

Company registration number: 09936276

Charity registration number: 1169767

Rare Charity

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 January 2021

Rare Charity

Contents

| | |
|---|----------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2 to 8 |
| Statement of Trustees' Responsibilities | 9 |
| Independent Examiner's Report | 10 |
| Statement of Financial Activities | 11 |
| Balance Sheet | 12 |
| Notes to the Financial Statements | 13 to 23 |

Rare Charity

Reference and Administrative Details

| | |
|-----------------|---|
| Trustees | Ms Henrietta Lovell Ms Cecillia Makonyola Mr Will Le Fleming Mr Robert Scott Anderson Mr Adam Hickie Ms Gemma Bell |
|-----------------|---|

| | |
|-------------------------|--|
| Principal Office | 62 Blandford Street London W1U 7JD |
|-------------------------|--|

| | |
|------------------------------------|---|
| | The charity is incorporated in England & Wales. |
| Company Registration Number | 09936276 |

| | |
|------------------------------------|---------|
| Charity Registration Number | 1169767 |
|------------------------------------|---------|

| | |
|-----------------------------|------------------|
| Independent Examiner | Chloe Turner ACA |
|-----------------------------|------------------|

Rare Charity

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 January 2021.

Objectives and activities

Rare Charity provides educational opportunities for young people within tea producing communities. Our mission is to fund education where opportunities are rare but talent is not. In 2020/21 we continued to operate in the Satemwa Tea Estate community of southern Malawi, sustaining four tertiary educational scholarships.

Rare Charity's objectives remain:

The advancement of education; and without prejudice to the generality of that, the charity may seek to fulfil its objects by being active in areas predominantly surrounding farms in Africa, Nepal, India and Sri Lanka by:

- 1) Awarding students scholarships to enter university, college or institution of higher or further education;
- 2) Supporting education initiatives to prepare for entry to any occupation, trade or profession on leaving any educational establishment;
- 3) Supporting educational facilities and/or initiatives.

Public Benefit

Rare Charity exists to serve the public benefit, not only through offering scholarships to transform individual lives, but also by facilitating social mobility to enable transformation within entire tea-producing communities. Rare Charity:

- a. offers tertiary educational opportunities to young people with talent and ambition, who would otherwise have no access whatsoever to further education.
- b. equips these young people to return to their community (should they so choose), to implement change in their own ways and on their own terms.
- c. thereby catalyses long-term, systemic and sustainable improvement within one of the most vulnerable rural communities in a country that is consistently ranked in the top 5 poorest globally.
- d. provides a meaningful and illuminating connection between the consumers of tea and the people who produce it.

The founding principle of Rare Charity is sustainability. We believe in creating local role models who represent the aspirations of young people and encourage their peers to develop skills and change their own and their community's future.

Inherent to Rare Charity's values is advocating gender equality by promoting the opportunity to female students. At least half of our scholarships are set aside for female students.

Rare Charity

Trustees' Report

Activities and Objectives

Income

The Covid pandemic limited our scope for events-based fundraising, but Rare Charity succeeded in diversifying income streams, celebrating its first successful bid for a grant.

The charity's income came from the following sources:

1. **Major Donors.** We acknowledge with gratitude the continued support of several loyal major donors, whose commitment ensures that we can successfully and securely sustain our current operations.
2. **Rare Tea Company.**
 - a. Rare Tea Company honoured its commitment to donate 1% of its annual income to Rare Charity – despite facing serious challenges borne from Covid's battering of the hospitality sector.
 - b. Rare Tea Company furthered its support by introducing a 'tip' option at its online checkout.
3. **Grants.** Rare Charity undertook a grant application strategy in response to the COVID-19 pandemic, and was successful in receiving a grant from the Fore's RAFT fund, which came through in December 2020. With the £15,000 grant, Rare Charity successfully oversaw the enrolment of 9 female secondary school students at one of two Thyolo-based schools (Luchenza Secondary and Thyolo School), both located in the Satemwa area of Malawi. Tuition support using the grant will take each student through to the end of secondary school.
4. **Fundraising Activities.** Further fundraising activities included:
 - a. The Hackney Half Marathon. Although this was officially cancelled due to Covid-19, 3 of the original 9 runners undertook an informal sponsored run and raised just over £2000.
 - b. Smaller collaborations and initiatives included a Symmetry Breakfast Rare Tea blend with all purchases to Rare Charity (£285), participation in the national 2.6 challenge (£183), a donation from Comberton Village School (£129), a donation from the digital agency, Mr.Highline (£389) and a % donation from Openspace Publication book sales (£138).
5. **Monthly donors and general donations.** We were pleased to see significant growth in our base of monthly donors, and the steady generosity of our supporters throughout the year in the form of general donations.

Operational Programmes

In 2020, Rare Charity aimed to sustain its commitment to its existing tertiary scholars, and to focus on rolling out a secondary scholarship programme for girls in the Satemwa area. The need for this programme became particularly urgent in the light of the pandemic, since girls' education was hit particularly badly worldwide. Our scholarships would enable girls to complete secondary education safely and successfully, and to offer them the same chance of higher education as their male counterparts. There is a significant gender disparity between students who complete secondary

education in Malawi: girls face much wider and more fundamental challenges to attend and complete secondary school. By funding individual girls' secondary education, Rare Charity aimed to help to redress this balance, and equip more young women with the agency to improve their futures.

In the longer term, Rare Charity has ambitions beyond one nation – we want to expand our outreach to other marginalised tea communities in other countries. However we aim to create a watertight infrastructure in one location first, with a clear positive impact both for individuals and within the tea community before we expand elsewhere.

Income

Rare Charity's total income reduced from £80,504 in 2020 to £56,310 in 2021. The Trustees are however very satisfied with the performance of the charity in the extremely challenging environment of Covid-19. In the year to January 2020 the charity generated income from fundraising and events of £52,014 but the restrictions over in the year to January 2021 meant such events were not possible.

Rare Charity increased its monthly donor base, ensuring a small but reliable income every month, which it is hoped will be expanded in 2021/22.

Rare Charity successfully secured a three-year funding commitment from a major donor which, together with the continued support of Rare Tea Ltd, secures the charity's operations until the end of the 2022/23 financial year.

The Trustees were also thrilled to secure a grant from The Fore of £15,000 to support girls through their secondary school education.

Operational Programmes: Tertiary Scholarships

Since 2016 Rare Charity has committed to funding 17 young people through higher education. Every one of our scholars' academic performance is outstanding. During this period of school closure over half have opted to enrol on online learning courses; others volunteer in local clinics, administering vital medical care.

We know our scholarship programme is working. Our first two graduates Wongani and Osman have returned to Satemwa as qualified professionals. Osman started working in senior management at Satewma, overseeing quality control. Wongani recently accepted a role as a Research Assistant for the Association of Persons with Albinism.

The government's closure of educational institutions in Malawi in March 2020 (at both secondary and tertiary levels) meant that we had to adapt quickly and efficiently to safeguard our scholars. In response to the closures, Rare Charity:

- Issued each scholar with an emergency support package to cover transport home, toiletries and groceries – on top of maintaining our existence to them;
- Provided each scholar with medical insurance;
- Established a shared laptop scheme, with nominated scholars as laptop 'custodians', and issued scholars with a data allowance – to enable all our scholars to study safely and remotely;
- Supported scholars by pointing them towards online courses to supplement their studies;
- Partnered with the Global Academy of Agriculture and Food Security at the University of Edinburgh, to share resources and approaches to learning.

Rare Charity continued to provide tertiary educational scholarships for the following scholars. The

- Madalitso Banda, Bachelor's in Accounting Practice, Millennium University; awarded an educational scholarship;
- Enelys Black, Diploma in Nursing and Midwifery Technician, Mulanje Mission College, awarded a fully inclusive scholarship;
- Chisomo Chatepa, Bachelor of Science in Agriculture, Malawi Adventist University, awarded a fully inclusive scholarship;
- Joyce Dzinjalama, Bachelor's in Biomedical Engineering, Malawi Polytechnic, awarded an educational scholarship;
- Yamikani Golden, Bachelor's in Agriculture Enterprises Development & Microfinance, Lilongwe University of Agriculture and Natural Resources, awarded a fully inclusive scholarship;
- Norah Jordan, Diploma in Community Development, Soche Technical College, awarded a educational scholarship;
- Alexander Khumbanyiwa, Diploma in Biomedical Science, Malamulo Health Science College, fully inclusive scholarship;
- Sylvia Lodzani, Bachelor's in Pharmacy, College of Medicine, awarded a fully inclusive scholarship;
- Blessings Maudzu, Diploma in Nursing and Midwifery, St. Joseph's College;
- Madalitso Nsajamah, Bachelor of Education Science, Chancellor College, awarded a partial scholarship;
- Lauryn Patel, Diploma in Clinical Medicine, Malawi College of Health Sciences, awarded a fully inclusive scholarship;
- Faith Sawasawa, Bachelor in Indigenous Knowledge Systems and Practices, Malawi University of Science and Technology, awarded an educational scholarship;
- Andrea Sylvester, Certificate in Clinical Medicine. Malamulo Health Science College, awarded a fully inclusive scholarship;
- Fortune Jim William, Diploma in General Agriculture, Lilongwe University of Agriculture and Natural Resources, awarded a fully inclusive scholarship;
- Lisnet Zuze, Bachelor of Arts Degree in Education and Social Studies, University of Malawi, Chancellor College.

Operational Programmes: Pilot Scheme for Secondary Scholarships for Girls

Following its successful application from The Fore for a grant of £15,000, Rare Charity was able to roll out our programme for sponsoring girls through secondary school.

Our scholarships are holistic and to cover fees, uniform, a materials allowance, a safeguarding programme and private medical insurance.

Rare Charity successfully organised the enrolment of nine students using strategic advice solicited from Osman Karimu, one of the first Rare Charity scholars to successfully complete his studies. By the end of February 2020 Rare Charity management was in consultation with Osman, local school headteachers and Satemwa management to identify prospective candidates based on the students with unpaid fees. These students would soon be unable to continue attending the school due to the lack of fee payments. Ms. Maulidi conducted interviews and assessed the need for each of these candidates on sight at the schools and eight students were selected. The ninth scholar in the programme, Mebo Chipwita had been enrolled in January.

Moving Funds Internationally

The Board acknowledges that as Trustees they have a legal duty to protect their Charity's funds and to ensure that funds are legitimately used to further the Charity's purpose. Formal banking systems were used in a responsible manner to ensure that Charity funds were safeguarded. International transfers were made via one of the following routes:

- HSBC
- Western Union Edge.

Each transaction was rigorously recorded at every step, so that funds were fully accounted for, from initial transfer to final destination.

Operational payments were completed in one of the following ways:

- Rare Charity's partnership with Satemwa administration. Satemwa has been a known and trusted partner since Rare Charity was founded. From the Charity's pilot phase, Satemwa has demonstrated that it has the capacity and integrity to receive and transfer funds and to provide documentation therefore; the practical working relationship has been efficient and amicable. The Board is satisfied that the Charity's partnership with Satemwa represents minimal reputational and financial risk.
- A distribution from Rare Charity's Support Officer, Esnarth Maulidi
- Payment directly to the educational institution, as per the invoice.

The partnership worked thus: Once the Managing Director received relevant invoices from the institution and cross-checked them, Rare Charity released funds to Satemwa; Satemwa then issued cheques to the Support Officer, who paid the institutions directly in accordance with the invoice. Rare Charity follows a strict policy of not allowing students to handle cash (except in unavoidable circumstances).

Any release of funds by Rare Charity's MD is underwritten and approved by a member of the board.

Financial Review

Rare Charity generated income of £56,310 during the year. Of this £15,094 was in respect of a new secondary school fund which launches in 2021/22.

Total expenditure stood at £60,331 and this meant that the charity generated an overall deficit of £4,021. The deficit of £19,115 arising on unrestricted funds was not unexpected. In 2019/20 the charity designated funds from extremely successful fundraising events to support tertiary scholars through their studies over a three/four period. These costs are being expended over this period and the remaining designated funds are in place (together with an extra provision) to ensure these tertiary programmes are fully funded until their completion.

The charity still maintains unrestricted undesignated funds of £10,199 which the trustees consider to be adequate given the funding commitments received for the coming two years from its major donors.

Reserves

The scholarship programme necessarily requires designated reserves to be held for each scholar to complete their course. These are calculated to include projected tuition, accommodation and meal costs, an allowance for work placement and a small cushion to allow for exchange rate fluctuations and fee hikes. Designated reserves held are £18,676.

A further £4,400 is held in emergency reserves, to cover medical emergencies, drastic exchange rate fluctuations and fee hikes and *vis major*.

This left the Charity with a total of £10,199 in undesignated reserves at year-end. These reserves are enough to meet the working capital requirements of the charity when considering the committed funding already secured in 2021/22.

Structure and Management

Charity Status

Rare Charity is a Charitable Company, founded by Henrietta Lovell. Rare Charitea was incorporated on 5th January 2016; its name was officially changed to Rare Charity on 1st July 2016. Rare Charity is governed under its Articles of Association, which were adopted on 4th July 2016. In the event of Rare Charity being wound up members are required to contribute an amount not exceeding £1.

Recruitment and Appointment of Trustees

The Directors of the Company are also known as Charity Trustees for the purposes of Charity Law and under the Company's Articles of Association are known as members. Under the requirements of the Articles of Association, the members are elected to serve for a period no longer than nine years, after which they must be re-elected at the next Annual General Meeting. At every Annual General Meeting one-third of the Members must retire from office but may offer themselves for re-appointment.

All trustees give their time voluntarily and received no benefits from the charity.

Robert Anderson and Cecillia Makonyola retired by rotation at the Annual General Meeting on 28th January 2020, and offered themselves for reappointment, which was passed unanimously.

The Board of Trustees seeks to ensure that the needs of the Charity's work are appropriately reflected through the diversity of the trustee body. Rare Charity's work focusses on offering education opportunities in tea communities; the current country of operation is Malawi. The Board reflects strong expertise in professional the relevant professional areas: the tea industry (Henrietta Lovell), best practice in education (Will le Fleming), Malawi's economy, infrastructure, law and culture (Robert Anderson and Cecilia Makonyola) and best practice in the international charity sector (Cecillia Makonyola). Adam Hickie, Chartered Accountant is our fantastic treasurer. Gemma Bell, Director at Gemma Bell and Company Ltd advises on the charity's messaging and public image.

Organisational Structure

Rare Charity's Board of 6 members are responsible for the strategic direction and policy of the Charity. The Board meets quarterly, including an Annual General Meeting once per year. Resolutions are agreed at said meetings (provided there is a quorum), or by written resolution.

A scheme of delegation is in place and responsibility for the following rests with the Managing Director:

- Day to day oversight of delivering scholarship programmes and management of the Malawi Support Officer, ensuring that the Charity delivers the services specified, in accordance with all safeguarding and due diligence procedures, and that key indicators are met;
- Ensuring the healthy growth of the Charity's income through fundraising activities in accordance with the Board's mandate;
- Day to day financial record-keeping;
- Administration;
- Marketing and PR to maintain and grow the Charity's good reputation.

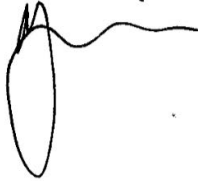
Details of any funds held by a custodian trustee

There are no funds held by any trustee and no trustee receives any financial benefit from the Charity.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 19 October 2021 and signed on its behalf by:

A handwritten signature in black ink, consisting of a large, stylized capital 'A' followed by a series of loops and a long horizontal stroke extending to the right.

Mr Adam James Saddler Hickie
Trustee

Rare Charity

Statement of Trustees' Responsibilities

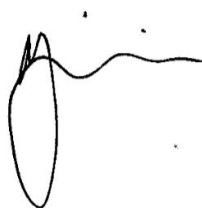
The trustees (who are also the directors of Rare Charity for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law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

Company law requires the trustees to prepare financial statements for each financial year. 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

Approved by the trustees of the charity on 19 October 2021 and signed on its behalf by:

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a horizontal line extending to the right.

Mr Adam James Saddler Hickie
Trustee

Rare Charity

Independent Examiner's Report to the trustees of Rare Charity

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 January 2021 which are set out on pages 9 to 21.

Respective responsibilities of trustees and examiner

As the charity's trustees of Rare Charity (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of Rare Charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of Rare Charity as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

.....
Chloe Turner ACA
Highfield
Cirencester Road
Minchinhampton
Stroud, GL6 9EQ

Date: 26 October 2021

Rare Charity

Statement of Financial Activities for the Year Ended 31 January 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | Unrestricted £ | Restricted £ | Total 2021 £ | Total 2020 £ |
|------------------------------------|-----------|-------------------|-----------------|--------------------|--------------------|
| Income and Endowments from: | | | | | |
| Donations and legacies | 3 | 31,222 | 15,094 | 46,316 | 28,490 |
| Other trading activities | 4 | 9,994 | - | 9,994 | 52,014 |
| Total Income | | 41,216 | 15,094 | 56,310 | 80,504 |
| Expenditure on: | | | | | |
| Raising funds | 5 | (1,483) | - | (1,483) | (10,892) |
| Charitable activities | 6 | (58,848) | - | (58,848) | (49,780) |
| Total Expenditure | | (60,331) | - | (60,331) | (60,672) |
| Net (expenditure)/income | | (19,115) | 15,094 | (4,021) | 19,832 |
| Net movement in funds | | (19,115) | 15,094 | (4,021) | 19,832 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 52,390 | - | 52,390 | 32,558 |
| Total funds carried forward | 16 | 33,275 | 15,094 | 48,369 | 52,390 |

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2020 is shown in note 16.

The notes on pages 13 to 23 form an integral part of these financial statements.

Rare Charity

(Registration number: 09936276)

Balance Sheet as at 31 January 2021

| | Note | 2021 £ | 2020 £ |
|---|------|---------------|---------------|
| Current assets | | | |
| Debtors | 12 | 3,749 | - |
| Cash at bank and in hand | 13 | 44,785 | 53,197 |
| | | 48,534 | 53,197 |
| Creditors: Amounts falling due within one year | 14 | (165) | (807) |
| Net assets | | 48,369 | 52,390 |
| Funds of the charity: | | | |
| Restricted | | 15,094 | - |
| Unrestricted income funds | | | |
| General unrestricted funds | | 10,199 | 15,971 |
| Designated funds | | 23,076 | 36,419 |
| Total unrestricted funds | | 33,275 | 52,390 |
| Total funds | 16 | 48,369 | 52,390 |

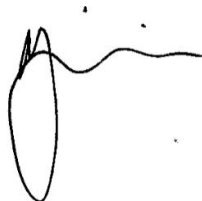
For the financial year ending 31 January 2021 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 9 to 21 were approved by the trustees, and authorised for issue on 19 October 2021 and signed on their behalf by:



Mr Adam James Saddler Hickie
Trustee

The notes on pages 11 to 21 form an integral part of these financial statements.

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

1 Charity status

The charity is limited by share capital, incorporated in England & Wales.

The address of its registered office is:

62 Blandford Street

London

W1U 7JD

These financial statements were authorised for issue by the trustees on 19 October 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

Rare Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

These financial statements are presented in Sterling, which is also the company's functional currency. The financial statements are rounded to the nearest £1.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Exemption from preparing a cash flow statement

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

Income and endowments

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 the income receivable can be measured reliably.

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

Donations and legacies

Donations are recognised when the charity 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 by the charity 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 these conditions will be fulfilled in the reporting period.

Grants receivable

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Donated services and facilities

Where services or facilities are provided to the charity as a donation that would normally be purchased from our suppliers, this benefit is included in the financial statements at its fair value unless its fair value cannot be reliably measured, then at the cost to the donor or the resale value of goods that are to be sold.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Raising funds

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grant provisions

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

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in the Statement of Financial Activities in the period in which they arise except for:

- 1) exchange differences on transactions entered into to hedge certain foreign currency risks (see above);
- 2) exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- 3) in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

3 Income from donations and legacies

| | Unrestricted funds | Restricted funds | Total funds |
|---|--------------------|------------------|---------------|
| | General £ | £ | £ |
| Donations and legacies; | | | |
| Donations from companies, trusts and similar proceeds | 7,242 | - | 7,242 |
| Donations from individuals | 19,662 | - | 19,662 |
| Grants, including capital grants; | | | |
| Government grants | 3,718 | - | 3,718 |
| Grants from other charities | - | 15,094 | 15,094 |
| Donated services and facilities | 600 | - | 600 |
| Total for 2021 | 31,222 | 15,094 | 46,316 |
| Total for 2020 | 28,490 | - | 28,490 |

4 Income from other trading activities

| | Unrestricted funds | Total funds |
|-----------------------|--------------------|---------------|
| | General £ | £ |
| Events income; | | |
| Other events income | 9,994 | 9,994 |
| Total for 2021 | 9,994 | 9,994 |
| Total for 2020 | 52,014 | 52,014 |

5 Expenditure on raising funds

a) Costs of generating donations and legacies

| | Unrestricted funds | Total funds |
|-----------------------|--------------------|---------------|
| Note | General £ | £ |
| Donations | 1,483 | 1,483 |
| Total for 2021 | 1,483 | 1,483 |
| Total for 2020 | 10,892 | 10,892 |

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

| | Direct costs £ | Total costs £ |
|--|-------------------|---------------------|
| Costs of generating donations and legacies | 1,483 | 1,483 |
| Total for 2021 | 1,483 | 1,483 |

6 Expenditure on charitable activities

| | | Unrestricted funds | Total |
|-----------------------------|------|-----------------------|---------------|
| | Note | General £ | funds £ |
| Grant funding of activities | | 14,603 | 14,603 |
| Staff costs | | 36,770 | 36,770 |
| Governance costs | 7 | 7,475 | 7,475 |
| Total for 2021 | | 58,848 | 58,848 |
| Total for 2020 | | 49,780 | 49,780 |

| | Grant funding of activity £ | Activity support costs £ | Total expenditure £ |
|-----------------------|-----------------------------------|--------------------------------|---------------------------|
| Educational grants | 14,603 | 36,770 | 51,373 |
| Total for 2020 | 14,086 | 27,468 | 41,554 |

In addition to the expenditure analysed above, there are also governance costs of £7,475 (2020 - £8,226) which relate directly to charitable activities. See note 7 for further details.

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

7 Analysis of governance and support costs

Governance costs

| | Unrestricted funds | Total |
|---|--------------------|--------------|
| | General £ | funds £ |
| Staff costs | | |
| Wages and salaries | 5,093 | 5,093 |
| Social security costs | 558 | 558 |
| Pension costs | 136 | 136 |
| Independent examiner fees | | |
| Examination of the financial statements | 600 | 600 |
| Other governance costs | 1,088 | 1,088 |
| Total for 2021 | 7,475 | 7,475 |
| Total for 2020 | 8,226 | 8,226 |

8 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

9 Staff costs

The aggregate payroll costs were as follows:

| | 2021 £ | 2020 £ |
|--|---------------|---------------|
| Staff costs during the year were: | | |
| Wages and salaries | 37,930 | 18,666 |
| Social security costs | 3,718 | - |
| Pension costs | 909 | 453 |
| Other staff costs | - | 65 |
| | 42,557 | 19,184 |

No employee received emoluments of more than £60,000 during the year.

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

10 Independent examiner's remuneration

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Examination of the financial statements | 600 | 600 |

11 Taxation

The charity is a registered charity and is therefore exempt from taxation.

12 Debtors

| | 2021 £ |
|---------------|-----------|
| Other debtors | 3,749 |
| | 3,749 |

13 Cash and cash equivalents

| | 2021 £ | 2020 £ |
|--------------|-----------|-----------|
| Cash at bank | 44,785 | 53,197 |

14 Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|-----------|-----------|
| Other taxation and social security | - | 656 |
| Other creditors | 165 | 151 |
| | 165 | 807 |

15 Pension and other schemes

Defined contribution pension scheme

The charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the charity to the scheme and amounted to £910 (2020 - £452).

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

16 Funds

| | Balance at 1 February 2020 £ | Incoming resources £ | Resources expended £ | Transfers £ | Balance at 31 January 2021 £ |
|---------------------------|---------------------------------------|----------------------------|----------------------------|----------------|------------------------------------|
| Unrestricted | | | | | |
| General | 15,971 | 41,216 | (60,331) | 13,343 | 10,199 |
| Designated | 36,419 | - | - | (13,343) | 23,076 |
| Total unrestricted | 52,390 | 41,216 | (60,331) | - | (33,275) |
| Restricted | - | 15,094 | - | - | 15,094 |
| Total funds | 52,390 | 56,310 | (60,331) | - | 48,369 |
| | Balance at 1 February 2019 £ | Incoming resources £ | Resources expended £ | Transfers £ | Balance at 31 January 2020 £ |
| Unrestricted | | | | | |
| General | 25,858 | 80,504 | (60,672) | (29,719) | 15,971 |
| Designated | 6,700 | - | - | 29,719 | 36,419 |
| Total funds | 32,558 | 80,504 | (60,672) | - | 52,390 |

17 Analysis of net assets between funds

| | Unrestricted | | | |
|------------------------------|---------------|-----------------|------------------|------------------|
| | General £ | Designated £ | Restricted £ | Total funds £ |
| Current assets | 10,364 | 23,076 | 15,094 | 48,534 |
| Current liabilities | (165) | - | - | (165) |
| Total net assets 2021 | 10,199 | 23,076 | 15,094 | 48,369 |
| | Unrestricted | | | |
| | General £ | Designated £ | Total funds £ | |
| Current assets | 16,778 | 36,419 | 53,197 | |
| Current liabilities | (807) | - | (807) | |
| Total net assets 2020 | 15,971 | 36,419 | 52,390 | |

Rare Charity

Notes to the Financial Statements for the Year Ended 31 January 2021

18 Analysis of net funds

| | At 1 February 2020 £ | Financing cash flows £ | At 31 January 2021 £ |
|--------------------------|----------------------------|------------------------------|----------------------------|
| Cash at bank and in hand | 53,197 | (8,412) | 44,785 |
| Net debt | 53,197 | (8,412) | 44,785 |

| | At 1 February 2019 £ | Financing cash flows £ | At 31 January 2020 £ |
|--------------------------|----------------------------|------------------------------|----------------------------|
| Cash at bank and in hand | 30,927 | 22,270 | 53,197 |
| Net debt | 30,927 | 22,270 | 53,197 |