working towards a balanced society.

GFS is committed to running inclusive groups for girls that research has identified as needing it most. All groups are offered at a minimal cost and we offer a fee waiver for girls who need it. Despite being a national organisation, GFS operates a local approach; we recruit volunteers in the areas where groups are based, so that we can directly address the needs girls have within specific communities. Our strategy is evidence based and our work to develop a programme linked to our impact is progressing well but all of this great work has to be funded to take place, grow and address the very real need.

Financially we have a clear plan for the future to support the strategy in place. In the past 12 months, we have entered a period of investment, focusing heavily on modernisation and growth. This has created a gap between our income and our outgoings, which it is a priority for us to address over the coming months.

GFS has some income from investments which provides some stability and helps us sustain the charity. However, for a number of years we have been spending more than they generate, and so we have needed to take funds from our investment pot to sustain our work. We have now moved to a total return approach, which is both more sustainable and ethical. In the immediate term, this reduced the yield from investment income, impacting our bottom line, but has curtailed the erosion of the funds.

It is clear investment related income alone is not enough for our organisation to operate in an impactful way. Nor will it support growth. If we are to achieve our organisational objectives of growth and sustainability, it is essential for GFS to diversify and supplement its income streams. As a result, we have made it a strategic priority to develop our fundraising.

As far as possible, the investment funds have been released or invested to create useful revenue for the organisation. We have a clear plan to support the development of the fundraising strategy and growth of our delivery. This began during the year and we have seen both growth and fundraising evolve as a result. However a significant amount of our restricted reserves remain ring-fenced for work that sits outside of our strategy, for example work in the Isle of Mann or with older people and cannot be released for use. In reality, the available free reserves amount to approximately two months of operating costs, which underlines the importance for us to be successful in our fundraising.

It is a critical time for girls right now and GFS needs to raise awareness and funding to be able to reach more girls and increase impact to address the need. We would love to work in partnership with you if you can help us to make that a reality.



# CHAIR'S WELCOME

Girls Friendly Society (GFS) has been in existence for almost 150 years and we all have tremendous respect for those who went before us to establish such a forward thinking and relevant charity. Therefore, this report will not only celebrate our successes of 20-21 but also talk to the fact that this team knows we have a lot of work to address the challenge that we have not remained as forward thinking and relevant as we would like to be. This past year has seen us review what we do and how we do it to ensure we can confidently stand alongside our founders with pride. We believe that we now have a dedicated and skilled team at all levels of the organisation determined to honour our past and ensure GFS is delivering its charitable purpose in a way that our founder Mary Townsend would have approved.

This was the year that COVID hit hard and we are proud of the work that the organisation did to power through this and bring about fundamental change to address our headline strategic objective of CULTURE whilst remaining focussed on preparing for the second two; GROWTH and SUSTAINABILITY. We invested significant time and energy in the volunteers as we did all we could to develop respectful and effective relationships. They worked alongside us to develop a revised vision and mission, a new set of values and reviewed our strategic plan. We made

concerted efforts to celebrate their achievements, support them to take the service online and recognize the incredible dedication of service they offered the girls to ensure they and we stayed connected.

This year was one of assessment as we checked ourselves against the strategic plan and considered how our growth plan could be delivered to the areas of England and Wales that research said needed GFS the most. We stood back and worked collaboratively to develop the foundations of a 'Girl Shaped' strategy. Whatever we grew into needed to be built with and for the girls. We recognised that this was a priority if we were going to ensure our impact was significant and relevant. Growth and reshaping needed a team that could support the considerable change that this inspired. Our leadership team rose to the challenge to make this a reality and our volunteer recruitment continued at a pace during COVID bringing a new breed of volunteers all passionate about supporting girls to be confident and proud of who they are.

Following an external governance audit, we introduced rigour to our governance in measuring ourselves against the Charity Governance Code to drive an improvement programme in all we do. We also worked together to modernise what governance looked like for GFS which involved a complex change management project around

membership to ensure the safeguarding of safe and sound decision making.

This has been successful with members moving to a new group called the Townsend Network which has an improved offer for them whilst ensuring that it is just trustees that are members. We then looked at our board membership with a headline ambition of addressing Equity, Diversity and Inclusion (EDI) with an intersectional approach. The new trustees and committee members numbered twenty in total and we dramatically changed the culture and diversity of our governance team to improve thinking, assurance and governance.

We believe that as a result, the organisation has a much improved culture with effective relationships and an appetite and approach to address issues collaboratively for the sake of the charity.

We have a team of professionals to realise the plan but we know that sustainability is a priority and we welcome challenge and scrutiny. We have been financially powered by our investments for decades but the majority of this is restricted and cannot be accessed. We will be unable to continue to offer a service if we do not achieve a successful alternative income stream in fundraising. We developed a strategy last year and launched it in the most challenging of years for fundraising! Despite this we saw green shoots of success as funders recognised the very real



need for girls and young women. As time has gone on, research has identified that girls and women suffered disproportionately during COVID and supporters are responding to this by seeing GFS as a solution. We have used this time to work through how fundraising could and did work for GFS and we are ready to face the new financial year with a team dedicated to making the most of emerging opportunities.

This has been a year of facing up to our challenges and building a plan to address them. We have reviewed all areas of work alongside our data to identify that our two key organisational objectives have to be girl numbers (for us to increase our impact by delivering a service for more girls) and achieving our sustainability through fundraising. The Board has commissioned a number of review processes to be able to develop a financial strategy that is robust but ambitious and brave, with KPI's to assess the level of success or otherwise. This work continues to ensure GFS has a long and relevant place in the empowerment of girls and young women.



# OUR VISION, MISSION AND VALUES

Our vision is of a world where girls and young women are free to be themselves and feel proud of who they are.

Our mission is to support and inspire girls and young women. We will create spaces where they feel safe and valued, so that they can build strong foundations that will prepare them for life's challenges.

In January 2021, GFS worked with staff, girls and volunteers to refresh our vision, mission and values.

It was important for us, under our strategic goal of improving our culture, to ensure that our vision, mission and values were something that could unite, motivate and guide our team. We wanted them to be a true representation of the passion that drives people to make such an incredible contribution to this organisation, and goals that we all believe can improve the lives of girls and young women.

Through workshops, consultation and feedback, we have crafted a vision, mission and values that we believe will help GFS be more appealing to funders, clearer to parents, and further its aims in every sense.

#### 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.



## In everything we do, GFS will aspire to be:

1

#### Girl-focused

We are here to make a difference for girls and young women. Everything we do will be in the interest of and informed by them.

2

#### Brave

We make brave choices in support of what we know is right.

3

#### Feminist

GFS is a community, where girls and women support each other and seek to address the inequalities faced by women in all that we do.

4

#### Inclusive

We believe in a fair society for everyone, and all girls and women are welcome at GFS. We will not let personal circumstances be a barrier to engaging with our services.

5

#### Ambitious

We have big aspirations. For our organisation, for the girls and young women we interact with and for a fair future.

6

#### Fun

Although girls and young women face challenges, we also believe in the importance of approaching our mission with a sense of fun.



# WHY GFS MATTERS

Gender inequality is bad for everyone. It restricts boys, girls, men, women and non-binary people. It has a disproportionately worse impact on those with intersecting marginalised identities, and it creates narrow ideals that no one can live up to.

In young women, gender inequality manifests as lack of confidence, reluctance to put themselves forward, preoccupation with image and poor mental health, such as anxiety.

And ultimately, that results in fewer experiences. Less evidence of the fact that they can be successful. Deference to their male counterparts. And in turn, worse career prospects, shouldering a disproportionate amount of the emotional and family labour, less control over decision making.

And these effects are exacerbated by deprivation. Fewer role models etc. The seeds of the grim picture we see for many women today, particularly in areas of need, were sown in childhood.

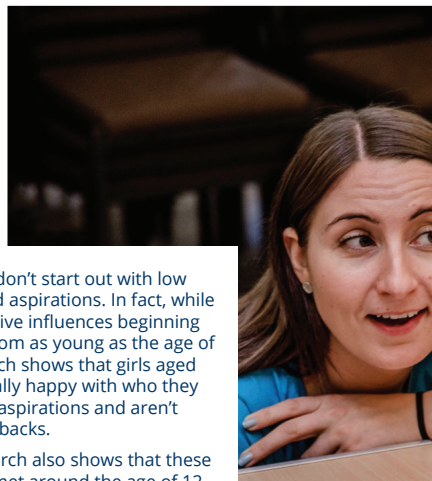
But, our research shows that girls and

young women don't start out with low self-esteem and aspirations. In fact, while there are negative influences beginning to affect girls from as young as the age of five, our research shows that girls aged 7-11 are generally happy with who they are. They have aspirations and aren't deterred by setbacks.

However, research also shows that these statistics plummet around the age of 12-13. So can we stop girls going from happy, healthy children, to struggling, insecure young people? How can we build strong foundations and counteract negative messages, to help girls maintain their sense of self beyond early adolescence?

At GFS we believe this can be achieved through early access to four key things:

- Single gender spaces
- A non-competitive environment
- Women role models
- A supportive and safe community to learn about themselves in.



# WHAT DOES SUCCESS LOOK LIKE?

This year, we have asked ourselves what it looks like for girls to feel proud of who they are; what the foundations are, that will see them through the challenges they will face.

In asking ourselves these questions, we have clarified our understanding of what resilience, wellbeing, confidence and self-esteem look like in practice for the girls we work with. As a result, in February, we developed six GFS Girl statements. These are six behaviours that we aim for each girl to have as a result of attending GFS.

They will look different in every girl, and we are more interested in individual progress than an end point, but all of our sessions aim to nurture these attributes in the girls who attend:

- I can speak up about things that matter to me
- I am proud of who I am
- I try again if I have a setback
- I can try new or unfamiliar things
- I believe I can achieve my hopes and dreams
- I can enjoy friendships with all kinds of people.

These have been shared with all groups, who have welcomed the statements, and recognise them as being in line with the realities of the work they deliver in their groups, and the hopes they have for the girls.

These GFS Girl statements give our volunteers a clearer focus and also help us articulate to everyone, exactly what it is we want for the girls we work with. Over the coming months, a key action for GFS will be to develop our tools and processes for evaluating these statements, and how well our sessions foster them.





# WHAT HAVE WE DONE TO ACHIEVE OUR AIMS?

## Direct delivery

At the start of 2020, we outlined three key strategic areas in which GFS must improve in order to increase the impact of our work and bring us closer to our charitable aims. These were growth, sustainability and culture.

### GFS online

For the first part of this year, the UK was still combating the spread of COVID-19 with periods of lockdown. To ensure no GFS girl went unsupported during this time, we ran online sessions. The sessions not only provided a safeguarding purpose, but also provided girls with an important outlet and sense of stability amidst so much other disruption. "This group is so wonderful and it's so appreciated how they personally try to reach out to each girl and their family to keep them up to date with big changes. It's this support that Robyn loves and learns."

These sessions were run by our amazingly committed volunteers and supported by additional activities provided from our central staff team. By supplying more content, we made sessions easier for volunteers to deliver during a stressful period. Greater detail on our COVID provisions can be found in our 2019/20 and COVID report.

### International Day of the Girl

We created connections with Festival of the Girl and provided them with video material to reach around 100 extra girls aged 7-11. By creating connections with other organisations with a similar mission, we aim to raise awareness of GFS, reach more girls, and coordinate efforts across the sector.

### Delivered the safe return of groups

We were delighted that groups were able to begin returning to face-to-face sessions in April of this year, a little more than 12 months after they were first closed. While parents and girls alike expressed enjoyment and gratitude for online sessions, so many of our girls and volunteers couldn't wait to be reunited.

Facilitating this was a huge task for our Operations and People teams; who ensured that girls and volunteers were safe when returning to their groups, and supporting them with training, PPE and socially distanced session plans.

- 133 girls attended GFS online sessions – our online sessions were a vital way of keeping in touch with girls and supporting them through the pandemic. Sessions were mostly attended by existing GFS girls.
- 174 girls returned to groups post pandemic – In September 2021, 174 girls attended GFS. This was a significant reduction on our estimated pre pandemic numbers, due to a number of factors, including girls who had reached their group's age limits, difficulty recruiting new girls for online sessions and delayed reopening of some groups.
- 19 groups returned to face-to-face delivery – In September 2021, 19 GFS groups have been supported to return to face-to-face delivery. This number was below our pre-pandemic number of groups. Some will return in 2021/22 and some of our long running, or less well attended groups saw the pandemic as a natural time to bring their groups to a close.

### International Women's Day

We had a fantastic time, encouraging our girls, staff, volunteers and supporters to take part in the UN's Choose to Challenge campaign. In groups, the girls discussed injustices that exist in their lives, and created their own Choose to Challenge commitments.

This was the first campaign where GFS engaged corporate partners to take part, both in order to raise our profile, and to make donations in support of GFS. In growing our profile and establishing corporate relationships, we are strengthening our position to reach more girls.

### Big Dreamers' Club

It was important to GFS that we push ourselves to continue innovating during the pandemic. One outcome was the creation of the GFS Big Dreamers' Club. Launched in November 2020, this six-week online programme of activities allowed us to reach girls without the restriction of physical location. We ran two different six-week courses – one on inspiring futures and one on leadership, and found that both had very good uptake. The sessions were really popular and have the potential to create a blueprint for future online work, which requires fewer resources and comes with less risk. One parent shared that her daughter:

"was very excited and very glad we got in! She is currently grilling me on famous leaders she has Googled and is writing a poem about great leaders! I think she may be inspired!"







## Improved processes and strategies

### We asked our parents, girls and volunteers more

In January 2021, we surveyed parents, girls, volunteers and staff in a more thorough way than previous years. In collecting their feedback, we seek to understand if the work we are doing is improving their experience, and how we can do more.

This was particularly important for volunteers and staff, as it was a key means of measuring our strategic goal of improving our culture.

A key goal for us moving forward will be becoming more girl-shaped, and this information is our starting point.

- 77% of parents said they felt their child was more able to try new or unfamiliar things as a result of attending GFS.
- 87% of girls said they felt more able to speak for themselves as a result of attending GFS.
- 96% of volunteers felt girls were more able to make friends with all kinds of people as a result of attending GFS.
- 81% of girls said GFS helps them free like they can achieve their hopes and dreams despite the pandemic.

### Working to improve our monitoring and evaluation

We know that GFS has more work to do in monitoring the impact of the work we do. While we see the difference our groups make week by week and in the responses we get from parents, girls and volunteers, we need to be more accurate in the way we are measuring it.

This year, significant work has been done to build a system that will allow us to move towards better understanding of what is happening at groups. Launching in 2021/22, the system will allow us to better understand how frequently girls are attending their groups, which of our GFS

Girl themes are being covered in sessions, and the diversity of the girls we are reaching.

This, of course, is only the first step – monitoring outputs, rather than outcomes or impacts. The creation of the GFS Girl as a tool for tracking girls' journey while they are at GFS is another key factor, and in September 2021, the Board signed off on plans to hire a programme and impact manager to help us take the next step. We are excited to continue our development over the coming months.

### A new approach to opening groups

A key piece of work this year has been a review of our approach to opening new groups. Having more groups and reaching more girls is key to our 'growth' priority, but it has been essential to think strategically to ensure that groups are also sustainable and impactful.

We decided together that future GFS groups will be opened in areas of need, as outlined by Plan UK's State of Girls' Rights report. This outlines intersecting factors that come together to make some parts of the UK significantly worse places to be a girl. By opening our groups in these areas, we can be sure that we are reaching the girls who need us most.

In addition, groups will be opened in strategic clusters around these areas, allowing us to build our reputation and focus our resources. We

believe these decisions will greatly improve the sustainability and effectiveness of our groups and expect to see the impact of these decisions in 21/22.

Our final development in the interest of growth and sustainability of groups was the introduction of employed Group Coordinators. This role aims to bring stability to the group, balancing volunteer turnover, and reduces the level of administration work required of volunteers. They improve communication with our central staff team and mean we have dedicated staff hours from people who best understand the communities they work in.

In the summer of 2021, we recruited six new group coordinators based on pilots in the North East – their groups will launch in November 2021.



# VOLUNTEERS

## Volunteers during COVID

This period saw GFS attract a different cohort of volunteers; COVID inspired so many to give back and we benefitted from this. In meeting them, we heard that this came from the fact that so many were working from home or in a hybrid capacity and so had more time available to be able to volunteer. It also came from the fact that so many felt so strongly about the many stories in the press and media around continued violence against women and wanting to empower girls at an early age.

We saw continued interest from local volunteers who wanted to join a group near them and support girls and young women. We also saw the rise of virtual volunteers who wanted to support the work we did, either by creating programme

content, supporting online sessions, or by offering skills to a specific project.

This was particularly important in helping GFS prepare for the future. GFS has been so fortunate to have well-established, long-standing volunteers who have been with us for decades. But as COVID presented new online challenges and return to groups was not possible for the most vulnerable, many of the women who have given the most to GFS have seen it as a natural end to their active volunteering with us. They have seen the standard of inspiring women joining GFS and felt that there are safe, reliable hands to leave their groups in, and we are so grateful to everyone involved.



## Training

We improved our basic training by developing and refining a suite of courses that start with a welcome session with the CEO and Volunteer Recruitment and Training Coordinator. This was developed to offer an overview of the organisation but also to afford an opportunity for the CEO to formally welcome and thank every single volunteer. It has also been beneficial to connect volunteers with one another at this point and for them to feel part of a team with shared purpose. This is then followed by a further three sessions, all developed to ensure that volunteers know what to expect and feel equipped to make the most of the role.

Our safeguarding annual refresher has also been embedded in the development of the training suite. This is a virtual training session bringing together volunteers from around the country to update their knowledge, share best practice and improve their ability to manage difficult circumstances. This has generated a noticeable difference in the volunteers' understanding of

safeguarding and we saw a subsequent increase in safeguarding referrals because they felt more confident in recognising a concern and doing something about it. This is particularly relevant and important in the context of our commitment to work in communities where the need and disadvantage is greatest.

The past year also saw us regularise volunteer briefings. These brought them together, virtually, to brief them on new initiatives, offer support and guidance around challenges they might face, and as well as the opportunity to talk together as one team. These sessions proved invaluable for supporting the work we did on improving culture at GFS. We will continue to build on this to assure the volunteers are consulted with, listened to and feel valued by the charity.

We recruited 88 new volunteers, 65 of whom completed their training to take up active volunteer roles.



# FINANCIAL REVIEW

## Results for the year

The statement of financial activities on page 31 shows net expenditure for the year before investment gains of £486,605 (2020 – £87,853) being a deficit on unrestricted funds of £361,151 (2020 – £34,398), a deficit on designated funds of £109,425 (2020 – £nil) and a deficit on restricted funds of £16,029 (2020 – £53,455).

Total income for the year was £274,050 (2020 – £649,543) with income from investments and interest receivable comprising 69% (2020 – 74%) of the total and amounting to £187,804 (2020 – £481,259). Included in the prior year 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 £760,655 (2020 – £737,396) with expenditure on community and school based programmes amounting to £648,776 (2020 – £639,822). 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 gains of £906,906 (2020 – losses of £940,231) amounted to a surplus of £420,301 (2020 – loss of £1,028,084).

## 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 £175,231 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.

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 support our growth strategy and also 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 are £299,484. When considered net of the pension fund deficit, and therefore the reserves that are available to us, these totalled £124,253 at the year end. This equates to 2.0 months expenditure and therefore falls below the reserves policy.

## Other funds

In addition to the endowment funds, at 30 September 2021, GFS had restricted funds which totalled £2,390,521 (2020 – £2,273,044) most of 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 2021 totalled £3,951,531 (2020 – £3,886,167) and comprise monies invested, in part, to generate income and funds from 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 £175,231 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 £33,818 (2020 – £6,610) 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 2021 of £9,633,425 (2020 – £9,134,345) comprising listed investments of £9,386,577 (2020 – £9,117,488), and cash awaiting investment of £246,849 (2020 – £16,857). The investment portfolio represents in part the charity's endowment funds, the capital of which cannot be spent.

The charity's investment portfolio rose by 5% in the year. With the outbreak of COVID and the impact on the global markets the makeup of the investment portfolio has changed with the charity selling off the property stock and investing in company stock. The charity changed in year so all funds are now in Ethical Investment portfolios.

From 01 October 2021 – 31 January 2022 the portfolio value fell by around 10%. There is likely to be continued volatility in the European markets following the Russian invasion of the Ukraine.

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.



# FUNDRAISING

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.

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.

Our fundraising strategy was launched in February 2020, when we were still unaware of the impending pandemic and its scale. Nonetheless, our commitment to increasing fundraised income remained, and we have made significant progress.

Our strategy has been to develop key disciplines based on their return on investment and suitability for GFS. After first establishing our fundraising from Trusts and Foundations, 20/21 saw further development into Corporate Fundraising.

While there have been some real successes, the pandemic has had a serious impact on our fundraising ability; it has seen the trusts space become more crowded, businesses cut their bottom lines, and a reduction in GFS's direct delivery while core cost commitments remained steady.

## Fundraising growth

We invested in our Fundraising team by recruiting a second Trust Fundraising Coordinator in December 2020. This allowed us to secure funding from local authorities, supermarket schemes and a number of small trusts. We also secured funding for a number of intern posts which will help increase the capacity of the team as we grow.

We then started to grow our income through partnerships with commercial organisations, including major funding to launch four new groups with Legal and General. We also worked with partners to raise funds for International Women's Day and look forward to continuing this growth in 21/22.

## Income from charitable activities

**£25,486**

2018/19

**£27,874**

2019/20

**£80,357**

2020/21

# GOVERNANCE ARRANGEMENTS

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 fifteen trustees who are recruited following an open and transparent recruitment exercise that is designed to address skills and experience gaps emerging on the Board.

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 ongoing training. 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 link 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. A key part of their induction training is Conflict of Interest. Every governance meeting asks the question whether they have any conflict of interest. As part of the audit the trustees are required to sign a declaration of interest form. It is therefore important they understand this responsibility.

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

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 as well as in their committee meetings. 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.



## Committees

In 2021 we had a priority that we all agreed was important to initiate – to develop a new subcommittee structure as well as address diversity and inclusion at every level; led from the very top. Together we did a skills gap analysis of the Board, we identified the skills, diversity we need to recruit to, as well as lived experience to take the organisation into its next chapter and up to the 150th anniversary.

We received over 45 applications from women looking to get involved at trustee and committee level. When we started this initiative we were looking to address a range of areas of diversity including race, age, sexual orientation and disability. The results were impressive, especially when you consider we did this with limited resources and no external resourcing. We now have 7 new trustees and 13 new committee members and our diversity has improved, resulting in us being nominated and shortlisted for a Governance Award in Inclusion and Diversity.

- The Board has seen increased participation of non- white British from 22% to 33%.
- The Board has moved from having one young trustee (12%) to three (23%).
- The Board has moved from 0% LGBTQ+ to 8%.
- The Board has moved from 0% members having declared a disability to 8% who have.

The Charity is now supported by four focussed committees and every trustee sits on one of the committees. They are each chaired by a trustee who has professional experience in that field and they are:

- Finance and Investments
- Fundraising and Growth
- Quality and Impact
- People and Operations.

These committees all sit in the weeks leading up to the quarterly board meeting and offer support and challenge to the leadership team on their direction of travel and performance. Each considers the relevant risks on the risk register, KPI's and reviews departmental policies before summarising the discussions and making proposals for the Board to consider.

## Membership

Following an independent governance review in 2020, a consultation with (company) members in January 2021 and a number of roadshows, the Board agreed that membership must be restricted to the board of trustees. Furthermore, it became clear that we were not offering members as much support and engagement as they had suggested they would like.

With that in mind, we established the Townsend Network (TN) and invited all members to resign from being members and become TN members instead. This was by invitation only and we included their feedback from roadshows in the design. We listened to members who attended the three roadshows we held and instead of having a set contribution like membership, we ask for a 'suggested donation' but left it open to them to decide to give more or less. We also encouraged them to think about a much smaller but more regular donation such as £5 per month.

All members resigned and moved over or did not engage. Those who did not respond we wrote to twice more to advise them that their membership would be terminated if we did not hear back which encouraged a few more to join the TN and we are now at a stage of redrafting the Articles and Bye Laws for approval in the December Board meeting. This work has been supported by a legal team.

The governance review also noted the absence of critical analysis around our governance arrangements. This inspired us to establish a monthly audit against the Charity Governance Code we measure our practice up against the benchmark of a large charity to identify areas of improvement before auctioning these. In practice we have seen this have an impact on agendas, communication, EDI programme to name a few.

## Trustee 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).

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 themselves 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. 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.



# RISK

The trustees have assessed and continue to assess the major risks to which the charity is exposed. These are reviewed under the following categories: Finance and Investment, People and Operations, Quality and Impact, Fundraising and Growth. 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 committee and 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 mediate risk, determine corrective action if needed
- Risk reporting and monitoring – by staff, Committees, and by trustees.

The Board uses a Risk Rating matrix to help it focus on the principal risks and execute on mitigating plans of action. The risk rating ensures risks are prioritised and colour coded so that the Charity can focus on significant risks as a priority. A summary of the top ten principal risks and uncertainties that have been identified by the trustees follows:

Operational Risk	Plans to mitigate	GFS lead	Severity	Likelihood	Rating
Inadequate uptake of delivery/operations – fewer girls	Regular monitoring of stakeholder journey				
	Development of evaluation process for beneficiaries	All trustees, Leadership Team	3	5	15
	Need to better understand impact – Programme and Impact Manager recruited and to start Jan 2022				
Unjustified cost per beneficiary ratio	Some groups not returning post COVID and our cost per beneficiary ratio worsening in the short term because fewer girls = less impact				
	Strategy to increase number of beneficiaries but this has been further delayed because of COVID	All trustees, Chief Executive, Finance and Investment Committee, FR and Growth subcommittee, Leadership Team	3	5	15
	Virtual groups, volunteer comms, online resources				
	Regular monitoring of numbers of beneficiaries				
	Regular financial monitoring				
Continuing to run charity on a deficit	Strategic plan developed to generate funds				
	Fundraising strategy developed				
	Five year draft plan to Board	All trustees, Chief Executive, Leadership Team, Finance and Investment Committee, Strategy Committee, FR & Growth Committee	5	3	15
	CC gave permission to unlock endowment fund to invest in strategy				
	It will take us time to achieve strategy which is to protect the capital and see fundraised income exceed investment income				

Reputational / PR risk	Regular social media reviews across all channels	Head of FR & Comms			
	Communications plan for a specific risk	Leadership Team			
	Reaction follows careful analysis of risk and impact	Board	2	5	10
Lack of incident reporting	Briefings for staff and trustees	FR & Growth committee			
	Increased training around safeguarding for all volunteers and staff started in 2020				
	H&S advisor to deliver training for volunteers	Chief Executive, Leadership Team	5	2	10
Ability to develop and implement successful FR strategy	Improved resources and policies to support staff and volunteers				
	Reporting to Q&I and Board on all incidents				
	FR strategy developed and commenced	All trustees, Chief Executive, FR & Growth committee, Leadership Team	3	3	9
Failure in investments and/or markets	Support processes and resources developed				
	Plan to develop corporate arm and grow T&F in 2021				
	There will always be a risk in the markets				
	Appropriate reserves in place				
	Reserves policy in place				
Non-compliance with GDPR	Re-tender process achieved	All trustees, Chief Executive, Finance & Investment Committee	3	3	9
	Investment policy in place				
	Regular monitoring	Head of Finance and Support Services			
	Good quality financial advice				
	Total return policy activated to protect capital				
Major safeguarding incident	Data protection policy in place, reviewed annually				
	GDPR Compliance Forms for groups to sign				
	Regular GDPR compliance monitoring	All trustees, Chief Executive	3	3	9
	Training and support for staff and volunteers				
EDI	Need to consider external audit to check practice				
	Robust safeguarding policy e.g. DBS checks, whistle-blowing policy, safeguarding process				
	3 suitably qualified DSL's	All trustees, DSL, Safeguarding Trustees	4	1	4
	Regular training for staff and volunteers				
Vital that the whole team understand the GFS position on EDI	Annual updates for all				
	External support; 31-8				
	Cross departmental task force developed and monitors plan	Leadership Team			
	EDI annual day of learning	EDI Board lead	2	2	4
	2021 trustee recruitment was positive and changed diversity dynamics at Board and committee level				
	We now have an EDI board lead				



# LEADERSHIP AND KEY PERSONNEL

The trustees consider that they, together with the Leadership team, comprise the key management of the charity in charge of directing, 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 trustees work together to direct strategy but delegate the day to day running of the organisation to the Chief Executive and Leadership Team. The Leadership team is comprised of:

- Chief Executive
- Head of Finance and Support Services
- Head of Fundraising and Communications
- Head of People
- Head of Operations (N)
- Head of Operations (S)

Each member of the team reports into a subcommittee and attends at least one board meeting a year. The Chief Executive attends all committee meetings and all board meetings to provide reporting and consistency. Each member heads up a team and works collaboratively across departments to fulfil the strategy and achieve our organisational objectives. We meet weekly as a team to discuss key priorities and ensure we are all updated across teams. The wider staff team meets virtually once a week to attend training, discuss team goals or receive organisational updates. After every Board meeting a trustee reports to the staff team on decisions made.

The charity has a remuneration policy which is designed to offer fair pay to attract and keep appropriately qualified staff to lead, manage and deliver the charity's aims. Trustees are ultimately responsible for setting remuneration levels for the charity's staff team but this is scaffolded by the leadership team who present an annual budget with salary levels, any annual cost of living increases alongside any changes.

The charity does not have a performance pay approach and neither does it award commission or a bonus scheme. Instead on a regular basis (every two years) the charity commissions a review of its salary with at least one benchmarking sector expert. The results are analysed by the Leadership Team and shared with the Board. Any new roles are always benchmarked.

New to the leadership positions this year is Nic Shoult as Head of Finance and Support Services, Jemma Moonie Dalton and Kim Ward as Head of Operations N/S. As part of our review work we restructured the operations team to remove part time workers and replace with full time but fewer team members and start to introduce group coordinators on a five hour week at a local level. Both elements of this change have seen positive impact. We continued to invest in the fundraising team by adding to the team to increase the fundraising target. We have also initiated internship schemes with great success.



GFS Pittington



GFS Smethwick



GFS Chester-le-Street



GFS Leytonstone

## Recruitment and training

GFS is committed to delivering safer recruitment and has a policy in place designed to ensure this happens. Every paid and unpaid role is assessed against DBS criterion to determine if it is eligible for a criminal records check. Applications are also verified by the Authorised Body and our database flags when renewal is necessary for individuals.

All recruitment and selection across GFS must reflect our Equal Opportunities Policy, and our EDI taskforce has paid particular attention this year, to ensuring that we have a proactive approach to recruiting diversely.

Every post is widely advertised and we have a specific focus on ensuring that we follow best practice EDI considerations within the advert, job description and the process. For example, this year GFS committed to the Show the Salary campaign, which is proven to reduce the gender and race pay gaps. In addition, we no longer request previous salary information or unrelated educational qualifications in any of our roles, and adverts always invite the applicant to discuss the role with us in advance of application.

All of our roles now pay at least the Living Wage, including a number of funded Kickstart internship roles, which GFS top up. Our shortlists are made using anonymized applications, and our interview questions are developed to test the key competencies of the role, rather than solely previous experience as well as EDI awareness and knowledge.

Each new member of staff and volunteer is given an induction programme that is tailored to their role and the needs of the organisation. The induction process includes mandatory training and also enables managers and supervisors to identify any additional support that may be required

throughout the onboarding process. All staff and managers sign a Supervision Agreement setting out the dates for support and supervision meetings. In addition, annual appraisal dates are scheduled within which training and development discussions take place.

GFS currently requires all staff to complete the following mandatory training within their probation period.

- Safeguarding Adults
- Child Protection
- Equality and Diversity
- Personal Safety
- Health and Safety

In addition, new starters will be offered training and guidance that supports use of GFS's internal systems such as; People HRM, Salesforce, Microsoft, Dropbox, and specific systems used in their role e.g. finance and communications. In certain cases a staff member may have responsibilities that require particular training to meet organisational requirements;

- Designated Safeguarding Officer
- First Aider
- Data Protection Officer
- Fire Warden

All staff and trustees were given the opportunity to participate in our annual Day of Learning, where we dedicate a full day to broadening our organisational knowledge about intersecting identities that may impact on the experience of our girls. This year, we gave over a full day to hearing the experiences of non-white women, and getting to better understand the additional barriers they face.

# FUTURE PLANS

We have seen a growing need for girls and young women to be supported to achieve the GFS Girl Statements. COVID disadvantaged girls and young women so significantly and we are only now starting to see that impact. This has affected their wellbeing, confidence, resilience and mental health. We are committed to addressing this and being here for them to make a difference.

We are in a strong position to return to online delivery if there should be a continuation of lockdowns and other restrictions. Sessions were well attended and provided an important safeguarding function. Organisationally, we were able to learn a lot, quickly and support our incredible volunteer base in adjusting to this new way of working.

In addition to the online sessions, we saw that there are viable digital products and services that GFS can offer. Online resource packs for parents to do with their girls at home were enormously popular during the first lockdown and have scope to be developed should restrictions continue. The appetite for shorter online courses was also demonstrated by the popularity of The GFS Big Dreamers' Club. These modules could be expanded and volunteers trained on delivery to be repeated on a regular basis to girls all around the UK.

The urgency of need for GFS, not only remained during the pandemic, but was emphasised by it. Over the past two years we have continued to hear how lockdowns, limited access to school and reduced social interactions have hit girls, and disadvantaged girls, the most. Our plans for growth seek to address this growing need by offering an early intervention programme to address such inequalities. We can only do this with the help of supporters who are keen to do the same and to see a fair society evolve from this work.

The above report has been prepared in accordance with the special provisions relating to small companies within FRS 102 and part 15 of the Companies Act 2006.

**Leanne Massey, Trustee**

**Approved on 2 April 2022**



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

## Opinion

We have audited the financial statements of Girls Friendly Society in England and Wales (the 'charitable company') for the year ended 30 September 2021 which comprise the 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 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## 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. The trustees are responsible for the other information contained within the annual report and financial statements. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice Accounting and Reporting by Charities preparing this accounts in accordance with the Financial reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)), the Charities Act 2011, and the Companies Act 2006 and other regulations including safeguarding, data protection, fundraising and employment law.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- review of the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available 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.



**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.



12 April 2022

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



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

### Year to 30 September 2021

The table below shows 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. A full comparative statement of financial activities for the year to 30 September 2020 is set out on the next page.

	Notes	General funds £	Designated funds £	Restricted funds £	Endowment funds £	2021 Total funds £	2020 Total funds £
<b>Income from:</b>							
Donations and legacies	1	13,475	-	66,882	-	<b>80,357</b>	27,874
Investment income and interest receivable	2	124,600	-	63,204	-	<b>187,804</b>	481,259
Gain on disposal of tangible fixed asset		-	-	-	-	-	131,086
Charitable activities:							
- Community and school based programmes: grants receivable		-	-	-	-	-	1,970
Other sources - miscellaneous income		5,889	-	-	-	<b>5,889</b>	7,354
<b>Total income</b>		<b>143,964</b>	<b>-</b>	<b>130,086</b>	<b>-</b>	<b>274,050</b>	649,543
<b>Expenditure on:</b>							
Raising funds	3	30,949	80,930	-	-	111,879	97,574
Charitable activities: community and school based programmes	4	474,166	28,495	146,115	-	648,776	639,822
<b>Total expenditure</b>		<b>505,115</b>	<b>109,425</b>	<b>146,115</b>	<b>-</b>	<b>760,655</b>	737,396
<b>Net expenditure before net investment gains/(losses)</b>	7	(361,151)	(109,425)	(16,029)	-	(486,605)	(87,853)
<b>Net gains/(losses) on investments</b>		-	444,789	133,506	328,611	<b>906,906</b>	(940,231)
<b>Net (expenditure)/income</b>		(361,151)	335,364	117,477	328,611	<b>420,301</b>	(1,028,084)
<b>Statement of recognised gains and losses</b>							
Actuarial gains on defined benefit pension scheme	24	-	-	-	-	-	-
<b>Net movement in funds before transfers</b>		(361,151)	335,364	117,477	328,611	<b>420,301</b>	(1,028,084)
<b>Transfers between funds</b>	20	270,000	(270,000)	-	-	-	-
<b>Net movement in funds</b>		(91,151)	65,364	117,477	328,611	<b>420,301</b>	(1,028,084)
<b>Reconciliation of funds:</b>							
Fund balances brought forward at 1 October 2020		249,222	3,886,167	2,274,044	2,887,590	<b>9,296,023</b>	10,324,107
<b>Fund balances carried forward at 30 September 2021</b>		<b>158,071</b>	<b>3,951,531</b>	<b>2,390,521</b>	<b>3,216,201</b>	<b>9,716,324</b>	9,296,023



**Comparative 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 £
<b>Income and expenditure</b>						
<b>Income from:</b>						
Donations and legacies	1	13,522	—	14,352	—	27,874
Investment income and interest receivable	2	395,569	—	85,690	—	481,259
Gain on disposal of tangible fixed asset		131,086	—	—	—	131,086
<b>Charitable activities</b>						
. Community and school based programmes: grants receivable		1,970	—	—	—	1,970
Other sources						
. Miscellaneous income		7,354	—	—	—	7,354
<b>Total income</b>		<b>549,501</b>	<b>—</b>	<b>100,042</b>	<b>—</b>	<b>649,543</b>
<b>Expenditure on:</b>						
Raising funds	3	97,574	—	—	—	97,574
<b>Charitable activities:</b>						
. Community and school based programmes	4	486,325	—	153,497	—	639,822
<b>Total expenditure</b>		<b>583,899</b>	<b>—</b>	<b>153,497</b>	<b>—</b>	<b>737,396</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>Net losses on investments</b>		<b>—</b>	<b>(49,872)</b>	<b>(65,182)</b>	<b>(825,177)</b>	<b>(940,231)</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>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>Transfers between funds</b>	20	<b>—</b>	<b>3,500,000</b>	<b>—</b>	<b>(3,500,000)</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>Reconciliation of funds:</b>						
<b>Fund balances brought forward at 1 October 2019</b>		<b>283,620</b>	<b>436,039</b>	<b>2,391,681</b>	<b>7,212,767</b>	<b>10,324,107</b>
<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>

**Balance sheet  
30 September 2021**

	Notes	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible assets	11		33,818		6,610
Investments	12		9,633,425		9,134,345
			9,667,243		9,140,955
<b>Current assets</b>					
Debtors	13	19,355		110,479	
Short term deposits		91,725		88,019	
Cash at bank and in hand		202,239		262,178	
		313,319		460,676	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	14	(89,007)		(79,248)	
<b>Net current assets</b>			224,312		381,429
<b>Total net assets less current liabilities</b>			9,891,555		9,522,383
<b>Provisions for liabilities</b>	15		(175,231)		(226,360)
<b>Total net assets</b>			9,716,324		9,296,023
<b>The funds of the charity:</b>					
<b>Funds and reserves</b>					
Permanent endowment funds	16		3,216,201		2,887,590
<b>Restricted income funds</b>					
. Society funds	17	46,433		—	
. Trust funds	18	228,060		243,018	
. Diocesan funds	19	2,116,028		2,030,026	
			2,390,521		2,273,044
<b>Unrestricted income funds</b>					
. Designated funds	20	3,951,531		3,886,167	
<b>General funds</b>					
. Tangible fixed assets fund		33,818		6,610	
. Free reserves		299,484		468,972	
. Pension deficit fund	24	(175,231)		(226,360)	
		158,071		249,222	
			4,109,602		4,135,389
			9,716,324		9,296,023

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:

**Leanne Massey, Trustee**  
**Approved on 2 April 2022**



## Statement of cash flows

### Year to 30 September 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(721,838)	(721,763)
<b>Cash flows from investing activities:</b>			
Investment income received		288,832	476,129
Interest received		23	561
Purchase of tangible fixed assets		(31,076)	(1,076)
Proceeds from the disposal of tangible fixed assets		—	190,000
Proceeds from the disposal of investments		8,990,729	563,471
Purchase of investments		(8,352,911)	(461,749)
<b>Net cash provided by investing activities</b>		<b>895,597</b>	<b>767,336</b>
<b>Change in cash and cash equivalents in the year</b>		<b>173,759</b>	<b>45,573</b>
<b>Cash and cash equivalents at 1 October 2020</b>	B	<b>367,054</b>	<b>321,481</b>
<b>Cash and cash equivalents at 30 September 2021</b>	B	<b>540,813</b>	<b>367,054</b>

## Notes to the statement of cash flows for the year to 30 September 2021:

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

	2021 £	2020 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>420,301</b>	<b>(1,028,084)</b>
<b>Adjustments for:</b>		
Depreciation charge	3,868	3,939
Losses on investments	(906,906)	940,231
Investment income	(187,781)	(480,698)
Interest receivable	(23)	(561)
Gain on disposal of tangible fixed assets	—	(131,086)
(Increase) decrease in debtors	(9,927)	14,463
Increase in creditors	9,759	9,673
Decrease in pension provision	(51,129)	(49,640)
<b>Net cash used in operating activities</b>	<b>(721,838)</b>	<b>(721,763)</b>

### B: Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	202,239	262,178
Short term deposits (less than three months)	91,725	88,019
Cash held by investment managers	246,849	16,857
<b>Total cash and cash equivalents</b>	<b>540,813</b>	<b>367,054</b>

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the charity and the above cash and cash equivalents.

## Principal accounting policies

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 2021 with comparative information provided in respect to the year to 30 September 2020.

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), 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 COVID on the charity.

COVID continued to have a significant economic impact beyond the charity's control. We are continuing to see operational and financial impact from COVID, as is the rest of the sector, but we monitor them all closely and have ongoing support and challenge from professionals on our Board and Committees to ensure we are ready to adapt our practice in the best interests of the charity and the girls and young women we support. 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 status.

### 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.

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:

1. 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.
2. 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:
  - a) Staff costs and associated expenses
  - b) Day to day running expense of schemes and projects
  - c) Special projects and equipment
  - d) 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%  
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. 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%.

### Financial instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

## Notes to the financial statements

1

### Income from: Donations and legacies

	General funds £	Restricted funds £	Total 2021 funds £
Donations and similar income	10,692	66,882	77,574
Legacies	2,783	—	2,783
<b>2021 Total funds</b>	<b>13,475</b>	<b>66,882</b>	<b>80,357</b>

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

2

### Income from: Investment income and interest receivable

	General funds £	Restricted funds £	Total 2021 funds £
Investment income (see below)	124,577	63,204	187,781
Interest receivable	23	—	23
<b>2021 Total funds</b>	<b>124,600</b>	<b>63,204</b>	<b>187,804</b>

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

Investment income was received from the following sources:

	Total 2021 funds £	Total 2020 funds £
UK equities	14,251	58,192
Overseas equities	11,403	110,160
UK fixed interest based common investment funds	50,901	74,701
Property unit trusts	97,873	174,729
Alternatives	13,353	62,916
<b>2021 Total funds</b>	<b>187,781</b>	<b>480,698</b>

3

### Expenditure on: Raising funds

	General funds £	Restricted funds £	Designated funds £	Total 2021 funds £
Investment manager's fees	30,949	—	—	30,949
Staff costs	—	—	80,930	80,930
<b>2021 Total funds</b>	<b>30,949</b>	<b>—</b>	<b>80,930</b>	<b>111,879</b>

	General funds £	Restricted funds £	Designated funds £	Total 2020 funds £
Investment manager's fees	28,950	—	—	28,950
Staff costs	68,624	—	—	68,624
<b>2020 Total funds</b>	<b>97,574</b>	<b>—</b>	<b>—</b>	<b>97,574</b>

4

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

	General funds £	Restricted funds £	Designated funds £	Total 2021 funds £
Staff costs and recruitment	367,752	99,169	7,975	474,896
Staff travel, training and subsistence	6,390	1,597	—	7,987
Direct volunteer costs	7,540	2,707	—	10,247
Direct project costs	4,627	8,938	—	13,565
Direct restricted project costs	—	—	—	—
Premises	30,180	7,545	—	37,725
Office, administration and miscellaneous	33,728	17,130	14,320	65,178
Marketing and communications	3,763	2,433	—	6,196
Governance costs (note 6)	20,186	6,596	6,200	32,982
<b>2021 Total funds</b>	<b>474,166</b>	<b>146,115</b>	<b>28,495</b>	<b>648,776</b>



5

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:

#### Support costs

	General funds £	Restricted funds £	Designated funds £	Total 2021 funds £
Staff costs and related costs	152,631	44,704	—	197,335
Travel, training and subsistence	6,390	1,597	—	7,987
Premises	19,014	4,753	—	23,767
Office administration and miscellaneous	33,255	11,894	14,320	59,469
Governance costs (note 6)	20,186	6,596	6,200	32,982
2021 Total funds	231,476	69,544	20,520	321,540

	General funds £	Restricted funds £	Designated 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
2020 Total funds	236,097	67,175	—	303,272

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

	Raising funds (note 3) £	Charitable activities (note 4) £	Total 2021 £	Basis of apportionment
Staff costs and related costs	80,930	116,405	197,335	
Other support costs:				
Travel, training and subsistence	—	7,987	7,987	Headcount
Premises	—	23,767	23,767	
Office administration and miscellaneous	—	59,469	59,469	
Governance costs	—	32,982	32,982	
2021 Total	80,930	240,610	321,540	

6

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

#### Governance costs

	General fund £	Restricted funds £	Designated funds £	Total 2021 funds £
Legal and professional fees	20,026	6,556	6,200	32,782
Committee expenses	160	40	—	200
2021 Total funds	20,186	6,596	6,200	32,982

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

7

#### Net expenditure before net investment losses

Net expenditure before net investment losses is stated after	2021 £	2020 £
Staff costs (note 8)	541,891	475,332
Auditor's remuneration	—	—
Audit – current year's fee	14,400	14,400
Depreciation	3,868	3,939
Operating lease rentals	28,255	59,839

8

#### Staff costs

	2021 £	2020 £
Staff costs during the year were as follows:		
Wages and salaries	469,929	417,607
Social security costs	40,733	31,715
Pension costs	82,358	75,650
Pension scheme adjustment	(51,129)	(49,640)
	541,891	475,332

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

	Direct costs £	Support costs £	Total 2021 £
Charitable activities	366,478	116,405	482,883
Cost of raising funds	—	80,930	80,930
2021 Total funds	366,478	197,335	563,813

9

### Trustees' expenses and related party transactions

During the year no trustees (2020 – five) were reimbursed a total of £Nil (2020 – £1,567) for travel and subsistence.

No trustee received any remuneration in respect to their services as a trustee during the year (2020 – nil). During the year, the charity received donations from trustees totalling £1,259 (2020 - £641).

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.

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 2020	—	19,363	<b>19,363</b>
Additions	—	31,076	<b>31,076</b>
At 30 September 2021	—	50,439	<b>50,439</b>
<b>Depreciation</b>			
At 1 October 2020	—	12,753	<b>12,753</b>
Charge for year	—	3,868	<b>3,868</b>
At 30 September 2021	—	16,621	<b>16,621</b>
<b>Net book values</b>			
At 30 September 2021	—	33,818	<b>33,818</b>
At 30 September 2020	—	6,610	<b>6,610</b>

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

12

### Investments

	2021 £	2020 £
<b>Listed investments</b>		
Market value at 1 October 2020	<b>9,117,488</b>	10,159,464
Additions at cost	<b>8,352,911</b>	461,749
Disposals at book value (proceeds: £8,990,728 realised gains £239,932)	<b>(8,750,796)</b>	(645,332)
Net unrealised investment losses	<b>666,974</b>	(858,393)
Market value at 30 September 2021	<b>9,386,577</b>	9,117,488
<b>Cash held by investment managers</b>	<b>246,848</b>	16,857
	<b>9,633,425</b>	9,134,345

In previous years it has not been possible to determine the cost of listed investments exactly, as certain investments were purchased many years ago and records of cost could not be obtained without incurring significant time and cost, which in the opinion of the trustees, was not justified. In the year to 30 September 2021, all investments have been sold or transferred to a new portfolio, meaning historic cost is now available. The historic cost at 30 September 2021 was £8,727,497.

During the year, the GFS Trustees 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 2021 comprised the following:

	2021 £	2020 £
UK fixed interest based common investment funds	<b>1,947,580</b>	1,918,102
UK equity based common investment funds	<b>3,186,590</b>	454,056
Overseas equity based common investment funds	<b>3,154,484</b>	1,976,888
Property unit trusts	<b>691,388</b>	4,015,341
Other	<b>406,535</b>	753,101
	<b>9,386,577</b>	9,117,488

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

At 30 September 2021, the charity had the following material investment holdings:

	Market value £	Percentage of portfolio %
COIF Charities Ethical Investment Fund income units	<b>1,225,232</b>	<b>13%</b>
CBF Property Fund income shares	<b>691,388</b>	<b>7%</b>
Findlay Park Funds <i>American fund</i>	<b>524,738</b>	<b>6%</b>

13

### Debtors

	2021 £	2020 £
Prepayments	<b>14,695</b>	4,769
Investment income receivable	<b>4,660</b>	105,710
	<b>19,355</b>	110,479



14

**Creditors**

	2021 £	2020 £
Expense creditors	18,096	19,419
Other taxes and social security costs	17,326	14,318
Other creditors	2,687	1,318
Accruals	50,898	44,193
	89,007	79,248

15

**Provisions for liabilities**

	2021 £	2020 £
Provision for pension scheme deficit reduction payments (note 24)		
Payable within one year	53,000	51,000
Payable within one to two years	54,000	53,000
Payable within two to five years	68,231	122,360
Payable after five years	—	—
	175,231	226,360

16

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

**Endowment funds**

	At 1 October 2020 £	Transfers (see below) £	Investment gains £	At 30 September 2021 £
Endowment fund	2,111,102	—	240,246	2,351,348
Francis Street fund	776,488	—	88,365	864,853
	2,887,590	—	328,611	3,216,201

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

**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.

17

**Restricted funds – summary**

	At 1 October 2020 £	Income £	Expenditure £	Investment gains/ (losses) £	At 30 September 2021 £
Society funds – restricted grants	—	66,882	(20,449)	—	46,433
Trust funds (note 18)	243,018	7,052	(13,435)	(8,575)	228,060
Diocesan funds (note 19)	2,030,026	56,152	(112,231)	142,081	2,116,028
	2,273,044	130,086	(146,115)	133,506	2,390,521

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

18

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:

**Restricted funds - Trust funds**

	At 1 October 2020 £	Income £	Expenditure £	Investment gains £	At 30 September 2021 £
Packe Holiday & Housing Trust	186,568	5,604	(10,314)	(6,814)	175,044
Greenlands, Peel, Isle of Man	48,000	1,173	(2,654)	(1,426)	45,093
Almoners Trust	8,450	275	(467)	(335)	7,923
<b>Total</b>	<b>243,018</b>	<b>7,052</b>	<b>(13,435)</b>	<b>(8,575)</b>	<b>228,060</b>

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

The use of the trust funds held at 30 September 2021 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.

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:

#### Restricted funds - Diocesan funds

	At 1 October 2020 £	Income £	Expenditure £	Investment (losses)/ gains £	At 30 September 2021 £
<b>Dioceses with branch activities:</b>					
. Birmingham	143,887	12,335	(7,955)	(15,000)	133,267
. Carlisle	104,326	8,944	(5,768)	(10,876)	96,626
. Liverpool	264,020	5,147	(14,596)	30,046	284,617
. Other	236,062	4,547	(13,051)	(6,309)	221,249
<b>Dioceses without branch activities:</b>					
. Other Diocesan funds	11,691	225	(646)	(312)	10,958
. Branch support funds	1,270,040	24,954	(70,215)	144,532	1,369,311
<b>Total</b>	<b>2,030,026</b>	<b>56,152</b>	<b>(112,231)</b>	<b>142,081</b>	<b>2,116,028</b>

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

#### Designated funds

	At 1 October 2020 £	Investment gains £	Designated/ (released) £	At 30 September 2021 £
<b>Total – Transitional investment fund</b>	<b>3,886,167</b>	<b>444,789</b>	<b>(379,425)</b>	<b>3,951,531</b>

	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>

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

#### 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 2021 are represented by:</b>							
Tangible fixed assets	—	—	33,818	—	—	—	33,818
Investments	—	—	—	3,951,531	2,465,693	3,216,201	9,633,425
Net current assets (liabilities)	299,484	—	—	—	(75,172)	—	224,312
Pension provision	—	(175,231)	—	—	—	—	(175,231)
	299,484	(175,231)	33,818	3,951,531	2,390,521	3,216,201	9,716,324

	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	—	—	—	6,610
Investments	—	—	—	3,886,167	2,360,588	2,887,590	9,134,345
Net current assets (liabilities)	468,972	—	—	—	(87,544)	—	381,428
Pension provision	—	(226,360)	—	—	—	—	(226,360)
	468,972	(226,360)	6,610	3,886,167	2,273,044	2,887,590	9,296,023

At 30 September 2021 the charity had future minimum commitments under non-cancellable operating leases on land and buildings as follows:

#### Financial commitments

	2021 £	2020 £
<b>Payments falling due:</b>		
. Within one year	43,200	30,164
. Between one and two years	—	43,200
	43,200	73,364

#### 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.

#### 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

- From 1 April 2019 to 31 January 2025: £11,243,000 per annum (payable monthly and increasing by 3% each on 1 April)

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

- 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)

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.

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

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Present value of provision	175	226	276	323	364

#### Reconciliation of opening and closing provisions

	2021 £'000	2020 £'000
Provision at 1 October 2020	226	276
Unwinding of the discount factor	1	2
Deficit contribution paid	(51)	(50)
Re-measurements – impact of any change in assumptions	(1)	2
Re-measurements - amendments to the contribution schedule	—	(4)
Provision at 30 September 2021	175	226

#### Income and expenditure impact

	2021 £'000	2020 £'000
Interest expense	1	2
Re-measurements – impact of any change in assumptions	(1)	2
Re-measurements - amendments to the contribution schedule	—	(4)
Costs recognised in statement of financial activities	—	—

#### Assumptions

	2021 %	2020 %	2019 %	2018 %	2017 %
Rate of discount	0.72	0.58	0.98	1.76	1.52

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.

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

#### Trustees

I Vidal (Chair) (resigned March 2021)  
L Massey (Chair) (appointed March 2021)  
M Young (Treasurer)  
M Hughes (Vice Chair)  
C Osborne  
R Turton  
P Winks  
S Rose Smith (appointed 30 July 2021)  
P Sangera (appointed 30 July 2021)  
K Bowden (appointed 30 July 2021)  
B Thomas (appointed 30 July 2021)  
T Banda (appointed 30 July 2021)  
A Young (appointed 30 July 2021)  
G Whitfield (appointed 30 July 2021)  
C Charlesworth (Wales President) (resigned 5 December 2020)  
E Dickinson (resigned June 2021)  
M Winks (England President) (resigned June 2021)

#### Chief Executive & Leadership Team

L Sercombe  
E Stone (Head of Fundraising & Communications)  
B Huie (Head of People)  
J Moonie Dalton (Head of Operations S) (appointed February 2021)  
K Ward (Head of Operations N) (appointed February 2021)  
I Ondhia (Head of Finance & Support Services) (Resigned July 2021)  
N Shoultis (Head of Finance & Support Services) (appointed September 2021)

#### Registered office and head office

Unit 12, Angel Gate  
326 City Road  
London  
EC1V 2PT

#### Company registration number

3172713 (England and Wales)

#### Charity registration number

1054310

#### Website

[www.girlsfriendlysociety.org.uk](http://www.girlsfriendlysociety.org.uk)

#### Facebook

[www.facebook.com/girlsfriendlysocietyuk](https://www.facebook.com/girlsfriendlysocietyuk)

#### Twitter

[www.twitter.com/gfsenglandwales](https://www.twitter.com/gfsenglandwales)

#### Instagram

[www.instagram.com/girlsfriendlysociety/](https://www.instagram.com/girlsfriendlysociety/)

#### LinkedIn

[www.linkedin.com/company/girls-friendly-society-in-england-and-wales](https://www.linkedin.com/company/girls-friendly-society-in-england-and-wales)

#### Auditor

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

#### Solicitors

Bates Wells & Braithwaite London LLP  
2-6 Cannon Street  
London  
EC4M 6YH

#### Custodians

Schroders & Co Limited (to November 2020)  
1 London Wall Place  
London  
EC2Y 5AU

#### Principal investment managers

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

#### Principal bankers

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP



**Girls Friendly Society in  
England and Wales**

**Annual Report and Financial  
Statements**

**30 September 2021**

**Company Limited by  
Guarantee**

**Registration Number**

**3172713 (England and  
Wales)**

**Charity Registration  
Number**

**1054310**



Unit 12, Angel Gate, London  
Phone: 020 7837 9669  
E-mail: [info@girlsfriendlysociety.org.uk](mailto:info@girlsfriendlysociety.org.uk)

[www.girlsfriendlysociety.org.uk](http://www.girlsfriendlysociety.org.uk)