

FRIENDSHIP INTERNATIONAL UK

Charity No. 1189960

TRUSTEES' REPORT

AND

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30th June 2023

Friendship UK

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Friendship International UK

Legal and Administrative Information

Trustees: Mrs. Runa Khan
HRH Princess Esmeralda of Belgium
Mr. Kenneth Hay
Mr. Jean Peters
Mr. Nicholas Woolf

Charity Number: 1189960

Registered Office: Nightingale House
46-48 East Street
Epsom
Surrey
KT17 1HQ

Independent Examiners: Moore Kingston Smith LLP
Chartered Accountants
9 Appold Street
London
EC2A 2AP

Bankers:	National Westminster Bank plc	Virgin Money
	250 Regent Street	7 Gold Street
	London	Northampton
	W1B 38N	NN1 1EN
	(up to 3rd January 2023)	

Governing Document

The governing document of constitution was registered with the Charity Commissioners for England and Wales on 16th June, 2020. The financial statements comply with statutory requirements and the Charity's governing documents.

Trustee Appointment and Induction

Trustees are appointed by a resolution to be passed at a duly convened meeting of the Trustees. New Trustees are briefed on their legal obligations under charity law, the content of the governing document, decision making processes and the recent performance of the CIO.

Friendship International UK

Trustees' Report

For the year ended 30th June 2023

The Board of Trustees present their report and the unaudited financial statements for the year ended 30th June 2023. The Trustees confirm that the annual report and financial statements of the Charity have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply with the Charity's governing document, the Charities Act 2011 and the FRS 102 Charities SORP.

Objectives

The objects of the charity, as set out in its governing document, are, for the benefit of the people of Bangladesh and of such other countries as the Trustees may determine, to:

- (a) prevent and relieve poverty;
- (b) advance education;
- (c) prevent and relieve sickness and advance and preserve health; and
- (d) preserve and conserve traditional boats and the heritage craft of traditional boat making, particularly in Bangladesh, for public education.

In each of the above cases, Friendship International UK will provide grants, of money or items, or services to support Friendship and other organisations in such a way as will promote these objects, in a manner which is charitable in accordance with the laws of England and Wales. "Friendship" means Friendship, a charity established and registered in Bangladesh as a Social Welfare Organisation (registration number DHS:04033) and registered in 2002 with the NGO Bureau in Bangladesh.

The Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its activities.

The Trustees review the aims, objectives and activities of the charity each year.

Organisational Structure

Friendship International UK was established as a charitable incorporated organisation ("CIO") and registered at the Charity Commission on 16th June 2020. The charity is governed by the Board of Trustees who are responsible for the governance and the strategic direction of the organisation. From its inception up to 30th June, 2022 the CIO had no financial activity.

Prior to 1st July 2022, Friendship operated in the UK through an unincorporated charity Friendship UK (registered charity number 1153680). Following a decision by the Trustees of Friendship UK and of the CIO that a CIO structure is more appropriate to supporting the charity's continuing activities, the Trust's activities, assets and liabilities were transferred on 3rd January 2023 to Friendship International UK, which continued the charity's activities from the date of transfer. The CIO and the unincorporated charity have the same charitable objects and governance structure.

Related parties

Friendship International UK is a member of Friendship International asbl (a not-for-profit entity incorporated in Luxembourg), of which the member entities in Bangladesh, Luxembourg, Netherlands, France and Belgium are registered as charities in their respective countries. Friendship Bangladesh is the sole beneficiary of grants made by Friendship International UK.

Friendship Luxembourg asbl provides support services mainly for the monitoring of projects funded by Friendship International UK and reporting to donors, for which it charges fees based upon its costs incurred.

Review of activities

In the course of the year under review grants by Friendship International UK have been made solely to Friendship Bangladesh mainly to finance projects which support improved healthcare services to underserved communities in remote areas of Bangladesh.

Friendship International UK

Trustees' Report

For the year ended 30th June 2023

(Continued)

Reserves Policy

The Charity does not currently have a formal reserves policy as it is intended to utilise available funds to the greatest extent possible for charitable activities, only retaining amounts necessary to meet current and anticipated running expenses. The Trustees have considered the level of the operating expense required, bearing in mind that the charity has no employees and no significant commitments. They conclude that the current approach is acceptable. Free reserves at the year end amounted to £ 45,560 (2022: £ 40,218).

Principal Risks and Uncertainties

Effective risk management is integral to the Trustees' objective to protect the Charity's assets and reputation. The objective of risk management is to identify, assess, manage and monitor the risks to which the Charity is exposed.

A comprehensive Risk Management Policy, prepared in conjunction with Friendship International asbl, has been adopted by the Board of Trustees.

The main risks to which Friendship International UK is exposed are:

1. Currency exchange risk. The majority of donations and grants received are denominated in pounds sterling (GBP) or United States Dollars (USD), whereas project budgets are denominated in Bangladesh Taka (BDT). As a result of the timing differences between establishment of project budgets and approval of the donation or grant by the donor and the subsequent approval by the Bangladesh authorities of the transfer of BDT to Bangladesh there is a risk that the initially estimated project costs will not be met by the amount of the BDT transferred to Friendship Bangladesh. This risk has been mitigated by reduction in the scope of the budget in agreement with the donor, or financial support from other entities in the Friendship International network.

2. Failure by Friendship Bangladesh to use the funds for the intended purpose (misuse of funds).

This risk is mitigated by the close involvement of Friendship International UK trustees in the monitoring and supervision of the relevant projects. Friendship board members monitor and review regular project reports prepared for donors and frequently visit Bangladesh in order to meet there with financial and project management teams and obtain a close understanding of the activities of Friendship Bangladesh. They also attend and contribute to the annual Strategic Planning Workshops at which the management of Friendship Bangladesh discuss detailed action plans for the coming year and the updates of three-year Strategic Plans.

Results for the year and financial position at year end

Income for the financial year from grants and donations amounted to £ 113,141. Funds of USD 126,000 (£99,099) were held at the year end, pending approval by the Bangladesh authorities of their transfer to Friendship Bangladesh for charitable activities. These funds received during the year were denominated and received in US dollars (USD) and an unrealised exchange loss of £6,311 was recorded on these amounts held in USD because of a fall in the exchange rate of the USD against the £ between the date of their receipt and 30th June, 2023.

Friendship International UK
Trustees' Report
For the year ended 30th June 2023
(Continued)

Key Management Personnel

The Charity considers its key management personnel to comprise of the Board of Trustees. No members of the Board of Trustees received remuneration or other compensation or expenses for their services during the year.

Trustees' Responsibilities Statement

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity 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 accounting standards and statements of recommended practice 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 and in accordance with applicable accounting standards.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the governing document. 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.

Independent Examiners

Moore Kingston Smith LLP have indicated their willingness to take up office as independent examiners of the CIO with effect from July 1, 2023.

This report was approved by the Trustees on 18th April 2024
and signed on their behalf by:



Kenneth Hay
Trustee
18th April 2024

Independent Examiner's Report to the Trustees of Friendship International UK

I report to the Trustees on my examination of the accounts of Friendship International UK (the "CIO") for the year ended 30th June 2023.

Responsibilities and basis of report

As the charity trustees of Friendship International UK 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 CIO's accounts carried out under section 145 of the 2011 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.



Adam Fullerton FCA, DChA

For and on behalf of Moore Kingston Smith LLP

Chartered Accountants

9 Appold Street

London

EC2A 2AP

Date: 19 April 2024

Friendship International UK
Statement of Financial Activities
For the year ended 30th June 2023

	Note	Unrestricted £	Restricted £	2023 £	2022 £
Income					
<i>Income from:</i>					
Grants and donations	2	7,742	105,399	113,141	46,858
Interest income		<u>1,687</u>	<u>-</u>	<u>1,687</u>	<u>-</u>
Total Income		<u>9,429</u>	<u>105,399</u>	<u>114,828</u>	<u>46,858</u>
Expenditure					
<i>Cost of raising funds</i>					
Administrative and governance expenses	3	4,087	6,312	10,399	5,162
<i>Expenditure on charitable activities</i>	3	-	99,099	99,099	119,440
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditure		<u>4,087</u>	<u>105,411</u>	<u>109,498</u>	<u>124,602</u>
Net (expenditure)/income before transfers		5,342	(12)	5,330	(77,744)
Transfer between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Movement in Funds		5,342	(12)	5,330	(77,744)
Fund balances brought forward at 1st July 2022		<u>40,218</u>	<u>886</u>	<u>41,104</u>	<u>118,848</u>
Fund balances carried forward at 30th June 2023		<u><u>45,560</u></u>	<u><u>874</u></u>	<u><u>46,434</u></u>	<u><u>41,104</u></u>


All of the above results are derived from continuing activities. There were no recognised gains or losses other than those stated above.

Friendship International UK

Balance Sheet as at 30th June 2023

	Note	30th June 2023 £	30th June 2023 £	30th June 2022 £	30th June 2022 £
Current Assets					
Cash at bank and in hand		49,351		44,670	
Debtors: Amounts falling due within one year	6	<u>99,926</u>		<u>-</u>	
		149,277		44,670	
Creditors: Amounts falling due within one year	7	<u>(102,843)</u>		<u>(3,566)</u>	
Net Current Assets			46,434		41,104
Net Assets			<u>46,434</u>		<u>41,104</u>
Funds					
Restricted funds	8		874		886
Unrestricted funds:					
General funds	9		<u>45,560</u>		<u>40,218</u>
Total Funds			<u>46,434</u>		<u>41,104</u>

Approved by the Trustees on 18 April, 2024
and signed on their behalf by:


Kenneth Hay
Trustee

Friendship International UK

Notes to the Financial Statements

For the year ended 30th June 2023

1. Accounting Policies

Basis of preparation of financial statements

The financial statements for the year ended 30th June 2023 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) (issued on 16 July 2014) and the Charities Act 2011.

Following the change in legal form of the charity from an unincorporated association to a Charitable Incorporated Organisation, the financial statements have been prepared using merger accounting. As a result the financial statements include the results of the combined charities for the whole of the reporting period and the comparatives show the results of the combining charities for the previous reporting period.

Going concern

The accounts are prepared on a going concern basis which assumes that the charity will continue in operational existence for the foreseeable future. The charity has minimal operating expenses, no employees, no significant commitments and only makes grants out of available funds. On this basis the trustees have concluded that there is no material uncertainty as to the charity's ability to meet its debts as they fall due. Accordingly, the trustees continue to adopt the going concern basis in the preparation of the accounts.

The financial statements are prepared in pounds sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

Fund accounting

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

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by the donors or which have been raised for particular purposes. The cost of raising and administering such funds is charged against that specific fund.

Incoming resources

All income is included when the Charity has entitlement to the income, there is probability of receipt and the amount can be measured reliably. Income from charitable activities is included in the Statement of Financial Activities (SOFA) in the period in which the charity is entitled to receipt.

Income from donations and grants is included in incoming resources when these are receivable unless the donor has specified that the donation or grant relates to a future period or that certain pre-conditions must be fulfilled before use. In these cases the amounts received are recognised in the relevant period or when the pre-conditions have been met and until then treated as deferred income. Donations or grants for particular purposes are included in incoming resources as restricted funds.

Friendship International UK

Notes to the Financial Statements (Continued)

For the year ended 30th June 2023

1. Accounting Policies (continued)

Expenditure

Liabilities are 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. Resources expended are included in the Statement of Financial Activities (SOFA) on an accruals basis. Grants payable are included in charitable expenditure once committed to by the Trustees.

Costs of raising funds comprise the costs of administering the activities of the charity. Charitable expenditure comprises costs of activities in furtherance of the charity's objective. Governance costs of the charity are the costs associated with ensuring the charity meets its fiduciary duties.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of 95 days or less.

Financial Instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Charity has no financial assets other than cash held on current account and debtors, while the only financial liabilities comprises of trade creditors and accruals.

Financial assets and liabilities are measured at transaction price less any impairment to settlement value.

Judgements and key sources of estimation uncertainty

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

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

Friendship International UK
Notes to the Financial Statements
For the year ended 30th June 2023 (Continued)

2 Grants and donations

	Unrestricted £	Restricted £	Total 2023 £
Bridge Funding for Health Outreach project	-	105,399	105,399
Other projects	7,742	-	7,742
	<u>7,742</u>	<u>-</u>	<u>7,742</u>
	<u>7,742</u>	<u>105,399</u>	<u>113,141</u>

	Unrestricted £	Restricted £	Total 2022 £
Covid 19 support project	-	46,823	46,823
Other projects	35	-	35
	<u>35</u>	<u>-</u>	<u>35</u>
	<u>35</u>	<u>46,823</u>	<u>46,858</u>

3 Expenditure on charitable activities

	Unrestricted £	Restricted £	Total 2023 £
Grants payable to Friendship Bangladesh	-	99,099	99,099
	-	99,099	99,099
Add: Support/Governance costs:			
Administrative support	1,362	-	1,362
Bank charges	35	-	35
Membership fees - Friendship International	302	-	302
Independent Examiner's fee	2,388	-	2,388
Foreign exchange losses	-	6,312	6,312
	<u>4,087</u>	<u>105,411</u>	<u>109,498</u>

	Unrestricted £	Restricted £	Total 2022 £
Grants payable to Friendship Bangladesh	-	132,062	132,062
	-	132,062	132,062
Add: Support/Governance costs:			
Administrative support	2,447	-	2,447
Bank charges	107	-	107
Membership fees - Friendship International	174	-	174
Independent Examiner's fee	2,256	-	2,256
Foreign exchange losses/(gains)	178	(12,622)	(12,444)
	<u>5,162</u>	<u>119,440</u>	<u>124,602</u>

4 Employee Numbers

The average number of employees at Friendship International UK during the financial year were nil (2022: nil).

Friendship International UK

Notes to the Financial Statements

For the year ended 30th June 2023 (Continued)

5 Key Management Personnel, Related Party Transactions and Trustees' Remuneration and Reimbursed Expenses

The Charity considers its key management personnel to comprise of the Board of Trustees. No members of the Board of Trustees received remuneration or other compensation for their services during the financial year (2022: £nil). No Trustee expenses were incurred during the financial year (2022: £nil).

During the year Friendship International UK received administrative support from Friendship Luxembourg asbl, a fellow member of Friendship International, at a total cost of £1,362 (2022: £1,406). A balance of £99,926 (2022: £nil) was receivable at year end from Friendship International asbl.

6 Debtors: Amounts falling due within one year	2023 £	2022 £
Loan receivable	99,926	-
	<hr/> <hr/>	<hr/> <hr/>
7 Creditors: Amounts falling due within one year	2023 £	2022 £
Accrued expenditure on charitable activities	99,099	-
Accrued fees and administrative expenses	3,744	3,566
	<hr/> <hr/>	<hr/> <hr/>
	102,843	3,566

8 Restricted Funds

Restricted Funds represent funds received on the understanding that these are to be used for projects of Friendship Bangladesh as specified by the donors.

Analysis of Funds	Balance at 30 June 2022 £	Income £	Expenditure £	Transfer £	Balance at 30 June 2023 £
Friendship Bangladesh	886	105,399	(105,411)	-	874

Transfers from Restricted Funds to General Funds represent amounts retained from donations for the purpose of meeting the Charity's current and anticipated running expenses.

9 General Funds

General Funds represent funds available for unspecified projects of Friendship Bangladesh and administration costs.

Analysis of Funds	Balance at 30 June 2022 £	Income £	Expenditure £	Transfer £	Balance at 30 June 2023 £
	40,218	9,429	(4,087)	-	45,560

Friendship International UK
Notes to the Financial Statements
For the year ended 30th June 2023
(Continued)

10 Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	2023 Total Funds £
Cash at bank and in hand	49,304	47	49,351
Debtors	-	99,926	99,926
Current liabilities	<u>(3,744)</u>	<u>(99,099)</u>	<u>(102,843)</u>
Total Net Assets	<u><u>45,560</u></u>	<u><u>874</u></u>	<u><u>46,434</u></u>

Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	2022 Total Funds £
Cash at bank and in hand	43,784	886	44,670
Current liabilities	<u>(3,566)</u>	<u>-</u>	<u>(3,566)</u>
Total Net Assets	<u><u>40,218</u></u>	<u><u>886</u></u>	<u><u>41,104</u></u>