

FRIENDS OF SICK CHILDREN IN MALAWI

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

Charity Number 1140578



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The Trustees present their annual report and financial statements of the charity for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the Trust Deed, the Charities Act 2011 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 UK and Republic of Ireland (FRS102) issued on 16 July 2014.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name:	Friends of Sick Children in Malawi
Registered Charity Number:	1140578
Principal Address:	c/o Squire Patton Boggs (UK) LLP Rutland House 148 Edmund Street Birmingham B3 2JR
Website address:	www.friendsofsickchildreninmalawi.org
e-mail address:	info@friendsofsickchildreninmalawi.org

Trustees who have acted during the year:

Alexis Cowie
Gordon Cowie MBE
Professor Elizabeth Molyneux OBE
Stuart Reynolds

Bankers to the Charity: HSBC
PO Box 68
130 New Street
Birmingham B2 4JU

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

'Friends of Sick Children in Malawi' (also known as 'FOSCiM') is governed by a Declaration of Trust dated 22 December 2009 as amended (with the prior consent of the Charity Commission) by a Deed of Amendment dated 5th April 2016. The objects of the charity are:

"to preserve, protect and advance all or any aspects of the health of children in Malawi by providing and assisting in the provision of facilities, support services and equipment not normally provided by the statutory authorities; to advance the education of the public in children's health by the dissemination of health information; and to advance and promote knowledge and education in children's medicine by paying or contributing to the costs of training and education of healthcare workers."

Organisational Structure

The Charity does not employ any staff or pay for offices. The board of trustees comprise the key management personnel of the charity, in charge of directing and controlling the charity and operating the charity on a day to day basis. All Trustees give of their time freely and no remuneration was paid in the year. By making use of modern technology wherever possible, costs of running the Charity are kept to an absolute minimum.

Recruitment and Appointment of Trustees

The power of appointing new or additional Trustees is vested in the continuing or surviving Trustees. The Trustees seek to appoint trustees with skills, knowledge and experience needed for the effective administration of the Charity. All Trustees served throughout the year.

OBJECTIVES AND ACTIVITIES

The overriding objective of FOSCiM is to preserve, protect and advance all or any aspects of the health of children in Malawi. The Trustees regard as essential the continued development of paediatrics in Malawi, one of the world's poorest countries, and aim to support the professionals working in Malawi in this objective.

It does this by raising funds:

- to help pay for resources necessary to treat some of the poorest children in the world;
- to contribute to relevant training and staff development;
- to buy medical and other supplies and equipment; and
- to provide for the manufacture of wheelchairs, home chairs for tots and other orthotic devices for children with severe mobility issues.

The Charity donates money to Friends of Sick Children ('FOSC'), a Malawi children's charity with similar objectives and which operates from The Queen Elizabeth Central Hospital ('QECH'), Blantyre, Malawi, and to the Orthopaedic Department workshop at the same hospital. From time to time it also helps purchase medical and other supplies and arranges shipment to Malawi.

The health needs of children in Malawi continue to be a pressing issue. Children aged under 18 years of age represent roughly half of the total population yet specialist paediatric health provision in Malawi is still developing. The under-5 mortality rate has improved dramatically over the past 25 years, but is still several times more than the equivalent UK figure. More than half of these deaths are due to preventable disease and many are associated with malnutrition. Malaria, malnutrition and HIV are common in Malawian mothers and contribute to a high proportion of infants weighing less than 2.5kg at birth. Simple interventions have been shown to have major benefits in health outcomes and relatively modest contributions (by Western standards) from outside Malawi can make tangible differences to outcomes for sick children in Malawi.

Grants from FOSCiM to FOSC are of particular help in allowing the Children's Department of the QECH to invest in human and physical resources, acquire equipment and supplies, and develop their services for children.

Public Benefit

The Trustees confirm that they have had regard to the guidance contained in the Charity Commission's general guidance on public benefit when carrying out their grant making activities during the year.

ACHIEVEMENTS AND PERFORMANCE

In Malawi

The development of paediatrics, paediatricians and specialist paediatric staff and the development of paediatric facilities at the Queen Elizabeth Central Hospital (QECH) continued in the year.

Every step forward seems inevitably to be accompanied by new and greater challenges and currently the **three principal challenges** are:

- Managing healthcare delivery during the Covid-19 pandemic, a situation that has seen remaining personnel stretched further than ever before;
- Funding the conversion of an existing vacant ward into a much need Children's High Dependency Unit; and
- Funding an internal re-configuration of the existing Children's Accident & Emergency facility.

Some reminders of what has been achieved:

- 20 years ago hospital in-patient child mortality rates were 20%; today they are less than 5%.
- Infant and maternal mortality rates have reduced substantially but are still high compared to most nations.
- Malawians are studying at The University of Malawi Medical School and graduating and practising paediatrics in *their own* nation - now there are General and Specialist Malawian Paediatric Consultants and Registrars at work in Malawi.
- Malawians are studying at The Kamuzu College of Nursing and graduating and practising paediatric nursing in *their own* nation.
- Mature Malawian FOSC nurses are at various stages of 4 year BSc (Paediatrics and Child Health) degree courses at Mzuzu University following some who have already graduated.
- Various other medical personnel are being supported in their further development so as to be important parts of driving forward paediatric healthcare in Malawi.
- There are Malawian postgraduate BSc Clinical Officers and students in training.
- The neonatal intensive care and Kangaroo Care unit that was built is one of the best facilities of its type on the continent of Africa.
- In collaboration with RICE University of Texas, first prize was won in the first ever *Glaxo Smith Kline-Save the Children Global Award for Innovation in Child Healthcare*.
- The first ever Abuse Centre for women and children in Malawi was built.
- Investment has been made in in-house manufacturing of wheelchairs and other mobility devices for children with severe mobility issues.
- The creation of a paediatric surgical unit with theatres and intensive care facilities was funded by Madonna through her charity *Raising Malawi*.

Fundraising

To be in a position to make grants or to deliver charitable benefits in Malawi, the Charity needs to raise funds. The Financial Review illustrates how, thanks to our loyal supporters, in 2020 we were able to continue our efforts in this regard.

Trustees greatly appreciate all the support the Charity receives each year – support which comes from a variety of people, organisations and places; support which ranges from goodwill and encouragement, through making and donating knitted and other goods, to the all important and essential financial donations, large and small.

Here is a selection of that support:

- Funds to ensure the continuity of healthcare delivery during the global Covid-19 pandemic. Amongst the nearly 1,000 donors, *Luitgard & Bernd Olgemoeller; Samuel Martin; Fairlawn and Stoke Bishop Primary Schools, Bristol; Arthur & Sheila Dolby; Luton Sixth Form College (Malawi Project); Vincent van de Walle; Ruth & Bob Wagner; Gail Freyne - family and friends; D J Bowen; Heather Clements; Vivace Foundation; and some others who specifically ask to remain anonymous.*
- Funds for a new High Dependency Unit for Children *Arthur & Sheila Dolby; and The Foundation of The Order of the Fleur de Lys.*
- Funding the continuing education of students at The Medical School through a state of the art online alternative. *Dr Neil Kennedy, Queen's University, Belfast and Dr Emma Thomson, QECH, Malawi; and The University of Sussex and Ocasta Studios Limited.*
- Funding for drugs. *The Mai Aisha Trust and the Kassam family of Malawi.*
- Funding the education and development of Malawian paediatric staff. *Richard & Maureen Lambert*
- Funding for the manufacture of bespoke wheelchairs for children and home chairs for very young children, all immeasurably improving the quality of life for the young recipients and their families. *All the many generous people who commission chairs as presents for Christmas and the like; The Kitchen Table Charities Trust; and The Roger & Douglas Turner Charitable Trust.*
- Funding for the Kangaroo Care Unit Mother's Food and Ward Programmes. *Michael and Henny Billett of New York; The Moxon Family of England; The Malawi Breast Feeding Initiative; and Joseph Cohen.*
- Donations of Medical consumables and supplies. *Dolby Vivisol.*
- Fundraising and items made and items sold through various activities. *Alexis Cowie.*
- Our 'army' of knitters and sewers from all over the UK who continue to amaze with the quality and quantity of baby clothes and bed clothes they produce.
- *Adrian Bytom of ELC Contractors Limited* for transport of donated goods to the Malawi bound sea container;
- *Neil Andrews* who carried out the Independent Examination of these accounts.

Grantmaking

In 2020 the Charity made grants for the benefit of sick children in Malawi totalling £ 113,596 (2019: 115,131).

The Trustees are very grateful to all those who have helped financially and in other ways during the year, and particularly in response to the Covid-19 Appeal.

In addition to those mentioned above, the Trustees wish to acknowledge with thanks **Jane Haxby (Partner)** and **Linda Sylvester, both of Squire Patton Boggs (UK) LLP, the latter particularly in relation to The Thousandth Man – Richard Burns Charitable Trust**, from which firm and personnel the Charity has continued to receive professional, donor, corporate and personal support, all of which are greatly appreciated.

LOOKING FORWARD

The Trustees will continue to do their best to support the work of healthcare professionals and others in Malawi whose objectives are in line with FOSCiM.

The three principal challenges referred to above will be a significant part of the Trustees focus for the year ahead.

The Charity's costs will continue to be kept to an absolute minimum. For 2020, 99.2p of every £1 raised and spent by FOSCiM delivered charitable benefit in Malawi (2019 - 99.6p). Overhead costs were mostly confined to unavoidable charges, such as payment processing and online donation fees. The more the Charity is able to raise the greater the amount that will directly benefit sick children in Malawi.

Covid-19

The whole world has been responding to the unprecedented impact of Covid-19 and Malawi has not been spared. We were overwhelmed and humbled by the response to our Covid-19 Emergency Appeal for PPE and other essentials; thank you again to all those who supported the appeal. With the threat of Covid-19 many NGOs and other bodies repatriated their staff some of which impacted our continuing work. Also, it was with heavy hearts that we had to release some loyal ward staff due to their vulnerability to the virus. Human resources are limited at the best of times so these losses made the challenge of confronting the pandemic all the more onerous. It is impossible to exaggerate the efforts of the team remaining in Malawi in these exceptional circumstances.

Education is a vital component of achieving our objectives and it is thanks to Dr Neil Kennedy (Queens University, Belfast) and in Malawi, Dr Emma Thomson, that Malawian medical and clinical officer students were the first students outside of the UK to use 'CAPSULE', a medical quiz-based remote learning resource application under license from The University of Sussex and Ocasta Studios Limited. 'CAPSULE' is being used extensively in the UK during the COVID-19 crisis.

Following suspension because of Covid-19, the project to build a High Dependency Unit for Children was reactivated towards the end of the year and is on target for completion by the end of March 2021.

FINANCIAL REVIEW

Reserves Policy

FOSCiM does not have any endowed funds, so all of its capital and income is available to be spent on charitable activities. It is the policy of Trustees to retain only the minimum reserves necessary to cover known and anticipated costs and to spend the remaining available resources to benefit the children of Malawi. Where donations have been received that are designated for a particular purpose (for example the purchase of equipment) they may be retained whilst suitable equipment is identified and sufficient additional funds have been raised.

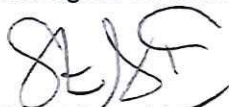
Statement of Financial Activities

	2020 Unrestricted Funds £	2020 Total Funds £	2019 Total Funds £
Income			
- Donations	54,782	54,782	92,839
- Grants	31,667	31,667	20,269
- Fundraising by supporters	5,788	5,788	21,179
- Covid-19 Appeal	137,986	137,986	-
Total Income	230,223	230,223	134,277
Expenditure			
- Online Payment Fees	532	532	376
- Telephone Costs	60	60	60
- Marketing Costs	338	338	-
- Governance	-	-	42
Expenditure on charitable activities			
- Covid-19 Grants	81,655	81,655	-
- Other Grants	6,065	6,065	85,790
- Orthopaedic Centre	21,891	21,891	28,311
- Education	3,000	3,000	-
- Equipment Purchases	850	850	(413)
- Miscellaneous	135	135	70
Total Expenditure	114,526	114,526	114,236
Net income/(expenditure)	115,697	115,697	20,041
Total Funds Brought Forward	53,682	53,682	33,641
Total Funds Carried Forward	169,379	169,379	53,682

Balance Sheet

	Unrestricted Funds 2020 £	Total Funds 2020 £	Prior Year 2019 £
Current Assets			
- Debtors	11,835	11,835	8,170
- Cash at Bank	158,544	158,544	45,512
Total Current Assets	170,379	170,379	53,682
Liabilities			
- Creditors falling due within one year	1,000	1,000	0
Net Current Assets	169,379	169,379	53,682
Net Assets	169,379	169,379	53,682
Funds of the Charity			
- Unrestricted income funds	169,379	169,379	53,682
Total Charity Funds	169,379	169,379	53,682

Approved by the Trustees on
and signed on their behalf by



Stuart Reynolds
Trustee

31 March 2021

Notes to the Financial Statements

1. ACCOUNTING POLICIES

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

(b) Funds structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. There are no restricted funds, however donations totalling £167,040 held at the year end (2019: £49,823) have been designated for various purposes including FOSC Nurses, medical equipment and wheelchair production as detailed below:

Fund	2020	2019
- Covid-19 Appeal	56,453	-
- Sheila & Arthur Dolby Fund	32,500	20,000
- FOSC Nurses	21,000	-
- Equipment	17,000	16,877
- Wheelchairs etc	16,427	11,206
- HDU	15,000	-
- Other designated funds	8,660	1,740
Totals	167,040	49,823

(d) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations are recognised when the Trust has been notified in writing of both the amount and settlement date. 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.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement

date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a reasonable degree of accuracy and the title to the asset having been transferred to the charity.

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.

(e) Expenditure recognition

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

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount of grant payable.

(f) Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

(g) Charitable activities

Costs of charitable activities include grants made and directly attributable support costs.

2. CHARITABLE STATUS

The Trust is recognised by HMRC as having charitable status and was registered by the Charity Commission on 24 February 2011 once the minimum income threshold for registration could be demonstrated.

3. TRUSTEES' REMUNERATION

No remuneration was paid or payable in respect of the year out of the funds of the Charity either directly or indirectly to any Trustee. £540.20 was reimbursed to two Trustees in 2020 for amounts they paid on behalf of the Charity (2019 two Trustees £73.35).

4. EXAMINATION OF THE ACCOUNTS

No fees were paid or are payable for the independent examination of the accounts.

5. EMPLOYEES

The Charity had no full or part time employees during the year.

6. GRANTS AND SUPPORT COSTS

The Charity delivers its charitable benefits by making grants to a Malawi charity, Friends of Sick Children (FOSC), which has similar aims and objects to the Charity, and by direct purchase of equipment and facilities for the Children's Department and The Orthopaedic Centre of the Queen Elizabeth Central Hospital, Blantyre, Malawi. An analysis of charitable expenditure and associated support costs in this and the previous year is as follows:

	Grants Awarded	Bank charges	Direct Purchases	Total 2020
Grants / Covid-19	86,000	145	1,575	87,720
Orthopaedic Centre	20,275	61	1,555	21,891
Equipment Purchases	0	0	850	850
Education	0	0	3,135	3,135
Support & Governance	0	532	398	930
	106,275	738	7,513	114,526

	Grants Awarded	Bank charges	Direct Purchases	Total 2019
Grants	85,669	121	0	85,790
Orthopaedic Centre	28,207	104	0	28,311
Equipment Purchases	0	0	(413)*	(413)
Education	0	0	70	70
Support & Governance	0	376	102	478
	113,946	601	(311)	114,236

**£960 was paid to transport 76 cartons (160 cubic feet) of donated items to Malawi in 2019 and £1,372 of previously accrued transport costs were written back as the supplier waived the charges.*

7. RELATED PARTY TRANSACTIONS

The Charity made grants to FOSC, a Malawi charity of which one of the Trustees, Professor Molyneux, is also a Trustee. The other Trustees value the expertise that Professor Molyneux is able to bring to the Charity and her particular knowledge and understanding of where charitable support can make the biggest difference to sick children in Malawi.

The Charity had no transactions with any Trustee or (with the exception of FOSC) with any connected or related party of any Trustee, and no Trustee received any benefit, direct or indirect, from the Charity.

8. CONTROL RELATIONSHIP

The Charity is under the control of the Trustees.

Independent examiner's report to the trustees of Friends of Sick Children in Malawi

I report on the accounts of the Friends of Sick Children in Malawi for the year ended 31 December 2020 which are set out on pages 7 to 11.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 130 of the 2011 Act; and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



AN Andrews FCA

15 Wentworth Road, Sutton Coldfield, West Midlands B74 2SD

31 March 2021