

PESTALOZZIWORLD CHILDREN'S TRUST

REGISTERED CHARITY NO: 1172364

AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2020

PESTALOZZIWORLD CHILDREN'S TRUST

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LEGAL AND ADMINISTRATIVE INFORMATION

TRUSTEES

Lady Butler
Mr J J Dilger
Mrs C Doggart
Mr K J Greatbatch
Mr F von Hurter
Mr S Wakely

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INDEPENDENT AUDITORS

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Craven House
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BANKERS

HSBC
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TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**NAME AND REGISTERED OFFICE OF THE CHARITY**

The full name of the charity is PestalozziWorld Children's Trust (PWCT), and was registered with the Charity Commission on 31 March 2017 (charity number 1172364). The charity was formed as a charitable incorporated organisation (CIO) and is governed by its founding constitution. The charity previously operated under charity number 1046599 as an unincorporated trust, constituted under a trust deed dated 24 January 1995 and its activities and assets were transferred to the new CIO effective 1 January 2019.

BACKGROUND

We confirm that the accompanying financial statements comply with the current statutory requirements including the Charities Act 2011, the Statement of Recommended Practice – Accounting and Reporting by Charities (2015) and with the requirements of the charity's constitution.

PWCT was established to advance the education of children and to apply the Pestalozzi principles of Head, Heart and Hands. An administrative office is located at CAN Mezzanine, 7-14 Great Dover Street, London, SE1 4YR. HSBC, Covent Garden, act as the bankers and Arnold Hill & Co LLP are the Trust's honorary accountants and auditors.

INTRODUCTORY NOTE

PestalozziWorld Children's Trust in the UK is the coordinating entity of PestalozziWorld - the working alliance of several organizations whose work in Africa and Asia is inspired by the educational philosophy and the life of the Swiss social reformer Johann Heinrich Pestalozzi (1746-1827). The following organisations form part of the working alliance:

- Pestalozzi Zambia Children's Trust (PZCT), which runs the African Village at Kasisi and Ibex Hill, Lusaka;
- Pestalozzi Children's Trust, Malawi;
- Pestalozzi Children's Village Society, which manages the Asian Village in Dehradun, northern India; and
- Alumni Foundations in Thailand and Nepal.

In addition to PWCT, PestalozziWorld coordinates three other registered fundraising charities, in the USA, Switzerland and Ireland. The Objectives and Activities and the Review of the Year's activities below relate to the work of all four charities. PestalozziWorld consists of four fundraising trusts:

- PWCT in the UK;
- Pestalozzi US Children's Charity Inc. in USA;
- Pestalozzi Overseas Children's Trust Ireland Ltd; and
- Pestalozzi Overseas Children's Foundation in Switzerland.

Financial Activities and Administration (p7) provides financial information on PWCT including income received from the US and Irish charities. The Swiss Trust makes grants directly to the national operating trusts, mainly in connection with the Pestalozzi Educational Centre in Zambia and the Mobile Learning programme in partnership with Edulution Holdings SA (Edulution).

OBJECTIVES AND ACTIVITIES

Working in some of the poorest and most marginalised communities of India, Zambia and Nepal, we support children with extraordinary potential to become future leaders and change-makers, providing the education, skills and motivation they need to bring about social change.

TRUSTEES REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**OBJECTIVES AND ACTIVITIES (*continued*)**

Too many brilliant children are held back by poverty, gender stereotypes, racial inequalities, poor education and the pressure to work and earn a living. Our teams work with local families and communities to select the best and the brightest students – aged around 10, at least two girls for each boy, and all from underprivileged backgrounds – to enter our programme. These children today come from 12 different countries. Many are refugees. All of them are exceptionally gifted, but are unable to realise their potential in local schools and under conditions of poverty.

Pestalozzi believed that education is not just about knowledge. It should instead develop children's 'Head', 'Heart' and 'Hands' simultaneously in other words, their minds, their character and their practical life skills. This complete approach shapes children who have the tools and the compassion they need to bring about social change.

For this reason, the pupils we nurture through our programmes not only receive excellent classroom education. They also learn how to care for themselves and others, are required to volunteer locally, and to develop their practical skills beyond the classroom.

Our Alumni are becoming a new generation of teachers, health professionals, entrepreneurs, aid workers and leaders, all equipped with the tools and the compassion they need to do great things for their communities and change lives.

Our Core Programme – PestalozziWorld Children's Villages

1) Selection

Our Teams in India, Zambia and Nepal travel to some of the most remote areas, where schools are poor and under-resourced. Here, we identify children who excel in the areas of emotional intelligence and academic performance – with the potential to be future leaders.

With the support and encouragement of their families, we offer these children the opportunity to join our programme and move to one of the Pestalozzi Villages.

2) At our Villages

At the Pestalozzi Villages, pupils aged 10-18 are supported in their journey to adulthood through our Head, Heart and Hands approach, by a community of experts, volunteers and former students.

Our children receive:

- a) Clothing, food, support and the chance to attend high-quality local schools.
- b) Opportunities to live in a caring environment, where their emotional and physical wellbeing is nurtured.
- c) Lessons about tolerance and inclusion by living in a multi-cultural environment.
- d) Access to volunteering programmes locally to develop their skills beyond the classroom and to learn the importance of giving back.

At the end of secondary education, the children graduate from the programme well prepared to access further education and with the knowledge, skills and motivation to care for themselves and others.

TRUSTEES REPORT (continued)**FOR THE YEAR ENDED 31 DECEMBER 2020****OBJECTIVES AND ACTIVITIES (continued)**

3) After graduation: our Alumni give back

Our Alumni are a new generation of teachers, health professionals, entrepreneurs, aid workers and leaders who are equipped with the tools they need to change the world, together. We support our Alumni to stay connected after graduation, and provide them with opportunities to mentor, volunteer and offer careers advice.

Our Alumni soon become role models in their communities, often actively trying to bring about social change, and true ambassadors for Pestalozzi values and the new generation of change-makers.

Impact

In the poor rural areas from which we select, secondary school completion rates are just 13% in India and 3% in Zambia (UNICEF 2021) with almost none furthering their education in adulthood. In contrast, 66% of PestalozziWorld's recent graduates from the Indian and Zambian villages have achieved or will soon complete at least one university qualification (348/531 alumni sampled - 65 Vocational, 245 Bachelors, 34 Masters, and 4 PhDs).

69% of our alumni fall into at least one of these three categories: working in careers of public service (such as healthcare and education), volunteering in community programs, or supporting family. Many more are contributing back to society through entrepreneurial and business activities - creating employment and generating tax receipts. Since 1995, 1,376 alumni have been funded by PestalozziWorld, but thousands more have benefitted.

Outreach

One of the outreach programmes we support is Edulation. Edulation is a social enterprise partially funded by PestalozziWorld, running tablet-based educational programmes for children living in some of the most remote areas of Zambia, including refugee camps. Solar units entirely power the tablets. Each year, thousands of children can improve their reading, writing or math skills through Edulation.

Alumni Foundations

We support our alumni to set up foundations in their own countries to help educate more children in need. Alumni foundations have been set up in Thailand and Nepal and we hope to see this replicated in other countries. Individual alumni are also sponsoring or helping with the next generation of students as soon as they are in a position to do so.

APPOINTMENT AND INDUCTION OF TRUSTEES

The Trustees may appoint any person to be one of their number. The Trustees review the knowledge and experience of the Trustees and identify training needs on appointment. Suitable training will be provided if required.

The Trustees are responsible for ensuring compliance with all statutory requirements. The Trustees have long-standing links with the charity and provide significant financial support as well as the benefit of considerable experience in education, finance, business and investment.

TRUSTEES REPORT (continued)**FOR THE YEAR ENDED 31 DECEMBER 2020****INVESTMENT POWERS AND POLICY**

The Constitution provides full and unrestricted powers of investment to the Trustees. The investment of the reserve fund is managed and reviewed by the Trustees and advised by a qualified investment committee composed of two Trustees and two Advisors.

RISK MANAGEMENT

The Trustees have identified the principal risks and uncertainties to which the charity is exposed. These are regularly reviewed and policies, systems and procedures have been established and implemented to mitigate or manage any potential impact on the charity should those risks materialise.

Given the context within which PWCT works, the principal risks for PWCT are:

Reserves: The charity is maintaining a fund of £2,252,441 that has been invested by holding UK and overseas investment portfolios, foreign currency deposits as well as sterling on deposit. The Board is supported by a Finance Committee comprised of experienced investors who consider the risks associated with the investments the charity holds.

COVID-19: PWCT has taken measures to mitigate the immediate risks of COVID-19 and the situation continues to be closely monitored. Delivery has successfully been adjusted during periods of lockdown and the education and welfare of the children monitored remotely. This has been a carefully managed on a child-by-child basis reflecting their individual needs and familial context.

Fundraising: At the end of 2020, a new Chief Executive Officer, James Haughton was appointed to diversify income streams and reduce reliance on PestalozziWorld's traditional supporters who are advancing in years. Despite the difficulties of fundraising amidst the global COVID-19 pandemic, our performance in 2020 and outlook for 2021 remains positive.

Safeguarding: PestalozziWorld requires absolute duty of care and accountability to Children supported by our programmes. Our Safeguarding Policy and Code of Practice for working with children and young people, sets out in detail how any PestalozziWorld representative, including staff, board members, volunteers, consultants, and partners must conduct themselves in their interactions with children.

Foreign currency: The risks associated with holding a single dominant currency for a global charity are mitigated by holding deposits in gold and other major currencies.

Stability of the political environment: In 2020, the stability of the governments of India, Nepal and Zambia continued; however, the precedent of national turbulence in these countries means PWCT remains vigilant of this risk.

REVIEW OF THE YEAR'S ACTIVITIES

PestalozziWorld funded the education of 477 children in 2020 (499 in 2019), in India (drawn from India, Nepal and the Tibetan exile community), Nepal (in partnership with the Nepal Pestalozzi Foundation), Thailand (in partnership with the Thai Pestalozzi Foundation) and Zambia (including from Malawi and refugees from other African countries). Anticipated growth in student numbers was unfortunately mitigated by cancelled selections in India and Nepal due to COVID-19. Student totals by country and centre are shown below:

TRUSTEES REPORT *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

REVIEW OF THE YEAR'S ACTIVITIES *(continued)*

Country/Centre	Numbers
CHILDREN'S CENTRES	
African Children's Village	240
Asian Children's Village	137
ALUMNI PROGRAMMES	
Thailand	2
Nepal	61
Pokhara Children's Village (Nepal)	37
TOTAL SCHOLARS	477
RURAL PROGRAMMES	
Edulution – Mobile Learning	3297

Notable Achievements in 2020

Early 2020

- Excellent results were achieved in Zambia. 100% passes with 20% achieving maximum scores.
- Exams taken in India also were excellent with 100% pass rates and an improvement on last year.
- Enko Education SA was appointed as PEC school management company.
- A successful reunion was held at the Thai Foundation celebrating their 30th anniversary
- Pastoral Officers were employed at the African and Asian villages adding further resilience to our child-centred care.
- A programme of training to house mothers and matrons was delivered in India, with Nepalese staff attending, covering a broad base of Pestalozzi inspired content.

COVID-19 Response

- Villages managed, and anticipated, national lockdowns and forced closures ensuring all children were safely dispatched home.
- Local staff adapted to children being required to leave the villages by initiating outreach activities to ensure all children were fed, cared for and educated during lockdowns.
- Wide ranging staff training and improvements to facilities were made during the children's absence.

PESTALOZZIWORLD CHILDREN'S TRUST

TRUSTEES REPORT *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2020

REVIEW OF THE YEAR'S ACTIVITIES *(continued)*

- The Villages undertook extensive risk assessments and implemented COVID-19 Safe Plans. There were 0 confirmed cases of the virus amongst staff or children in 2020
- Cambridge and International Baccalaureate accreditations were achieved at PEC school despite the disruption and in advance of expectations. The school looks set to flourish under the direction of Rakesh Pandey, appointed Headmaster this year.

Late 2020

- Children were mobilised to return to the Zambian Village within days of the government permitting reopening in September 2020 to receive full face-to-face education.
- In India a phased reopening of the Village was effected.
- Nepal engaged with alumni to support remote teaching throughout the country's long lockdown.
- A successful, virtual, reunion was held for US Alumni in October, which raised \$22k.
- A reunion was held in Zambia with Alumni providing important information, advice and networking opportunities to the grade 12 students on the point of graduating.

Alumni Programs and Reunions

The Thai Pestalozzi Foundation, which has gradually reduced its reliance on funding from PWCT, is now self-funding and sponsors 100 scholars in Thailand through its own fundraising efforts.

In 2020 we continued to support the Nepal Pestalozzi Foundation to educate more children by sponsoring 61 students in Doti, and 37 students at the Children's Village in Pokhara which is run on the same principles as our Asian and African villages. The Alumni are fundraising locally to contribute towards the costs of the village to reduce reliance on PWCT.

In early 2020 an Asian reunion was held in Thailand with Trustees and Alumni from all Asian PestalozziWorld centres attending. Local reunions were held in Zambia and our first virtual reunion - for our Canada and US based alumni - was held in October. The aim of these reunions is to provide alumni with advice, support in seeking employment or further education/training, and encourage networking and fundraising initiatives.

The International Alumni Committee has 9 members, including representatives from the Indian, Nepalese, Thai, Tibetan and Zambian nationalities we support, and representatives from our European and North America based alumni. This voluntary committee takes a leadership role in encouraging and working with the rest of the alumni.

FINANCIAL REVIEW

The income for the year for PWCT was £573,480 compared to £395,049 in the previous year. Income included £419,952 (2019: £285,146) from the US Charity and £85,856 (2019: £83,598) from Trustees and Advisory Directors. Income from the US Charity during the year has increased.

Expenditure for the year including annual costs was £506,216 (2019: £974,558). The decrease is largely due to a one off grant made in 2019 to POCF in Switzerland (£355,390).

TRUSTEES REPORT *(continued)***FOR THE YEAR ENDED 31 DECEMBER 2020****FINANCIAL REVIEW *(continued)***

Gains on investments of £274,266 (2019: £88,890), partly offset by exchange losses of £nil (2019: £9,133), reduced the surplus for the year to £353,617 (2019: Deficit of £499,752).

The Pestalozzi Children's Village Society in India, The Nepal Pestalozzi Foundation and the Pestalozzi Zambia Children's Trust are monitored regularly by the Trustees and audited locally. The Trustees or staff visit all projects at least once a year (except for Sri Sitaram School, Far West Nepal, which, due to its inaccessibility, is normally monitored locally).

The Trustees of PWCT and the US Trust are primarily responsible for fundraising and do not receive any remuneration or expense reimbursement from the Trust. Administration expenses (including staff and travel costs) and fundraising costs are met by funds specifically provided by the Trustees for such costs or through investment income.

The Trustees very much appreciate the support of dedicated staff and volunteers and especially the Trustees and Directors of other members of PestalozziWorld who make a vital contribution to improving the lives of hundreds of children. The Pestalozzi alumni are also to be congratulated on the commitment they have shown in supporting children in their own countries.

Finally, a special 'thank you' to Messrs Arnold Hill & Co LLP who act as honorary accountants and auditors.

Reserves

Each scholar we select represents a funding commitment on our part of up to eight years. The Trustees maintain reserves sufficient for the completion of the education of all students we select. This position gives surety to the children, and to our donors, and is maintained across the international group with £2,252,411 (2019: £1,898,824) held in the UK at 31 December 2020.

Outlook

In Zambia we are working with educational experts Enko Education to deliver the school's aim is to offer a globally-recognised education at an affordable price - helping to democratise modern, high-quality secondary education. The school has attracted increasing numbers of fee-paying day pupils due to the international curricula now available. Our objective is that the profits generated by the school will support the costs of our Zambian Scholars in the future. As we expect to reach capacity of 600 pupils in 2021 we will consider the business case for expansion to achieve this objective.

The Mobile Learning programme will continue to be a key focus for PestalozziWorld with similar levels of sponsorship to previous years. In 2021 the focus supporting our partner Edulution across 18 centres in Luangwa, Lundazi, Kasisi, and Mayukwayukwa refugee camp in Zambia. Further disruption due to COVID-19 is anticipated, These centres are in rural communities where are our scholars originate from – creating opportunities for our alumni to earn a living as coaches and give back to their communities

In India it is recognised that there exists opportunities for domestic funding. In 2021 it is anticipated that we will invest in resources to realise this potential and to reduce reliance on our Fundraising Trusts.

The Children's Villages in Africa and Asia are largely at capacity with each graduating year being replaced by a new intake. In Nepal, which is still expanding, further children will be selected on a matching funds basis at the Children's Village in Pokhara.

PESTALOZZIWORLD CHILDREN'S TRUST**TRUSTEES REPORT *(continued)*****FOR THE YEAR ENDED 31 DECEMBER 2020****FINANCIAL REVIEW *(continued)***

The Alumni Foundations continue to work towards self-sufficiency with more children being supported through local initiatives, individual alumni and other sponsors. The Thai and Nepal Pestalozzi Foundations are sponsoring 106 children in addition to those funded by PestalozziWorld.

STATEMENT OF TRUSTEES RESPONSIBILITIES

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).

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the incoming resources and application of the resources of the charity during the year and of its state of affairs at the end of the year. In preparing these financial statements the trustees should follow best practice and:

- 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 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 operation;

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the Charity's constitution. They are also responsible for the charity's system of internal financial controls, for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution to reappoint Arnold Hill & Co LLP as auditors will be put to the Trustees.

ON BEHALF OF THE TRUSTEES

K J GREATBATCH

Date: 26th October

2021

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PESTALOZZIWORLD CHILDREN'S TRUST

Opinion

We have audited the financial statements of PestalozziWorld Children's Trust for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the PestalozziWorld Children's Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

Assessment of the charity's ability to continue as a going concern includes an assessment of the future economic environment as well as the charity's future prospects and performance. The emergence and spread of the COVID-19 virus has had a very significant impact on the economy, and at the date of this report there is unprecedented uncertainty about its ultimate effect on the UK and globally. The existence of this uncertainty may cast doubt on the charity's ability to continue as a going concern.

The trustees have prepared the accounts on the going concern basis as they do not intend to liquidate the charity or cease operations, and have concluded that the charity's financial position means that this is realistic.

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the PestalozziWorld Children's Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

TO THE TRUSTEES OF PESTALOZZIWORLD CHILDREN'S TRUST
FOR THE YEAR ENDED 31 DECEMBER 2020

Other information *(continued)*

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees'
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the PestalozziWorld Children's Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**TO THE TRUSTEES OF PESTALOZZIWORLD CHILDREN'S TRUST
FOR THE YEAR ENDED 31 DECEMBER 2020**

Other matters which we are required to address

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Mr Justin Moore (Senior Statutory Auditor)
for and on behalf of Arnold Hill & Co LLP**

29 October 2021

**Chartered Accountants
Statutory Auditor**

Craven House
16 Northumberland Avenue
London
United Kingdom
WC2N 5AP

Arnold Hill & Co LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Notes</u>	<u>Unrestricted Funds</u> <u>2020</u> <u>£</u>	<u>Unrestricted Funds</u> <u>2019</u> <u>£</u>
INCOME FROM			
Donations and Legacies	3	568,530	383,152
Investments	4	4,950	11,897
TOTAL		<u>573,480</u>	<u>395,049</u>
EXPENDITURE ON			
Charitable Activities	7	(506,216)	(913,618)
Raising Funds	7	12,087	(60,940)
TOTAL		<u>(494,129)</u>	<u>(974,558)</u>
Net income/(deficit) before gains and losses on investments		<u>79,351</u>	<u>(579,509)</u>
Net gains on investments	8	274,266	88,890
Net income/(deficit)		<u>353,617</u>	<u>(490,619)</u>
Other gains/(losses)	5	0	(9,133)
NET MOVEMENT IN FUNDS		<u>353,617</u>	<u>(499,752)</u>
TOTAL FUNDS BROUGHT FORWARD		<u>1,898,824</u>	<u>2,398,576</u>
TOTAL FUNDS CARRIED FORWARD		<u>2,252,441</u>	<u>1,898,824</u>

The notes on pages 17 to 22 form part of these financial statements.

BALANCE SHEET

31 DECEMBER 2020

	<u>Notes</u>	<u>2020</u> £	<u>2019</u> £
Fixed Assets			
Investments	8	2,036,639	1,747,012
Current Assets			
Debtors	9	1,259	5,457
Cash at Bank and in Hand		219,345	150,898
		<u>220,604</u>	<u>156,355</u>
Current Liabilities			
Other creditors	10	(4,802)	(4,543)
NET CURRENT ASSETS		<u>215,802</u>	<u>151,812</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,252,441</u>	<u>1,898,824</u>
Total Unrestricted Funds Brought Forward		1,898,824	2,398,576
Net Movement in the Year		353,617	(499,752)
TOTAL UNRESTRICTED FUNDS CARRIED FORWARD		<u>2,252,441</u>	<u>1,898,824</u>

Approved by the Trustees on 26th October

2021 and signed on their behalf by



K J GREATBATCH

The notes on pages 17 to 22 form part of these financial statements.

STATEMENT OF CASH FLOWS

31 DECEMBER 2020

	2020	2019
	£	£
Cash flow from operating activities	78,868	(220,653)
Cash flows from investing activities		
Purchase of investments	(181,435)	(211,231)
Transfers	-	-
Proceeds of disposals	255,608	223,860
Dividends, interest and rents from investments	4,940	11,897
	<hr/>	<hr/>
Net cash provided by investing activities	79,113	24,526
Foreign exchange differences	-	(9,133)
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	157,981	(205,260)
Cash and cash equivalents b/f	365,432	570,692
	<hr/>	<hr/>
Cash and cash equivalents c/f	523,413	365,432
	<hr/>	<hr/>
	2020	2019
	£	£
Reconciliation of net (expenditure)/income to net cash flow from operating activities		
Net income/(deficit) for the year per the SOFA	353,617	(490,619)
Adjustments for:		
Gains on investments	(274,266)	(88,890)
Dividends, interest and rents from investments	(4,940)	(11,897)
Decrease in debtors	4198	372,476
Increase/(decrease) in creditors	259	(1,723)
	<hr/>	<hr/>
	78,868	(220,653)
	<hr/>	<hr/>
	2020	2019
	£	£
Analysis of cash and cash equivalents		
Cash in hand	219,345	150,898
Cash held by investment manager	304,068	214,534
	<hr/>	<hr/>
Total cash and cash equivalents	523,413	365,432
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared in accordance with the charity's constitution, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). PWCT constitutes a public benefit entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

As described in note 2, the financial statements include the results of both PestalozziWorld Children's Trust (Charity number 1046599) and PestalozziWorld Children's Trust (Charity number 1172364) in accordance with merger accounting rules.

The financial statements have been prepared under the historic cost convention, with the exception of listed investments which are included at their market value. The principle accounting policies adopted are set out below.

b) Going Concern

The trustees have considered the impact of COVID-19 and undertaken a number of scenario projections to understand the potential impact on the charity.

On the basis of these projections the trustees are confident that the charity will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on the going concern basis.

c) Investments

Investments are initially recorded at cost. At the end of each financial period investments are revalued as at the balance sheet date at their market value. Any unrealised movement in market value from one year to another is recognised in the SOFA.

d) Incoming Resources

All income is accounted for when the charity has entitlement to the funds, receipt is probable and the amount is measurable.

e) Resources Expended

All expenditure is accounted for on an accruals basis, and where incurred directly to further the Trust's charitable objects, is shown under the heading of charitable activities.

The support costs of these charitable activities are also included under the heading charitable activities.

f) Expenditure on Raising Funds

Expenditure on raising funds relates to costs incurred by the charity in managing its investments.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2020

g) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds in the statement of financial activities.

h) Financial Assets

Financial assets are recognized in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price included transaction costs.

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

i) Financial Liabilities

Basic financial liabilities are initially measured at transaction price.

Financial liabilities are derecognized when, and only when, the charity's obligations are discharged, cancelled, or they expire.

j) Taxation

No provision has been made for taxation as the charity is a public benefit entity which is exempt from UK direct taxation on its charitable activities.

2. CHARITY INCORPORATION

On 1 January 2019, PestalozziWorld Children's Trust (Charity number 1046599) transferred its trade and assets to PestalozziWorld Children's Trust (Charity number 1172364). Both charities have the same charitable objects, which are detailed in the Trustees' Report, and the transaction has been accounted for using merger accounting rules.

In accordance with these rules, the financial statements include the results for the year of both PestalozziWorld Children's Trust (Charity number 1046599) and PestalozziWorld Children's Trust (Charity number 1172364).

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. DONATIONS

	<u>2020</u> £	<u>2019</u> £
Donations from Trustees and Advisory Directors	85,856	83,598
Other Donations	62,722	14,408
US Donations	419,952	285,146
	<u>568,530</u>	<u>383,152</u>

4. INVESTMENT INCOME

	<u>2020</u> £	<u>2019</u> £
Dividends Received from Investments	4,950	11,897
	<u>4,950</u>	<u>11,897</u>

5. OTHER GAINS OR LOSSES

	<u>2020</u> £	<u>2019</u> £
Foreign exchange (losses)	-	(9,133)
	<u>-</u>	<u>(9,133)</u>

6. STAFF COSTS

Staff costs were as follows:

	<u>2020</u> £	<u>2019</u> £
Salaries and Wages	117,375	104,021
Social Security costs	7,709	8,545
Pension costs	2,967	2,697
	<u>128,051</u>	<u>115,263</u>

The average number of employees during the year was 3 (2019: 3). No employee earned over £60,000 in the current or previous year.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2020

7. ANALYSIS OF RESOURCES EXPENDED

	<u>Direct Charitable Expenditure</u>	<u>Raising funds</u>	<u>Charity Manage- ment & Admin</u>	<u>Total 2020</u>
	£	£	£	£
Scholarship Costs	427,905	-	-	427,905
Administration			34,916	34,916
Telephone, Postage, Stationery & Travel	-	-	308	308
Bank Charges	-	-	2,965	2,965
Rent, Light & Heat	-	-	5,954	5,954
Consultancy fees				
Management Fees	-	(12,087)	-	(12,087)
Professional Fees	-	-	3,515	3,508
Mobile Learning Centres	24,020	-	-	24,020
Fundraising	-	-	6,633	6,633
	<u>451,925</u>	<u>(12,087)</u>	<u>54,291</u>	<u>494,129</u>

The trustees did not receive any fees, emoluments or reimbursement of expenses in the year ended 31 December 2020 (2019 - £nil).

	<u>Direct Charitable Expenditure</u>	<u>Investment Manage- ment & Admin</u>	<u>Charity Manage- ment & Admin</u>	<u>Total 2019</u>
	£	£	£	£
Scholarship Costs	456,046	-	-	456,046
Grant	355,390	-	-	355,390
Administration and Fundraising		-	34,006	34,006
Telephone, Postage, Stationery & Travel	-	-	12,767	12,767
Bank Charges	-	-	1,420	1,420
Rent, Light & Heat	-	-	12,521	12,521
Consultancy fees	8,705	51,600	8,705	69,010
Management Fees	-	9,430	-	9,340
Professional Fees	-	-	-	-
Mobile Learning Centres	-	-	-	-
Donations	24,058	-	-	24,058
	<u>844,199</u>	<u>60,940</u>	<u>69,419</u>	<u>974,558</u>

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

FOR THE YEAR ENDED 31 DECEMBER 2020

8. INVESTMENTS

Market value	<u>2020</u>	<u>2019</u>
	£	£
At 1 January	1,532,478	1,456,217
Additions	181,435	211,231
Disposals	(255,608)	(223,860)
Revaluation	274,266	88,890
Transfers	-	-
At 31 December	<u>1,732,571</u>	<u>1,532,478</u>
Cash on deposit	<u>304,068</u>	<u>214,534</u>
	<u>2,036,639</u>	<u>1,747,012</u>

Investments are managed by Credit Suisse. The portfolio includes both UK and overseas investments. Investments are held to provide a return to cover future charitable expenditure.

In the previous year, the investment portfolio which was loaned to Pestalozzi Overseas Children's Foundation in a prior year was returned to the charity.

9. DEBTORS

Amounts falling due within one year	<u>2020</u>	<u>2019</u>
	£	£
Other debtors	<u>1,259</u>	<u>5,457</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Accruals	<u>2020</u>	<u>2019</u>
	£	£
Accruals	<u>4,802</u>	<u>4,543</u>

NOTES TO THE FINANCIAL STATEMENTS (*continued*)**FOR THE YEAR ENDED 31 DECEMBER 2020****11. FUNDS**

The charitable activities of the Trust require ongoing support to be provided to the students over a number of years. In order to mitigate the risk associated with any potential shortfall of donations and receipts in future years the Trustees have agreed to allocate £2,200,000 (2019: £1,700,000) of the General Reserves of the Trust to hold as investments so as to provide income in future years. This is an unrestricted allocation within the General Reserve and will be reviewed annually to ensure that it provides sufficient future support for the charitable activities of the Trust.

12. RELATED PARTY TRANSACTIONS

During the year, donations of £419,952 (2019: £285,146) were received from Pestalozzi US Children's Charity Inc. (PUSCCI). These donations were made from the proceeds of US fund raising events and individual donations. PUSCCI is a US registered not-for-profit foundation, founded in 1998 in order to raise funds for Pestalozzi World by providing US donors with tax-deductibility.

Sir Richard Butler Bt., founder of Pestalozzi World Children's Trust is a director of the US Charity.

During the year, donations of £29,405 (2019: £18,128) were received from Pestalozzi Overseas Children's Trust Ireland Ltd, a private limited company registered as a charity, established in 2007 to facilitate donations by residents of Ireland. Pestalozzi Overseas Children's Trust Ireland Ltd is an Irish registered charity, number CHY17386.