

Hand in Hand International
Report and Financial Statements
For the year ended 31 March 2021

Hand in Hand International

Status	The organisation is a charity registered by trust deed in England on 18 th February 2006.
Charity Number	1113868
Registered office and operational address	5 th Floor, Caparo House, 101 – 103 Baker Street London W1U 6LN
Honorary officers	Bruce Grant (Chairman) Percy Barnevik (Honorary Chairman) – <i>resigned 8th March 2021</i> John Barrett Madhvi Chanrai Carsten Jorgenson Lars Josefsson Paola Ugglä Stephanie Whittier
Senior officers	Dorothea Arndt – Chief Executive Nick Aveling – Head of Communications Bob Cooke – Chief Finance Officer – <i>resigned</i> <i>2nd August 2021</i> Amalia Johnsson – Director of Programmes Joe Dyson – Head of Philanthropy
Auditors	Buzzacott LLP Chartered Accountants 130 Wood Street London EC2V 6DL

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For the year ended 31 March 2021

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TRUSTEES' ANNUAL REPORT

STRUCTURE AND GOVERNANCE

The Trustees present their report and the audited financial statements for the year ended 31 March 2021.

The accounts have been prepared in accordance with the accounting policies set out therein and comply with the charity's governing document, applicable laws 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).

OBJECTIVES AND ACTIVITIES

Vision

Our vision is a world where every woman has the power and the means to raise herself and her family out of poverty.

Mission

Our mission is to change lives by empowering women to beat the odds and succeed as entrepreneurs.

Aims, issues you tackle, changes you seek to make

Women face barriers that men don't. Right now, in communities across the developing world, roughly 400 million women and girls live below the poverty line of US \$1.90 a day, trapped by restrictive norms and attitudes that keep them from earning their own incomes, controlling their own assets and making decisions for themselves.

Inequality between men and women isn't distinct from poverty, in other words – it causes poverty. And for as long as barriers to women's empowerment are allowed to exist, people will go to bed hungry.

If a lack of women's economic empowerment is the problem, women's entrepreneurship is the solution. Empowering women entrepreneurs is a process – centred on business, vocational and life skills training – that helps women take control of their finances and speak up and be heard in the home. Ultimately it's not just about money but power, and making sure women have more of both – to seize their own destinies, make themselves heard and raise the next generation out of poverty.

At the very least, our programmes seek to recognise women's unique challenges. Sometimes that's as simple as scheduling training so it doesn't clash with childcare to create a double-burden. Other times, it means providing leadership skills training to help women speak up, overcome challenges and claim the right to make decisions.

But if addressing the barriers that limit women is good, there's one thing we like even better: breaking them. And to do that, we have to work with men. Across our network, nine out of 10 Hand in Hand members are women. The rest are their husbands, brothers and sons. Increasingly, we're working with men to change their ideas about women's contributions to the community

and economy, and their own contributions at home. Because when the playing field is evened, women can flourish. And when women flourish, whole families, communities and economies win.

Strategies for achieving aims

We work in four key stages. First, we create Self-Help Groups where women support each other, save together and learn together. Next, we provide business and skills training that helps make the most of their potential. Third, we make sure they can get small loans and the tools they need to get started. Last, we help scale up their businesses, reaching bigger markets and stronger supply chains.

How we measure success

Although empowering women entrepreneurs is always our primary aim, Hand in Hand's programmes vary widely, from those focused exclusively on enterprises and jobs to those that also address issues including climate change, displacement and more. So it's no surprise we employ a wide range of metrics to measure our success.

At the most basic level, we measure outputs including the number of micro-businesses our members create, the number of people those businesses employ and the number of family members each income supports.

Work is also ongoing to roll out a set of four universal indicators – in line with the UN Sustainable Development Goals – that will allow us to measure and compare outcomes both within and across our projects, and benchmark against our peers.

These metrics are:

- **Income:** Increase in members' business profit.
- **Sustainability:** Members' enterprise survival rate one year on.
- **Resilience:** Proportion of members with the capacity to deal with a financial shock, without borrowing money, or selling assets.
- **Women's bargaining power:** proportion of women members who participate in household decision-making

Significant activities

Within the network, Hand in Hand International (the UK-registered charity) concentrates on five significant activities that support our longer-term job creation targets.

1. Raising funds
2. Demonstrating results
3. Sharing knowledge
4. Building capacity
5. Communicating effectively

These five areas complement each other. Results and knowledge gained from programme implementation and evaluation are critical for effective fundraising and supporting new and current partners. Capacity building is critical for effective programme management, delivery and expansion, as well as for financial control and safeguarding. And effective communication is important for fundraising, attracting new partners and advocating for effective job creation policies.

Our focus, of course, is on fundraising. But in order to make our fundraising more effective, we also work in other areas to fund and support our partners: programme evaluation, impact assessment and analysis that validate results and help us learn; disseminating results, lessons learned and other forms of knowledge; capacity building; and preparing more effective communication and marketing materials.

ACHIEVEMENTS AND PERFORMANCE

Network-wide, Hand in Hand created and enhanced 286,855 jobs in 2020-21.

Here in the UK, at Hand in Hand International, we set ourselves the following goals in last year's Trustees' Report:

Fundraising

Secure at least US \$1M in new funds in 20/21 for Afghanistan, ideally multi-year

Although we surpassed our overall fundraising goal – by a significant margin – there remains some way to go on achieving this specific goal. During 20/21, we raised and banked \$737,000 in new funds for Afghanistan. Since 1st April 2021, a five-year \$1.5M programme with the Danish government has been given the go-ahead.

Secure £1.2M in fully unrestricted funding and work towards full financial sustainability by increasing our core recovery from 8 percent to 15 percent.

Income for core UK expenditure was £1.3M, exceeding our target of £1.2M. Core recovery has increased from 8 percent to 13.6 percent. Overall, in 2020/21, we have secured US \$16.7m, of which US \$9.2m was banked in 20/21 and US \$7.4m will be banked in future years. An achievement that exceeded our goal during an exceptionally challenging year.

Programmes

Ensure all our proposals are adjusted for the barriers faced by women entrepreneurs; and four programmes secured to go even further in reducing these barriers.

We fell short of the first goal with 37 out of 58 (64 percent) of our proposals adjusting for the barriers faced by women. This was largely linked to Covid-19 response proposals, which were developed at short notice and focused on health and food security for communities where we work. However, we are delighted to have proposed eight programmes to go further and reduce the barriers women face.

Run two acceleration programmes with a view to helping business-women and men grow their enterprise from \$1.90 to \$5 a day in time – the average GDP per capita in Kenya.

This goal was achieved. By March 2021, we were set to run two acceleration programmes in Kenya and Tanzania that meet this specific goal, in partnership with two leading corporate social impact partners. In total, these programmes will reach 30,200 budding entrepreneurs. The programmes will allow micro-entrepreneurs in urban settings and in three rural value chains (dairy cow, poultry and banana) to accelerate their enterprises beyond subsistence.

Employer of choice: Act as an employer of choice and establish our reputation within the sector to retain and attract top talent.

We used the opportunity to learn from remote working during the lock-down to introduce a new work from home policy and annual 360 reviews with our colleagues across the network in Afghanistan and eastern Africa for the first time.

PLANS FOR FUTURE PERIODS

Future, aims, objectives and activities planned

Hand in Hand International's priorities for the coming financial year, set during our annual strategic review, are:

Fundraising

Raise US \$16.3M of which \$9.1M will be banked in 2021/22 and US \$7.2M in subsequent years

During 2021/22, we will keep the fundraising momentum on track and raise \$16.3M over all (of which 56 percent banked in 21/22 and 44 percent in following years).

Secure at least US \$1M for 2021/22 in Afghanistan.

Recent events in Afghanistan mean our support is needed now, more than ever, to help ordinary Afghans beat poverty, insecurity, displacement and discrimination against women. That's why we want to secure at least US \$1M for an (ideally) multi-year programme.

Raise US \$1.5M (£1.24M) unrestricted funding

Hand in Hand International's fundraising pays for our network partners' programmes. Our sophisticated monitoring and analysis, paired with our communications and programmes support, improves those programmes and makes that fundraising possible.

Start raising funds for one additional country office

Our mission to change lives by empowering women to beat the odds and succeed as entrepreneurs is a global mission. To that end, we will begin raising funds to expand our footprint and bring our women's economic empowerment programme to a wider audience.

Programmes

Publishing what we have learned on Women's Economic Empowerment

With 15-plus years' experience in some of the world's most challenging contexts, Hand in Hand knows what women entrepreneurs are up against. We will share our learnings with the wider sector to inform and enable other organisations to help women seize their own destinies, make themselves heard and raise the next generation out of poverty.

Incorporate two Women's Economic Empowerment best practices into new programmes

We will put our own learnings to good use, making sure lessons learned are put into practice in new programmes.

Governing Document

The charity was registered by trust deed on 18 February 2006 and registered as a charity on that date.

Recruitment and Appointment of Trustees

As set out in the Trust Deed, the Board of Trustees nominates the Chair of the Trustees. The Board has powers to appoint additional Trustees as it considers in-line with skills required.

Induction and Training of New Trustees

New Trustees are considered on the basis of any gaps in the skills of the board. They are invited to meet the existing Trustees and senior members of staff and familiarise themselves with the work of Hand in Hand International. Further training is provided on an on-going basis in line with the identified needs of Trustees. Trustees sign a conflict of interest declaration each year. Trustees receive safeguarding training and sign the safeguarding code of conduct.

Public Benefit statement

The Trustees confirm they have complied with Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

Risk Management

The Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Trustees have assessed the major risks to which the charity is exposed, in particular those relating to operational areas of the charity, its investments and finances. A written risk register is in place and reviewed at every Board meeting. This lists the key risks the Charity faces and puts in place mitigating controls. The Trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

The Trustees are continuing to monitor the funding risk related to the expected economic slow-down following the COVID-19 pandemic. Fundraising performance in the financial year to 31 March 2021 was positive with an increase in income compared to the previous year, despite the COVID-19 pandemic. However, there continues to be a potential risk to donations. As a mitigation, the organisation will continue to manage core costs tightly, with quarterly budget reviews, and adjustments if required. The organisation has also begun investing reserves in fundraising capacity and will continue to do so in the new financial year.

Taliban forces have taken control of Afghanistan in the summer of 2021. Hand in Hand International's network partner Hand in Hand Afghanistan has been given permission to continue operations to deliver projects and support vulnerable communities. However, the situation is changing rapidly. As a mitigation measure, the Trustees and management team are monitoring the situation closely and keeping in regular contact with the Chair and management team of Hand in Hand Afghanistan. Funders to programmes in Afghanistan are regularly informed of any changes, delays or risks. In July 2021, a new five-year programme in Afghanistan funded by the Danish international aid agency Danida was approved and the pipeline of future funding to Afghanistan is good.

Investment Policy

Hand in Hand International receives Income for ongoing projects over a three to five year time horizon and budgets to expend all anticipated income, except for retaining a prudent amount in reserves. It has no permanent endowment and provides for capital expenditure within its budget.

Consequently, the Trustees do not consider it prudent to invest income for the longer term. Its policy is to retain funds as cash and place them on bank deposit at the best rates available.

Remuneration of Staff

In 2018 the Charity committed to implement the recommendations of the NCVO Inquiry on Executive Pay published in April 2014. As a result, the Charity updated its remuneration policy and is pleased to make the disclosures below.

The governing principles of the Charity's remuneration policy are as follows:

- To ensure delivery of the Charity's objectives
- To attract and retain a motivated workforce with the skills and expertise necessary for organisational effectiveness
- That remuneration should be equitable and coherent across the organisation
- To take account of the purposes, aims and values of the Charity
- To ensure that pay levels and pay increases are appropriate in the contexts of the interest of our beneficiaries.

Salaries for existing and new roles are benchmarked against sector salary reports to ensure that they are within acceptable ranges for the not-for-profit sector.

Senior Executive Remuneration

In relation to deciding remuneration of the Charity's senior executives, the Charity considers the potential impact of remuneration levels and structures of senior executives on the wider Charity workforce and will take account of the following additional principles:

To ensure that the charity can access the types of skills, experiences and competencies that it needs in its senior staff, the specific scope of these roles in the Charity and the link to pay.

The nature of the wider employment offer made to senior employment where pay is part of a package that includes personal development, personal fulfilment and association with the public benefit delivered. The Charity recognises that it is, on occasion, possible to attract senior executives at a discount to public sector or private sector market rates.

In line with the recommendations of the NCVO Inquiry into Executive Remuneration published in April 2014, the charity has decided to disclose the remuneration of the Executive Team comprising the Chief Executive and the other executive directors of the Charity.

Remuneration for the year ended 31 March 2021 comprised salary and pension contributions.

Going Concern

The trustees have assessed the use of going concern and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern.

The Trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements. In particular, the Trustees have considered the effect of Covid-19 on: the charity's ability to raise income and the possible level of additional support required by our beneficiaries. Budget lines for personal protective equipment (PPE) have been added to project budgets to ensure the safety of staff and beneficiaries.

Expenditure has been monitored and savings have been made on travel and office expenditure, including the negotiation of a significant reduction in rent in our UK office. Funders have contributed generously to COVID-19 response projects to deliver food packages and PPE, and inform communities in Afghanistan, Kenya and Tanzania about the spread of COVID-19 and preventative measures.

Additionally, the Trustees have considered the impact of the political situation in Afghanistan on the charity's ability to continue fundraising for and supporting projects in Afghanistan. The charity's network partner in Afghanistan has permission to continue operating and is in regular contact with the management team and trustees in the UK. New multi-year funding from Danida, the Danish international aid agency, has been secured in July 2021 and there is a good pipeline of funding to the country. Hand in Hand Afghanistan have taken steps to reduce core expenditure, this in turn reduces the risk to Hand in Hand International's unrestricted reserves.

The Trustees are in the process of updating the charity's new strategic plan to 2026, refocusing our fundraising activities. The new strategic plan includes ambitious goals to increase the charity's income and impact. The cash flow to 31 March 2023 indicates that the charity will continue to be able to meet its financial commitments through the year and for a period of at least one year from the date of approval of these financial statements.

REFERENCE AND ADMINISTRATIVE

Trustees

The Trustees in office during the year were:

Mr. Bruce Grant
Mr. Percy Barnevik – resigned on 8th March 2021
Mr. John Barrett
Dr Madhvi Chanrai
Mr. Carsten Jorgensen
Mr. Lars G Josefsson
Mrs. Paola Ugglia
Ms. Stephanie Whittier

FINANCIAL REVIEW

Income increased to £6.7m in the year to 31 March 2021. This is an increase of 36% over the previous year.

Our fundraising ratio has remained at a similar level of 9%.

Reserves Policy

Unrestricted Reserves stand at £702,724 at 31 March 2021 (31 March 2020: £1,268,251). Free unrestricted reserves are £669,936 (31 March 2020: £1,231,113) and free reserves (excluding tangible fixed assets) stand at £669,926 at 31 March 2021 (31 March 2020: £1,231,113).

Hand in Hand International's reserves policy is to hold six months' core expenditure in unrestricted reserves, equivalent to around £650,000. This has been met as at 31 March 2021.

We have maintained designated reserves of £1,426,986. £710,217 of this is designated for EIF loans in Kenya. The remaining £716,769 is designated in support of Hand in Hand International's strategic plan for 2021-2026. This fund will be invested in additional fundraising and programme capacity over the five year period to facilitate substantial growth of Hand in Hand's reach and impact. Further details of the new strategic plan will be detailed in the 2022 trustees annual report.

Restricted income and expenditure is shown in Note 14 to the accounts.

Fundraising

Hand in Hand does not employ third party fundraisers and does not fundraise with the general public.

We follow the Charity Commission's and the Institute of Fundraising's guidance on best practice in fundraising.

During the year there were no complaints about fundraising.

Trustees' Responsibilities in relation to the Financial Statements

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. (United Kingdom Generally Accepted Accounting Practice.)

Charity law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of its income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the trustees are aware:

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

Day to day management of the charity is delegated to Dorothea Arndt and the senior management team.

Appointment of Auditors

Buzzacott LLP was appointed as auditor on 23rd June 2021 following a tender process.

Approved by the Trustees and signed on their behalf by:

 25.1.22
Bruce Grant

Chairman Hand in Hand International

Independent auditor's report to the trustees of Hand in Hand International

Opinion

We have audited the accounts of Hand in Hand International (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet principal accounting policies and the notes to the accounts. 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 accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 March 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 Charities Act 2011.

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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' annual report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

Auditor's responsibilities for the audit of the accounts (continued)

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;
- we identified the laws and regulations applicable to the charity through discussions with management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charity, including data protection legislation, anti-bribery, safeguarding, employment, health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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 where they considered there was susceptibility to fraud, 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 set out in the accounting policies 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:
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of trustee meetings;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing any available correspondence with HMRC (where relevant) and the Charity's legal advisors.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

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 for the audit of the accounts is located on the Financial Reporting Council's website at 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 charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 28 January 2022

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Hand in Hand International
Statement of Financial Activities (Incorporating income and expenditure account)
For the year ended 31 March 2021

	Note	Restricted £	Unrestricted £	Designated £	2021 Total £	Restricted £	Unrestricted £	Designated £	2020 Total £
Income from:									
Donations and Grants	2	5,415,122	1,303,372	-	6,718,494	3,767,992	1,100,954	50,000	4,918,946
Interest		-	3,844	-	3,844	-	8,990	-	8,990
Total Income		5,415,122	1,307,216	-	6,722,338	3,767,992	1,109,944	50,000	4,927,936
Expenditure on:									
Raising funds		-	501,747	-	501,747	-	483,161	-	483,161
Charitable expenditure									
Supporting people in Afghanistan		986,886	120,604	-	1,107,490	1,017,461	202,202	-	1,219,663
Supporting people in India		109,752	-	-	109,752	118,295	-	-	118,295
Supporting people in Kenya		2,434,791	703,526	-	3,138,317	1,743,234	337,003	-	2,080,237
Supporting people in Tanzania		627,789	180,907	-	808,696	562,218	73,528	-	635,746
Total Expenditure	3	4,159,218	1,506,784	-	5,666,002	3,441,208	1,095,894	-	4,537,102
Net income/(expenditure) for the year		1,255,904	(199,568)	-	1,056,336	326,784	14,050	50,000	390,834
Transfers between funds		365,959	(365,959)	-	-	(8,960)	8,960	-	-
Funds brought forward		1,836,551	1,268,251	1,426,986	4,531,788	1,518,727	1,245,241	1,376,986	4,140,954
Funds Carried forward	14	3,458,414	702,724	1,426,986	5,588,124	1,836,551	1,268,251	1,426,986	4,531,788

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are shown in note 14 to the accounts. The notes on pages 20 to 30 form part of these accounts.

**Hand in Hand International
Balance Sheet as at 31 March 2021**

	Note	£	2021 £	2020 £
Fixed Assets				
Tangible Assets	7		32,788	37,138
Current Assets				
Long term debtors	8	753,537		883,453
Debtors	9	100,086		245,755
Cash at bank and in hand		4,737,432		3,604,249
		5,591,055		4,733,457
Creditors: Amounts due in one year	10	35,719		238,807
Net current assets			5,555,336	4,494,650
Net assets	11		5,588,124	4,531,788
Funds				
Restricted funds			3,458,414	1,836,551
Unrestricted funds:				
Designated fund			1,426,986	1,426,986
Unrestricted funds			702,724	1,268,251
Total funds	14		5,588,124	4,531,788

The notes on pages 20 to 30 form part of these accounts.

Authorised for issue and approved by the Trustees on 25.1.22


Bruce Grant

Chairman

Hand in Hand International
Cash Flow Statement for the year ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Net income for the year	1,056,336	390,834
Adjustments for:		
Interest Received	(3,844)	(8,990)
Depreciation of fixed assets	8,209	10,753
Decrease in debtors	275,585	815,747
(Decrease) /Increase in creditors	(203,088)	191,294
Net cash provided by operating activities	1,133,198	1,399,638
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,859)	(6,918)
Interest received	3,844	8,990
Net cash (used in)/from investing activities	(15)	2,072
Change in cash and cash equivalents in the year	1,133,183	1,401,710
Cash and cash equivalents at beginning of year	3,604,249	2,202,539
Cash and cash equivalents at end of the year	4,737,432	3,604,249

1. Accounting policies

a) The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charity is a public benefit entity for the purposes of FRS 102 and therefore has also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP) and Charities Act 2011. The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

Going concern

The trustees have assessed whether the use of going concern is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements. In particular, the trustees have considered the charity's forecasts and projections and have taken account of pressures on income streams. After making enquiries, the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

The Trustees have considered that funding continues to be at risk in the wake of continued uncertainty and instability due to economic slow-down following the COVID-19 pandemic, however, this risk has decreased in line with worldwide roll out of vaccinations. As a mitigation, the organisation will continue to manage core costs tightly, with quarterly budget reviews, and adjustments if required. The organisation will also invest reserves in fundraising capacity now.

The Trustees have considered the risk posed to the organisation by the political situation in Afghanistan. The charity's delivery partner, Hand in Hand Afghanistan, has permission to continue operating and has a good pipeline of income. The Trustees and Senior Management Team are in regular communication with Hand in Hand Afghanistan and will continue to review its commitments, income and expenditure.

The charity therefore continues to adopt the going concern basis in preparing its financial statements.

b) All income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably. Donations and grants, including grants in respect of major items of refurbishment, improvements or the purchase of fixed assets are recognised in the Statement of Financial Activities when receivable. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met.

c) Gifts in Kind are included as donated income at market value at the time of receipt.

Accounting policies (continued)

d) Expenditure is included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered. Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit 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.

The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities in furtherance of the objects of the charity and raising funds. Office costs and property related costs are apportioned on the proportion of floor area occupied by the activity. Staff costs and office costs are allocated in the same proportion as directly attributed staff costs. Costs incurred for the management of the charity's assets, organisational management and compliance with constitutional and statutory requirements are treated as support costs and allocated to charitable activities.

e) Depreciation is provided at rates to write off the cost of each asset by equal annual instalments over their expected useful lives as follows.

Office equipment	4 years
Leasehold improvements	10 years

Assets costing more than £500 are capitalised.

f) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

g) Unrestricted funds are donations and other income receivable or generated for the objects of the charity.

h) Designated funds are also unrestricted funds but have been designated by the trustees for a particular purpose and includes the net book value of tangible fixed assets used by the charity in its operational activities.

i) Rental payments under operating leases are charged as expenditure as incurred over the term of the lease.

j) The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

k) Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Accounting policies (continued)

Critical accounting estimates and areas of judgement

l) In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

Other financial instruments

m) Cash and cash equivalents

Cash and cash equivalents include cash at banks and short-term deposits with a maturity of three months or less.

n) Debtors and Creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

Concessionary loans are loans made directly in the pursuit of the charitable purposes of the entity. These are in the form of loans and are held at cost, less any provisions for non-recoverability.

o) Financial instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust 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 as detailed in note 9. Prepayments are not financial instruments. Concessionary loans are measured at cost less repayments made – note 8.

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 as detailed in note 10. 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.

2. Donations and Grants

	Restricted £	Unrestricted £	Designated £	2021 Total £
Corporate foundations	3,485,559	489,534	-	3,975,093
Corporate donors	846,466	187,027	-	1,033,493
Individual donations	153,445	345,754	-	499,199
Governments and Institutions	347,524	63,106	-	410,630
Trusts and Foundations	582,128	194,231	-	776,359
Events	-	23,720	-	23,720
	5,415,122	1,303,372	-	6,718,494

Government grants include furlough income of £41,268 (2020: £0).

Included within Donations from Corporate Donors are Gifts-in-Kind of £90,985 (2020: £2,598) and the corresponding expenditure is included in support costs (Note 4).

Income from corporate foundations includes income of GBP 643,180 (EUR 717,467) from the IKEA Foundation for a multi-year project to develop Hand in Hand's capacity in circular economies and regenerative agriculture.

	Restricted £	Unrestricted £	Designated £	2020 Total £
Corporate foundations	1,875,100	-	-	1,875,100
Corporate donors	1,082,713	27,464	-	1,110,177
Individual donations	49,050	243,459	50,000	342,509
Governments and Institutions	475,100	-	-	475,100
Trusts and Foundations	81,324	438,409	-	519,733
Events	204,705	391,622	-	596,327
	3,767,992	1,100,954	50,000	4,918,946

3. Net Income

Net income for the charity is stated after charging:

	2021 £	2020 £
Depreciation	8,209	10,753
Auditor's Remuneration:		
- Audit	10,680	11,547
Operating lease payments	85,241	86,640

Hand in Hand International
Notes to the Financial Statements for the year ended 31 March 2021

4. Analysis of Total Expenditure

2021	Restricted direct costs £	Unrestricted direct costs £	Designated £	Support Costs Staff Costs £	Other Costs £	31 March 2021 £
Expenditure on raising funds						
Fundraising costs	-	-	-	482,214	19,533	501,747
Charitable Activities						
Supporting people in Afghanistan	986,886	-	-	41,468	79,136	1,107,490
Supporting people in India	109,752	-	-	-	-	109,752
Supporting people in Kenya	2,434,791	-	-	241,899	461,627	3,138,317
Supporting people in Tanzania	627,789	-	-	62,203	118,704	808,696
	4,159,218	-	-	827,784	679,000	5,666,002
2020	Restricted direct costs £	Unrestricted direct costs £	Designated £	Support Costs Staff Costs £	Other Costs £	31 March 2020 £
Expenditure on raising funds						
Fundraising costs	-	-	-	475,085	8,076	483,161
Charitable Activities						
Supporting people in Afghanistan	1,017,461	-	-	91,222	110,980	1,219,663
Supporting people in India	118,295	-	-	-	-	118,295
Supporting people in Kenya	1,743,234	-	-	152,037	184,966	2,080,237
Supporting people in Tanzania	562,218	-	-	33,172	40,356	635,746
	3,441,208	-	-	751,516	344,378	4,537,102

Hand in Hand International
Notes to the Financial Statements for the year ended 31 March 2021

2021	All costs £	Fundraising £	Supporting people in Afghanistan £	Supporting people in Kenya	Supporting people Tanzania £
Analysis of Support Costs					
Building costs	120,139	-	14,417	84,097	21,625
Trademarks	288	-	34	202	52
Office costs	54,067	-	6,487	37,847	9,733
Audit fees	16,298	-	1,956	11,408	2,934
Legal and professional	93,512	-	11,222	65,458	16,832
Trustees' expenses	120	-	14	84	22
Staff and other consultancy	827,785	482,214	41,469	241,899	62,203
Travel costs	(860)	-	(103)	(602)	(155)
Fundraising costs	19,533	19,533	-	-	-
Foreign exchange losses	375,902	-	45,108	263,133	67,661
	1,506,784	501,747	120,604	703,526	180,907
2020	All costs £	Fundraising £	Supporting people in Afghanistan £	Supporting people in Kenya	Supporting people Tanzania £
Analysis of Support Costs					
Building costs	124,237	-	40,999	68,331	14,907
Trademarks	2,903	-	958	1,596	349
Office costs	62,490	-	20,621	34,369	7,500
Audit fees	11,547	-	3,811	6,351	1,385
Legal and professional	1,102	-	364	606	132
Trustees' expenses	346	-	114	191	41
Staff and other consultancy	751,517	475,085	91,222	152,037	33,173
Travel costs	77,631	-	25,618	42,697	9,316
Fundraising costs	135,134	8,076	41,929	69,882	15,247
Foreign exchange gains	(71,013)	-	(23,434)	(39,057)	(8,522)
	1,095,894	483,161	202,202	337,003	73,528

5. Staff Costs and numbers

	2021	2020
	£	£
Salaries and wages	658,503	628,558
Social security costs	74,323	70,468
Pension contribution	42,053	40,586
	774,879	739,612

The number of employees earning over £60,000 in the year is as follows:

	2021	2020
	Nos	Nos
£60,000 - £70,000	1	0
£70,000 - £80,000	0	1
£90,000 - £100,000	1	1

Pension costs in relation to these employees amounted to £10,389 (2019/20: 10,374).

The average weekly number of employees (full time equivalents) during the year was as follows:

	2021	2020
	Nos	Nos
Operational programmes	3.3	3.2
Fundraising and publicity	8.2	7.5
Management and administration	1.5	1.3
	13.0	12.0

In addition many volunteers assisted us with our work during the year.

Key management personnel include the Trustees, Chief Executives (and senior staff reporting directly to the Chief Executive). The total employee benefits of the Charity's key management personnel were £343,306 (2019/20: £286,033). A higher number of positions is included this year.

No trustee received any remuneration or other employment benefit during the financial year. (2019/20 – Nil).

£120 was reimbursed to 1 trustee for directly incurred travel expenses during 2020/21 (2019/20: 1 trustees, £346).

6. Taxation

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

7. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Total £
Cost			
At 1 st April 2020	49,991	35,764	85,755
Additions in year	-	3,859	3,859
As at 31 March 2021	49,991	39,623	89,614
Depreciation			
At 1 st April 2020	19,996	28,621	48,617
Additions in year	4,999	3,210	8,209
As at 31 March 2021	24,995	31,831	56,826
Net book value:			
As at 31 March 2021	24,996	7,792	32,788
As at 31 March 2020	29,995	7,143	37,138

All fixed assets are used to fulfil the charity's objects.

8. Long term debtors

	2021 £	2020 £
Rent Deposit	43,320	43,320
Enterprise incubation funds	710,217	840,133
	753,537	883,453

The Enterprise incubation funds have been made to Hand in Hand Eastern Africa to enable them to make micro-loans to beneficiaries. They are public benefit entity concessionary loans that are not repayable on demand and were loaned to the beneficiary as part of the purposes of the charity's objects.

9. Debtors

	2021 £	2020 £
Accrued Income	83,219	205,460
Other debtors	40	40
Prepayments	16,827	40,255
	100,086	245,755

10. Creditors: amounts due within one year

	2021	2020
	£	£
Deferred Income	-	200,000
Taxation and social security	20,449	20,695
Accruals	15,270	18,112
	35,719	238,807

11. Analysis of net assets between funds

2020/2021	Restricted funds	Unrestricted funds	Designated Funds	Total funds
	£	£	£	£
Tangible fixed assets	-	32,788	-	32,788
Current assets	3,458,414	705,655	1,426,986	5,591,055
Current liabilities	-	(35,719)	-	(35,719)
Net assets as at 31 March 2021	3,458,414	702,724	1,426,986	5,588,124

2019/2020	Restricted funds	Unrestricted funds	Designated Funds	Total funds
	£	£	£	£
Tangible fixed assets	-	37,138	-	37,138
Current assets	1,836,551	1,469,920	1,426,986	4,733,457
Current liabilities	-	(238,807)	-	(238,807)
Net assets as at 31 March 2020	1,836,551	1,268,251	1,426,986	4,531,788

12. Related parties

The following transactions were made during the years:

Connected Charity	Nature of relationship	Total transactions 2021	Balance at year end	Total transactions 2020	Balance at year end	Nature of transactions
Hand in Hand Sweden	Sister organisation	1	-	1	-	Transfer for projects in India
Hand in Hand Kenya	Implementing Partner	6	-	11	-	Transfer for projects
Hand in Hand Tanzania	Implementing Partner	6	-	10	-	Transfer for projects
Hand in Hand Afghanistan	Implementing Partner	10	-	5	-	Transfer for projects
Friends of Hand in Hand	Sister organisation	2	-	2	-	Donations

The value of the transactions are detailed in the Statement of Financial Activities.

Amalia Johnsson is Chair of Hand in Hand Eastern Africa and is also a Trustee of Hand in Hand Afghanistan and an employee of Hand in Hand International.

Dorothea Arndt is a Trustee of Hand in Hand Eastern Africa.

Bruce Grant and Dorothea Arndt are Trustees of Friends of Hand in Hand, a charity registered in the United States of America.

Transactions with Trustees:

During the year 2020/21 2 trustees donated (2019/20: 4). These trustees donated a total of £220,313 (2019/20: £19,560).

In 2020/21 there were 5 donations from Companies related to trustees, including 1 donation in kind (2019/20: 1).

13. Obligations under operating leases

	31 March 2021		31 March 2020	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within 1 year	67,314	-	79,420	-
Between 1-5 years	248,350	-	19,855	-
Between 5 and 10 years	32,830	-	-	-
	348,494	-	99,275	-

14. Movements in funds

2020/2021	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2021 £
Afghanistan	101,212	643,548	(986,886)	253,695	11,569
India	-	109,752	(109,752)	-	-
Kenya	1,284,226	3,697,274	(2,434,791)	63,285	2,609,994
Tanzania	451,113	964,548	(627,789)	48,979	836,851
	1,836,551	5,415,122	(4,159,218)	365,959	3,458,414
Unrestricted funds	1,268,251	1,307,216	(1,506,784)	(365,959)	702,724
Designated funds	1,426,986	-	-	-	1,426,986
	4,531,788	6,722,338	(5,666,002)	-	5,588,124
2019/2020	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2020 £
Afghanistan	535,468	583,205	(1,017,461)	-	101,212
India	-	120,154	(118,295)	(1,859)	-
Kenya	633,600	2,400,961	(1,743,234)	(7,101)	1,284,226
Tanzania	349,659	663,672	(562,218)	-	451,113
	1,518,727	3,767,992	(3,441,208)	(8,960)	1,836,551
Unrestricted funds	1,245,241	1,109,944	(1,095,894)	8,960	1,268,251
Designated funds	1,376,986	50,000	-	-	1,426,986
	4,140,954	4,927,936	(4,537,102)	-	4,531,788

Material transfers between funds in 2020-2021 are unrestricted funds that have been reallocated as match funding for restricted projects in Afghanistan, Kenya and Tanzania.

Unrestricted Reserves stand at £702,724 at 31 March 2021 (31 March 2020: £1,268,251). Free unrestricted reserves are £669,936 (31 March 2020: £1,231,113). This meets our reserves policy to hold six months' core expenditure in unrestricted reserves.

We have maintained designated reserves of £1,426,986. £710,217 of this is designated for EIF loans in Kenya. The remaining £716,769 is designated in support of Hand in Hand International's strategic plan for 2021-2026, to be invested in additional fundraising and programme capacity.