

Korea Future Initiative CIO

Charitable Incorporated Organisation

CIO Registration Number: 1185332

Unaudited Accounts

Trustees Report and Financial Statements

For the period ended 31 December 2020.

Korea Future Initiative CIO

Contents

<b>Reference and Administration Details for the Period Ended 31 December 2020.....</b>	<b>3</b>
<b>Trustees Report for the Period Ended 31 December 2020.....</b>	<b>4</b>
<b>Independent Examiners Report for the Period Ended 31 December 2020 .....</b>	<b>10</b>
<b>Statement of Financial Activities for the Period ended 31 December 2020.....</b>	<b>12</b>
<b>Balance Sheet as at 31 December 2020 .....</b>	<b>13</b>
<b>Notes to the Financial Statements .....</b>	<b>14</b>

## **Korea Future Initiative CIO**

### **Reference and Administration Details for the Period Ended 31 December 2020.**

#### **Trustees**

Robin Peter Walker (Chair)

Richard Moreton (Treasurer)

Deborah Moore (resigned: 25/01/2021)

Sultan Torshkhoev

Margaret Ahn

Jennifer Holroyd

Jinhee Lee (appointed: 27/04/2020)

Alice Chamberlain (resigned: 26/09/2020)

Mario Dunn (appointed: 25/01/2021)

#### **Charity Registration Number**

1185332

#### **Registered Office**

149 High Street, New Malden, Greater London, KT3 4BH

#### **Bank**

Triodos Bank, Deanery Rd, Bristol, BS1 5AS

## **Korea Future Initiative CIO**

### **Trustees Report for the Period Ended 31 December 2020.**

The Trustees present their annual report together with the financial statements of the CIO for the year 16 September 2019 to 31 December 2020. The Trustees confirm that the Annual Report and financial statements of the CIO comply with the current statutory requirements, the requirements of the company's governing document, and the provisions of the Statement of Recommended Practice (SORP) 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 2019) as amended by Update Bulletin 1 (effective 1 January 2019).

Since the CIO qualifies as small under section 382, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

## **Structure, Governance, and Management**

### **Governing Document**

Korea Future Initiative CIO is constituted as a Charitable Incorporated Organisation registered with the Charity Commission in September 2019 under registration number 1185332. The current constitution was adopted on September 1, 2019.

### **Organisational Structure**

The board of trustees – which currently has 7 members – administers the charity. The trustees receive no financial remuneration for their involvement. The board meets on a quarterly basis and there are sub-committees covering fundraising, audit and risk, and communications which normally meet quarterly. A Chief Executive Officer is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive Officer has delegated authority, within terms of delegation approved by the trustees, for operational matters including, finance, employment, and all programme activities.

## **Recruitment of Trustees**

Existing trustees are responsible for recruiting new trustees. In selecting individuals for appointment as charity trustees, the charity trustees must have regard to the skills, knowledge and experience needed for the effective administration of the CIO. Any appointment must be made at a meeting held according to the ordinary practice of the Board of Trustees as outlined in the Constitution. Each appointment is for a term of three years.

Potential trustees are invited to attend trustees' meetings as observers and are given more details of the charity's aims and activities and, if all agree, they are then proposed as new trustees at the subsequent trustees' meeting. This process allows due consideration of the person's eligibility, personal competence, specialist knowledge and skills.

## **Trustee Induction and Training**

In the first instance, approaches from those wishing to serve as a Trustee shall be made to the Chair. Following further discussion and consideration, prospective Trustees shall be invited to observe at least 1 Board meeting. Subsequently, if willing, the prospective Trustee shall make written representations to the Board, who will decide whether to co-opt the prospective Trustee as a full member of the Board, with all the rights and responsibilities that entails. All Trustees shall subsequently be elected at the next board meeting through a ballot of board members. The ballot shall be administered by the Secretary. Trustees standing for election shall be required to verbally present their reasons for wishing to be elected to the Board. In terms of size, the Board shall not exceed 12 Trustees, and shall seek to be a body which is diverse in terms of skills, experience and professional background. Trustees shall serve for a 3-year term, which may be extended.

To enable him/her to hit the ground running, new trustees must be provided with:

- The constitution (and any supporting guidelines or regulations)
- The last Annual Report (and any other explanatory leaflet, brochure or prospectus issued by the charity);
- The last audited accounts, the current Budget and the most recent (monthly or quarterly) Management Accounts;
- Copies of the last three Board Minutes and the Agenda for the next Board meeting (and a note of any future meeting dates);
- Any Code of Conduct or Board Policies in existence;
- Details of any Conflicts of Interest requirements;
- Details of the Committee and staff structures and reporting processes.
- The essential trustee: what you need to know, what you need to do (CC3)

Trustees are encouraged to attend appropriate external training events to improve their understanding of their role and to improve the skillsets of the board for more effective governance.

## **Objectives and Activities**

The objectives of the CIO are:

- 1) To promote human rights (as set out in the Universal Declaration of Human Rights and subsequent United Nations conventions and declarations) in North Korea by all or any of the following means:
  - monitoring abuses of human rights;
  - obtaining redress for the victims of human rights abuse;
  - relieving need among the victims of human rights abuse;
  - research into human rights issues;
  - providing technical advice to government and others on human rights matters;
  - raising awareness of human rights issues;
  - international advocacy of human rights; and
  - eliminating infringements of human rights.

In furtherance of that object but not otherwise, the trustees shall have power

- To engage in political activity provided that the trustees are satisfied that the proposed activities will further the purposes of the charity to an extent justified by the resources committed and the activity is not the dominant means by which the charity carries out its objects.
- 2) The relief and assistance of North Korean refugees in China and Southeast Asia through the raising and provision of funds to provide safe passage to third-countries.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit. The trustees consider that the activities undertaken - as summarised below - provide benefit to the community we serve and the wider public.

## **Achievements and Performance**

Following the successful launch of our ground-breaking research on sexual and gender-based violence against North Korean women and girls, we expanded the focus of our work in 2020 to include increasing accountability for religious freedom violations in North Korea. Despite the challenges presented by COVID-19, we were able to conduct 117 interviews with survivors, witnesses, and perpetrators over a period of seven months. This resulted in the publication in October of "Persecuting Faith: Documenting religious freedom violations in North Korea, Volume I." The research on religious freedom will continue into 2021 and beyond.

The report and accompanying database - viewable at <https://koreafuture.uwazi.io/> - delivered information on 273 victims, 54 individual perpetrators, and 85 named locations. In total, 897 distinct human rights acts were documented and have been made available to users.

Effective targeting of key audiences during and following the completion of Volume contributed to the engagement of relevant actors and stakeholders, including accountability experts at the Office of the United Nations High Commissioner for Human Rights, various foreign ministries, and human rights NGOs. Strong networks were formed with exiled North Korean community and faith-based organisations in South Korea, thus increasing the capacity of Korea Future Initiative to advocate for justice for those communities more effectively.

The report and database launch were covered by international, national, and issue-specific news/media groups, including: Voice of America; Radio Free Asia; Chosun Ilbo; Kukmin Ilbo; Daily Mail; The Sun; Nederlands Dagblad; Trow; Christianity Today; International Christian Concern. The report's findings were raised in the United Kingdom Houses of Parliament by Lord Alton of Liverpool and received a favourable response from the UK government.

Challenges were experienced during the year. The emergence of COVID-19 in South Korea coincided with the beginning of the project's investigation phase of in-person interviews. Within the first month, fears over COVID 19 had led to the cancellations of over 90% of interviews and heightened fear among prospective interviewees. International travel restrictions and the slowdown of North Korean exiles into South Korea prevented staff from interviewing recently escaped North Koreans. Later in the project, COVID-19 impacted the Korea Future Initiative team with all members of staff having to self-isolate at different periods. These challenges were overcome through rapid changes to outreach in the initial month of investigations, ongoing monitoring of performance, and responsiveness to changing environments. It is a testament to the resilience of our staff that this report was published on time and to a high-standard.

## **Future Activities**

From our first report, the international community has been provided with new and authoritative information about the victims, perpetrators, and locations of religious freedom in North Korea. In 2021, we seek to expand that knowledge base further by beginning phase two of the research on violations of religious freedom in North Korea. A new report and additions to the database will be forthcoming in 2021. A new research project is underway and will continue for 4 years. We will release details of this new project in the coming months.

## **Financial Review**

### ***Reserves Policy***

The ultimate aim of our reserves policy is to maintain 3 months of unrestricted reserves to cover any changes in our income. Trustees felt that funds should be deployed to be able to grow the organisation, meaning we have no reserve at this moment. It is our goal to have at least 3 months of unrestricted reserves by the end of the next financial year – we are hiring a fundraising officer in 2021 to make this a reality.

### ***Investment Policy***

We have no investments. All cash is held within our Triodos and Transferwise accounts, which earns a small amount of interest. We will assess the possibility of investments and creating an investment strategy, policies, and procedures – if required – at the end of the next financial year.

### ***Risk Management***

The CIO ensures the highest standards of governance are maintained through its implementation of a robust risk management strategy, which entails:

- a Risk and audit committee which performs a quarterly review of the risks the charity may face and proposes mitigation strategies to the main board;
- an array of policies and procedures, with particular attention to financial policies and health and safety;
- the establishment of a governance checklist with key dates planned a year in advance; and
- the creation and quarterly update of a risk register.

The greatest risk to the organisation has been identified as a lack of funds to meet our obligations. In response, the fundraising subcommittee has developed a detailed fundraising strategy with appropriate funders – both institutional and private – identified and we are planning to recruit a part-time Fundraising Officer to meet our financial objectives.

## Statement of Trustees' Responsibilities

The CIO's trustees are responsible for preparing an annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in business.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, and the provisions of the constitution. 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 and directors in the period and at the report approval date were:

Robin Peter Walker (Chair)

Richard Moreton (Treasurer)

Deborah Moore (resigned: 25/01/2021)

Sultan Torshkhoev

Margaret Ahn

Jennifer Holroyd

Jinhee Lee (appointed: 27/04/2020)

Alice Chamberlain (resigned: 26/09/2020)

Mario Dunn (appointed: 25/01/2021)

## **Statement as to Disclosure to our Independent Examiner**

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the independent examiner in connection with preparing their report, of which the organisation's independent examiner is unaware, and
- the trustees, having made enquiries of fellow directors and the group's independent examiner that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant information and to establish that the examiner is aware of that information.

Approved by the Trustees and signed on its behalf:

*Robin Walker*

Robin Peter Walker (Chair)

Date: 05/04/2021

## **Independent Examiner's Report to the Trustees of Korea Future Initiative CIO**

I report to the charity trustees on my examination of the accounts of the charity for the period ended 31 December 2020 which are set out on pages 12 to 20.

### **Responsibilities and basis of report**

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

### **Independent examiner's statement**

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

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 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.

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.



Samantha Rouse FCCA DChA

Certified Chartered Accountant

Kreston Reeves LLP

37 St Margaret's Street

Canterbury

Kent

CT1 2TU

Date: 6 April 2020

## Korea Future Initiative CIO

### Statement of Financial Activities for the period ended 31 December 2020

	Note	Restricted Funds £	Unrestricted Funds £	Total Funds 2020 £
<b>Income from:</b>				
Donations and Grants	5	227,668	18,853	246,521
Investments		-	-	-
Other Income		-	14,891	14,891
<b>Total Income</b>		<b>227,668</b>	<b>33,744</b>	<b>261,412</b>
<b>Expenditure on:</b>				
Raising Funds: Voluntary Income	6	-	13,112	13,112
Charitable Activities	7	190,143	16,357	206,500
Governance	8	1,003	1,344	2,347
<b>Total Expenditure</b>		<b>191,146</b>	<b>30,813</b>	<b>221,959</b>
<b>Net Movement in Funds</b>		<b>36,522</b>	<b>2,931</b>	<b>39,453</b>
Total Funds Brought Forward		-	-	-
<b>Total Funds Carried Forward</b>		<b>36,522</b>	<b>2,931</b>	<b>39,453</b>

The notes on pages 14 to 20 form part of these financial statements.

## Korea Future Initiative CIO

### Balance Sheet as at December 31 2020

	Note	Restricted Funds £	Unrestricted Funds £	Total Funds 2020 £
<b>Fixed Assets</b>	9	<b>9,316</b>	<b>-</b>	<b>9,316</b>
Current Assets Debtors	10	35,861	4,350	40,211
Cash at Bank and in Hand		-	9,437	9,437
<b>Current Assets</b>		<b>35,861</b>	<b>13,787</b>	<b>49,648</b>
Creditors: amounts falling due within one year	11	(8,655)	(10,856)	(19,511)
<b>Net Current Assets</b>	12	<b>27,206</b>	<b>2,931</b>	<b>30,137</b>
<b>Net Assets</b>		<b>36,522</b>	<b>2,931</b>	<b>39,453</b>
<b>Total Funds</b>	13	<b>36,522</b>	<b>2,931</b>	<b>39,453</b>

The CIO's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the CIO to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

*Robin Walker*

Robin Peter Walker, Chair

Date: 05/04/2021

## **Notes to the Financial Statements**

The registered office for the CIO is 149 High Street, New Malden, Surrey, KT3 4BH, United Kingdom.

Registered as a Charitable Incorporated Organisation in England on 16 September 2019.

These accounts cover the period 16 September 2019 to 31 December 2020.

### **1. Accounting policies**

The principal accounting policies are summarised below.

#### **1.1 Basis of preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, ('FRS 102'), with the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires certain critical accounting estimates. It also requires management to exercise judgement in applying the CIO's accounting policies (see note 3).

The financial statements have been prepared on the historical cost basis and are presented in Sterling (£). Rounding is to the nearest pound.

Korea Future Initiative CIO meets the definition of a public benefit entity under FRS 102.

#### **1.2 Organisational status**

Korea Future Initiative CIO is a Charitable Incorporated Organisation. The members of the company are the Trustees named on page 1. In the event of the CIO being wound up, the liability in respect of the guarantee is limited to £1 per member of the CIO.

### **1.3 Income**

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

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably.

In accordance with the Charities SORP (FRS 102), the general volunteer time of the volunteers is not recognised and refer to the Trustees' report for more information about their contribution. On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the CIO which is the amount the CIO would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

### **1.4 Expenditure**

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.

Governance costs are those incurred in connection with administration of the CIO and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the CIO's operations, including support costs and costs relating to the governance of the CIO apportioned to charitable activities.

### **1.5 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

## 1.6 Value Added Tax

The CIO is not registered for VAT and accordingly, where applicable, all costs and expenditures incurred are inclusive of VAT.

## 2. Staff numbers and costs

The charity had 1.5 full-time employees in 2020. Staff costs were as follows:

	2020 £
Wages and Salaries including Donations in Kind	53,019
Pension costs	1,111
Total	54,130

No employee received remuneration amounting to more than £60,000 for the year. The total remuneration received by key management personnel was £12,975.

## 3. Trustees remuneration and expenses

The Trustees, who are also directors of the Charity, are not entitled to receive any remuneration from the Charity. No expenses were paid to any Trustee or connected person during the period.

## 4. Tax on ordinary activities

Korea Future Initiative CIO is a registered CIO and is potentially exempt from taxation in respect of income and capital gains received within the categories covered by Section 505 of the Taxes Act 1988 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.

## 5. Donations & Grants

	Restricted 2020 £	Unrestricted 2020 £	Total 2020 £
Donations	-	15,853	15,853
Grants	227,668	3,000	230,668
<u>Totals</u>	<u>227,668</u>	<u>18,853</u>	<u>246,521</u>

## 6. Cost of Raising Funds

	Restricted 2020 £	Unrestricted 2020 £	Total 2020 £
Fundraising costs	-	13,112	13,112
<u>Totals</u>	<u>-</u>	<u>13,112</u>	<u>13,112</u>

## 7. Charitable Activities

	Restricted 2020 £	Unrestricted 2020 £	Total 2020 £
Research expenses	5,230	-	5,230
Consultants	102,485	-	102,485
Depreciation	661	-	661
IT expenses	12,905	1,027	13,932
Rent	20,217	-	20,217
Disbursements	22	187	209
Insurance	-	677	677
Salaries	41,809	11,210	53,019
Staff training	-	377	377
Pension costs	971	140	1,111
Advertising & marketing	878	-	878
Travel expenses	3,198	20	3,218
General expenses	1,767	2,719	4,486
<u>Totals</u>	<u>190,143</u>	<u>16,357</u>	<u>206,500</u>

## 8. Governance Costs

	Restricted 2020 £	Unrestricted 2020 £	Total 2020 £
Audit & accountancy	600	1,100	1,700
Bank charges	403	244	647
<u>Totals</u>	<u>1,003</u>	<u>1,344</u>	<u>2,347</u>

The Independent examiner's remuneration is included in the audit and accounting costs listed above and total £900.

## 9. Fixed Assets

	Office Equipment £	2020 £
<b>Cost</b>		
Additions	9,977	9,977
At 31 December 2020	<u>9,977</u>	<u>9,977</u>
<b>Depreciation</b>		
Charge for year	661	661
At 31 December 2020	<u>661</u>	<u>661</u>
<b>Net book value</b>		
At 31 December 2020	<u>9,316</u>	<u>9,316</u>

## 10. Debtors

	2020 £
Trade debtors	35,861
Other debtors	<u>4,350</u>
<u>Total debtors</u>	<u>40,211</u>

## 11. Creditors

	2020 £
Trade creditors	3,180
Social security and other taxes	1,502
Deferred income	4,350
Related party creditors	9,579
Accruals	900
<u>Total creditors</u>	<u>19,511</u>

There is deferred income due to timing differences in the receipt of funds.

Deferred income as at 16 September 2019	-
Resources deferred during the year	4,350
Deferred income at 31 December 2020	<u>4,350</u>

At the balance sheet date, the CIO was holding funds received in advance for the 2021 financial year in respect of grant income for Investigating Persecution of Religion or Belief Project 1 and Documenting Human Rights Violations in North Korean Prisons.

## 12. Fund movements summary

	Restricted funds £	Unrestricted funds £	Total funds £
Opening balance	-	-	-
Incoming resources	227,668	33,744	261,412
Expenditure	(191,146)	(30,813)	(220,959)
<u>Totals</u>	<u>36,522</u>	<u>2,931</u>	<u>39,453</u>

## 13. Restricted funds

	Incoming £	Outgoing £	Total funds £
Investigating Persecution of Religion or Belief Project 1	106,729	(106,728)	1
Investigating Persecution of Religion or Belief Project 2	37,698	(24,020)	13,678
Female Leadership Programme	12,804	(6,357)	6,447
Documenting Human Rights Violations in North Korean Prisons	53,437	(53,434)	3
Fundraising Capacity-Building	17,000	(607)	16,393
<u>Totals</u>	<u>227,668</u>	<u>(191,146)</u>	<u>36,522</u>

#### **14. Related party transactions**

Connect: North Korea is a related party of which all serving Trustees are also Trustees of Korea Future Initiative CIO.

During the period ended 31 December 2020, the trustees of Connect: North Korea CIO have provided a loan of £53,027 to Korea Future Initiative CIO to pay expenses of the charity. During the period, Korea Future Initiative CIO made repayments totalling £44,698. The amount due to Connect: North Korea CIO at the balance sheet date is £8,329 and is included in creditors.

During the period, Korea Future Initiative CIO received a loan to pay expenses of the charity from the CEO for £8,327. During the period, repayments of £7,088 were made to the CEO. The amount due to the CEO on the balance sheet date is £1,250 and is included in creditors.

The Charity has provided management services to Connect: North Korea CIO - £14,888 was received during the period for those services.