



The Toybox Charity
Year Ended 31 March 2016



TOYBOX
Changing the world
for street children

THE TOYBOX CHARITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2016

Charity Number 1084243

Company Registration Number 03963000

“Normally street children are shown in terms of the tragedy of their lives – which is true – but there is also another dimension: their wisdom, dignity and enormous capacity for survival.”

Henning Mankell

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Report of the Trustees of the Toybox Charity for the year ended 31 March 2016

The Trustees are pleased to present their annual report and audited financial statements for the year ended 31 March 2016. The Trustee's report also contains the information required in a strategic report.

Our Charitable Objectives and Activities

Toybox is committed to ending the global injustice of children living and working on city streets. Challenging injustice was the reason Toybox was created and it is the reason we still exist today. Our vision is of a just world with no street children.

Our mission is to end the injustice of children living and working on the streets.

Our core value is to be Courageous – to do the right thing, to speak the truth against injustice and to be unafraid to try new ideas.

Our foundations:

- 1) Toybox is an international development agency with a focus on street children;
- 2) Toybox seeks to operate globally responding to the needs of street children;
- 3) Toybox concentrates on one issue - street children, and works with partners looking for many solutions;
- 4) Toybox is driven by the impact we can have on changing the world for street children.

The Charity's objects are:

1. The relief and prevention of poverty in particular but not exclusively by:
 - a) Providing help, care and assistance to vulnerable families in the developing world so as to encourage a stable and caring family life and prevent children being forced onto the streets
 - b) Providing help, care and assistance for street working and street living children, including access to education and healthcare
2. The promotion of the human rights of children, as set out in the United Nations Convention on the Rights of the Child, by any means the Trustees in their absolute discretion choose and in particular by raising awareness as to the needs of street living and working children, and advocacy as to how those needs can best be met.
3. The advancement of education of the public in particular but not exclusively by:
 - a) Educating the public about the nature, causes and effects of poverty and of life on the streets and how appropriate help can be provided or improved
 - b) Conducting and procuring research concerning the same and disseminating the useful results to the public
4. The advancement of the Christian faith in particular but not exclusively by:
 - a) Promoting the active engagement of the Christian church in the provision of help, care and assistance to vulnerable families, and street working and living children, as well as in the promotion of their rights
 - b) Being witnesses of God's love through our dedication to our mission, absolute integrity and unprejudiced compassion, working with all people irrespective of race, gender, colour, age or religious belief

In setting our programmes each year we have regard to both the Charity Commission's general guidance on public benefit and prevention and relief of poverty for the public benefit. The Trustees always ensure that the programmes we undertake are in line with our charitable objects and aims. All our charitable activities are directed towards, and motivated by, our desire to help street children and their communities and are undertaken to further our charitable purposes for the public benefit.

Why we exist - real life stories of impact and transformation

We exist to support street children; in doing this our work is divided into 3 categories:

1. Preventing children from becoming street connected
2. Intervening to support children who are living on the street
3. Supporting children and families if and when children can return home or to residential care

Hopefully through these real life stories from children we support, it will be evident what Toybox is trying to achieve. All the names of these children have been changed to protect their identity.

Prevention

Fifteen year old Ángel¹ lives with his mother on the outskirts of Guatemala City. He was not registered when he was born because his mother was unable to afford the costs involved. As he grew up, Ángel was keen to go to school.

At first, the local primary allowed him to sit in on classes, however as he wasn't able to enrol officially without a birth certificate, they eventually prevented him from attending. Ángel was extremely frustrated by this situation, and urged his mother to get help. Although she enquired with a lawyer, the cost was simply too high for them to afford.

The midwife that had assisted Ángel's mother was aware of the issues that they faced. When she attended a birth registration training workshop held by our partner, she asked for help in the case. Toybox's partner was able to obtain the birth report and associated supporting documents required to register Ángel's birth whilst also providing the transport for Ángel and his mother to the government offices on two occasions to complete the registration process.

On receiving his birth certificate, Ángel said: "On behalf of my mum and I, thank you. I will go to see the Head Teacher and ask if he will accept me back." Following the meeting, the Head Teacher agreed to enrol Ángel in classes and help him to catch up on the work that he had missed. He started the school year in January 2016.

Intervention

Twelve year old Estephanie had been living with her mother and two younger siblings in Guatemala City. Estephanie's mother worked as a prostitute, throwing parties most nights with lots of men coming to the house. Estephanie's mother often got very drunk and beat her daughter during the parties. Estephanie was fearful for her own safety and the safety of her siblings so she would often take them out onto the streets at night instead of staying at home.

The outreach team met Estephanie and her siblings one night and learnt what was happening to them. In the beginning, the team tried to talk to her mother and urged her to see that what was happening was wrong, but they never got very far. One evening, an outreach worker received a call in the middle of the night from Estephanie asking for help - she had been severely beaten again. The outreach team, with support of the social services, found the children a safe place to stay in a residential home.

Our partner staff and social workers have continued to work with the children and their mother over the last nine months, and, after much counselling and support, the children have



¹ All children's names have been changed in the following case studies to protect their identities.

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recently been able to move back home.

Their mother is no longer working as a prostitute; instead she earns money to support her family by running a small clothes shop from their house. She continues to attend parenting classes, where she is learning how to provide a loving and caring environment for her children. She is also receiving counselling to help her overcome her problems and past experiences. The children are back at school and are progressing well. The outreach workers will continue to support Estephanie and her family over the next year as they settle back into life together at home.

Restoration

Eighteen year old Roxana lives with her partner and their 21 month old son in a house that they share with two other families. For some time, Roxana has been the sole earner for her family, making and selling piñatas to bring in around \$20 a week.

Roxana was looking for a way to improve their situation, and so started attending workshops to learn about the options open to her. As part of the initial training phase,

Roxana was supported to develop a life plan – a process that helped her to establish a path ahead to achieve her goals.



Roxana recently joined the gastronomy training course, perfecting her cooking skills to produce pizzas, baguettes, vol-au-vents, and other baked goods. On signing up to the course, each student agreed to sell at least 50% of their produce within their local neighbourhoods. Roxana put this to the test, not only selling half of the items that she had made, but also baking more with the loan of her grandmother's cooker and a small amount of additional capital.

Over two successive weekends, she made a profit of \$17 to supplement her earnings during the week. With this success, Roxana, her husband and her brother-in-law, plan to use the new skills to sell more baked goods during times of the year when piñata sales fall significantly, compromising the family's ability to make ends meet.

Although just a small change to her family's economic situation, Roxana's experience demonstrates how the development of knowledge and skills can lead to perceptible and incremental changes to a young person's immediate situation; which in turn, help them to become more resilient in the face of adversities. With further training, and access to a small micro-credit fund, Roxana may be able to develop her current success into a small business, thereby providing a more stable future for her son.

Inspired by these stories of hope and transformation in individual children' lives our goal is to significantly reduce the number of children living and working on the streets in cities across the world.

Our aim is that by 2018 we will have significantly increased our impact on the lives of street-connected children which will be fuelled by an increase in income. Both our impact and income growth will be achieved through becoming the most innovative street connected charity in the UK.

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Our partners

At Toybox we believe that local organisations are best placed to find the most appropriate solutions to remove and prevent children from becoming street connected. Locally-led development increases the effectiveness, legitimacy and cost effectiveness of our engagement with street connected children.

Toybox has significant experience, skills and resources which can help build impactful partnerships, and in addition we support monitoring and training activities while enabling capacity building. This joint working helps our partners to respond more effectively and efficiently whilst growing as an organisation in their own right.

During the year we supported the following partners and their projects, full details of their funding is shown in note 11 of the accounts:

Viva, Guatemala City, Early Encounter and Birth Registration

This long standing Toybox partner works with street children in prevention and intervention, and to date Viva have registered more than 2,000 as part of its birth registration programme. This innovative birth registration programme provides children with a much needed proof of identity.

Conacmi, Guatemala City

There were two projects running with this partner, one focussing on restoration and the other on protecting and providing a future for street connected children in Santa Faz.

Viva, Nicaragua, Early Encounter

This project entered its final year, and worked in prevention; the Early Encounter networks are a model of working with street children in a city-wide strategy.

Viva, El Salvador, Early Encounter

In the city of San Salvador this partner worked in prevention and intervention and began to provide a night shelter for children who otherwise would have spent the night on the streets.

Agape, Peru

Our partner Agape works on the edge of Lima to improve the physical, mental and social well-being of children and their families, and also works to prevent children from migrating to street life.

Alalay, Bolivia

This partner has a village which provides a safe base for children that used to be street-connected, and also this year began an outreach programme with street children and their families.

Viva, Bolivia, Early Encounter

This was our final year of funding for 3 projects with this partner, Early Encounter programmes focussing on prevention and outreach in the cities of Oruro and Cochabamba and a residential refuge in Cochabamba aimed at restoring children to their families.

Pendekezo Letu, Kenya

This year we started to fund prevention work with this long established NGO working in Nairobi to educate children and people in positions of responsibility and authority in the rights of the child.

CHETNA, India

A new partner relationship began with CHETNA in New Delhi, funding their Street to School project which aims to enable street children to gaining access to education, which will prevent them from returning to street life and enable them to look forward to a better future.

Reviewing last year

What we said we would do and did we achieve it?

We had a year where income continued to be challenging and we were constantly testing new ideas to ensure we met our commitments to the street children we are working alongside. We measured our achievements and effectiveness this year within the following three main streams of our organisational strategy.

1. Innovation

i. We said that we would:

Design and test a new regular giving product

Did we? YES. A new regular giving proposition was designed in the third quarter of the financial year and testing began just as the year closed. This testing will continue for the first 6 months of this year before it becomes fully embedded within the marketing portfolio of products.

ii. We said that we would:

Have 6 new prototype projects in place

Do we? Partially. By the end of the year we had achieved 4 new prototype projects, two of which were with new partners in Kenya on child rights and in India on access to education. We are excited by the emerging outcomes of these projects and have more prototypes planned for the coming year.

iii. We said that we would:

Have 3 pilot projects operating

Do we? Yes. We have three pilot projects that are running well. A highlight is the Santa Faz project in Guatemala City, where we are supporting vocational training for young people in order to give them an alternative livelihood.

iv. We said that we would:

Upgrade our accounting systems to Advanced Exchequer

Did we? Yes. We did, the transition to the new system was very smooth and now enables faster and more detailed reporting within the charity.

v. We said that we would:

Complete a full review of our IT systems

Did we? Nearly. We have continued with this project and have made some steps forward, such as reviewing and switching our IT support providers, reviewing our internet provision and upgrading all our laptops and desktops to Windows 10. This project still continues in our quest to keep up to date with IT developments.

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2. Impact

i. We said that we would:

Be supporting street children in 3 continents by 31 March 2016

Are we? Yes. We are supporting street children in 4 continents: North America (Central), South America, Asia and Africa.

ii. We said that we would:

Reach over 15,000 children

Did we? Yes. We reached over 18,000 children.

iii. We said that we would:

Be working with 7 partners by the end of the financial year

Are we? Yes. We worked with 9 partners in 9 different cities.

iv. We said that we would:

Aim for the number of unrestricted reserve days to be no more than 90 days (3 months)

Did we? We're moving in the right direction. This is our aim, at the end of the year the number of unrestricted reserve days was 113 (2015: 133) so we are heading in the right direction.

v. We said that we would:

Have staff turnover of less than 12% in the year

Did we? Yes. For the year staff turnover was 9.5%.

vi. We said that we would:

Invest in training, aiming to spend the equivalent of 1.5% of salaries on training

Did we? Yes. We did. All staff attended in-house training in innovation and organisation development, and many attended external training events relevant to their work. We spent £8,392 on staff training during the year.

vii. We said that we would:

Complete a full review of our HR policies and procedures by 30 September 2015

Did we? Yes. This review was completed on 31 March 2016.

viii. We said that we would:

Review our 5 year strategic plan and adjust as appropriate

Did we? Yes. We reviewed our plan and made minor adjustments to timescales.

i. We said that we would:

Design and implement new tools for tracking impact, including the Toybox Accountability Framework

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Did we? Partially. This year we developed and piloted our new approach to designing and managing projects. We also trialled an approach called Most Significant Change, which enabled to children to directly identify how our project had impacted their lives.

3. Income

i. We said that we would:

Grow total income by 4.9%

Did we? No. This target proved to be too ambitious in the current fundraising environment and total income this year decreased by 8%.

ii. We said that we would:

Increase regular giving income by more than 1%

Did we? No. During the year income from regular giving saw a decrease of 19%.

iii. We said that we would:

Grow institutional income by more than 25%

Did we? No. Institutional income decreased by 52% this year. Although we made 10 grant applications to institutions, many of them were not successful. We are currently reviewing how this success rate can be improved.

iv. We said that we would:

Grow philanthropic income by more than 12%

Did we? No. This area of income experienced growth of only 2%.

v. We said that we would:

Have a fundraising ratio of less than 8%.

We measure this ratio by comparing the direct, non-staff fundraising expenditure with voluntary income. So this ratio shows the money which is spent to generate the next pound.

Did we? We moved the goal posts!: For the year the fundraising ratio was 13.5%, due in part to a decision by the Trustees to designate £25,000 from unrestricted reserves to marketing investment.

Dreams for next year

Our key performance indicators for this year are summarised below:

Impact

- ✓ We will be supporting more than 10,000 street children in 6 countries by 31 March 2017 (this number has reduced this year due to a number of project closures)
- ✓ We will be working with 10 partners by the end of the financial year
- ✓ The number of unrestricted reserve days will be no more than 90 days (3 months)
- ✓ A new strategic plan will be created and implemented by the end of the financial year
- ✓ Staff turnover will be less than 15% for the year
- ✓ A comprehensive governance review will be completed by 31 December 2016

Income

- ✓ Grow total income by 14% for the year
- ✓ Double the institutional income from the last Financial Year
- ✓ Grow philanthropic income to over £300,000
- ✓ Ensure attrition rates of less than 2% for the regular giving programmes
- ✓ Have a fundraising ratio of less than 15%

Innovation

- ✓ Mainstream the new regular giving proposition this year
- ✓ 5 prototype projects will be in place
- ✓ 5 pilot projects will be operating
- ✓ Test and roll out our new innovative Project Cycle Management system
- ✓ Embrace the new fundraising regulations and be an early adopter of recommended good practice
- ✓ Implement a new communication strategy for supporters by 31 March 2017

Financial Review

Income

Total income for the year was £1,527,465, a decrease of 8% compared to the previous year (2015: £1,661,005). Voluntary income, excluding institutional grants and legacies, increased during the year by 3% to £1,395,076 (2015: £1,351,128). There was a decrease in institutional grants this year because we unsuccessfully applied for grants in new countries where we started operating but had not yet established a track record in these countries.

The income from regular giving decreased this year: Best Friends income decreased by £13,510 (5%) and income from Child Ambassadors decreased by £19,821 (4%). These decreases were partly offset by a new regular giving stream which generated income of £11,573 in the year. Income received from trusts and other donations increased by £66,005 this year.

Investment income was little changed this year at £6,504 due to continuing low interest rates and there was a currency gain of £2,850 (2015: £8,872) from the advantageous purchasing of US dollars.

We strive to use our resources for generating income in the most cost effective and productive way possible. Our fundraising activities are limited to: event fundraising, radio advertising, online advertising and Direct Mail activities, including sourcing cold lists. In addition we send appeals and use telemarketing campaigns to engage with our current supporters.

Expenditure

Total resources expended during the year were £1,684,632 (2015: £1,438,456). Charitable expenditure increased this year by £179,909 from £1,167,529 to £1,347,438, and comprised 80% of total expenditure.

Grants to partners totalled £745,079 for the year. Monitoring and evaluation costs of £376,259 comprised all international and UK support costs including staff costs and travel.

£337,194 was spent during the year on raising funds, an increase of £115,505 compared to last year, due to an intentional decision by the Trustees to invest in fundraising this year.

Expenditure continues to be closely controlled, and efficient and effective use of our resources is pursued in every area of our work.

Reserves

Regular giving provides income stability which allows the charity to commit to existing and new projects and long-term decisions to help more street children. The reserves provide a cushion in the event of shortfalls in income compared to the budget so that projects can be planned and approved within the project planning cycle. The reserves policy is reviewed annually by the Finance and Audit Committee and was most recently reviewed in May 2016.

The minimum level of reserves deemed to be required is based on the budgeted expenditure for the next year, with the aim being for general unrestricted reserves to be between two and four months' expenditure with a target of three months; plus an amount to cover any contingency or risk anticipated. In this respect a provision for a possible decline in income of £100,000 or 5%, plus a provision for a fall in value of the GB Pound against the US Dollar of £50,000 or 5%, is made.

At 31 March 2016 general unrestricted reserves, excluding fixed assets was £539,285 and equivalent to 3.5 months expenditure (2015: £618,517 or 4.2 months).

In March 2014 the Trustees designated £150,000 of the unrestricted reserves to be for the development of overseas work with partners. During the year £46,905 was spent to develop work with new partners. The remaining funds of £91,075 are carried forward for use in this financial year. In November 2015 the Trustees designated a further £100,000 to be used for investment in Marketing and Fundraising; at the year end £75,000 of this remains to be spent in the financial year to end 31 March 2018.

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Restricted reserves represent income which has been received to fund specific projects and the balance therefore needs to be carried forward to be expended by projects this financial year. At 31 March 2016 restricted reserves amounted to £84,733 (2015: £225,507). The Trustees consider that this level of restricted reserves is appropriate for the charity.

At 31 March 2016 the total funds of the charity amounted to £813,011 (2015: £970,178). Therefore, the Trustees are of the view that the Charity is a going concern because it continues to be able to meet its obligations as they fall due.

Investment Policy

The aim in investing funds is to provide a maximum income return, whilst ensuring that there is appropriate liquidity to cover both operational costs as timing requires and other reserves as determined by the Reserves Policy.

Our investment policy is to adopt a prudent approach with regard to the investments held and to accept lower rates of returns to reduce the level of speculative risk. As a result the investment practice is to invest in bank or building society deposits on terms to match the timing of returns to meet the needs of the charity. Toybox does not have a bespoke ethical policy but where practically possible Toybox will make investments covered by an ethical policy of the bank with which investments are held.

Risk Management

The Trustees have considered the major risks to which the charity is exposed and have reviewed those risks, establishing systems and procedures to manage major risks.

The positive risk management strategy adopted by the Trustees comprises:

- Quarterly review of the major risks of the charity, the overall risk map, movement in risks, actions taken and an updated risk map presented and discussed at each Trustee meeting;
- Ongoing systems and procedures to mitigate major risks identified;
- Implementation of procedures designed to minimise any potential impact on the charity should these risks materialise.

This strategy of positive risk management identifies significant risks, along with the probability of such risks occurring, the likely level of impact, together with mitigating action. Particular attention is given to those risks having the potential to have the greatest impact on the charity such as reputation, finance, funding, international partnerships and child protection. Procedures to mitigate other identified significant risks are implemented covering areas such as staff retention, erosion of values, mission drift, key relationships and efficiency. Significant opportunities and threats are discussed in more detail at the Trustee meetings. Outcomes of these discussions feed into the strategic and operations plans.

During the year the principal risks that were identified included:

<i>Risk</i>	<i>Strategy for managing this risk</i>
Political and economic uncertainty	Constant monitoring and evaluation, and assessment of likely risks and implications
Falling value of GB pound against the US dollar	Purchasing of forward contracts whenever the budget rate can be achieved
Charity fundraising in the public domain	Keep informed regarding developments in regulations and ensure that we adopt new legislation early
Assurance framework in respect of partnership working	Continuing to develop agreements with partners and implement a system of project transition from prototype to pilot to mainstream

Structure, Governance and Management

The Toybox Charity is a registered charity and charitable company limited by guarantee governed by its Memorandum and Articles of Association dated 29 March 2000 as amended by special resolution dated 6 December 2000 and further on 28 June 2016 which sets out the objects and powers.

Directors and Trustees

The Directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year, and on the date the report was approved, were:

Mr D Lowbridge	Chair of Trustees
Mr JR Eke	Treasurer, Resigned 31 July 2016
Ms J Watson	
Mrs J Hytner	
Mr S Shrouder	
Ms N Battle	Appointed 18 May 2015
Mr A de Sousa Caires	Appointed 25 May 2016, Treasurer
Mrs G Derham	Appointed 25 May 2016

Appointment of Trustees, Induction and Training

The process for recruitment of new Trustees is as follows: after an open recruitment process, selected candidates are interviewed by the Governance and Nominations Committee; if successful at this stage they are then invited to observe a Board meeting and at this meeting the candidate will or will not be approved by the full Board.

When appointed new Trustees are provided with an information pack containing copies of all the governing documents, annual report, strategic plan, core documents and other supporting papers. Each new Trustee has a full induction programme and spends time in the UK office meeting staff and gaining an understanding of each department. After initial attendance at Trustee meetings, new Trustees may undertake an international awareness visit. Training is made available as required and can include providing suitable publications, in-house updates and external events.

Trustee and Committee Meetings

The Trustees met four times during the year to make strategic and policy decisions. The CEO and members of the Leadership Team attended these meetings but had no voting powers. The CEO reports to and is appointed by the Trustees to manage the day-to-day operations of the charity.

The Finance and Audit Committee met four times during the year and the Governance and Nominations Committee met prior to each of the Board meetings.

All Trustees give of their time freely and no Trustee remuneration was paid in the year. Details of Trustee expenses are disclosed in note 4 to the accounts. Trustees are required to disclose all relevant interests and register them with the CEO and in accordance with the charity's policy withdraw from decisions where a conflict of interest arises. One third of Trustees are required to retire (and if appropriate seek reappointment) annually.

At the end of each quarter the Trustees receive management accounts, a KPI Dashboard and an organisational risk report in order to determine the strategic direction of the charity.

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Leadership Team

The Chief Executive (CEO) is responsible for the day to day operation of the charity and managing the staff of the charity on behalf of the Trustees. The CEO heads the Leadership Team and the staff team who deliver the strategy and programmes of Toybox. The Leadership Team comprises:

Lynne Morris	CEO
Ian Gray	Director of International Programmes
Naomi Lewis	Director of Marketing and Fundraising
Caroline Taylor	Director of Finance and Support Services

The salaries of executive teams in the third sector are constantly under scrutiny. At Toybox we strive to employ dedicated professionals whilst ensuring a pay structure which is fair, equitable and reflects the mission and values of the organisation. For this financial year, the ratio between the highest paid employee and the median FTE salary was 2.38 (2015: 2.40); our aim is to keep this ratio below 3. We do not want a situation where the Leadership Team are paid vastly different from the other team members; salary information for the Leadership Team is shown in note 4 to the accounts.

Salaries are reviewed annually and any increase is based on the cost of living increase over the last 12 months, and will give consideration to the Consumer Price Index movement for the previous year to 31 December. This salary increase applies to every member of staff and is determined by the Trustees.

Statement of Trustees' responsibilities

The Trustees (who are also directors of The Toybox Charity for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Reference and Administrative Details

Charity number	1084243
Company number	03963000
Registered Office & Principal Address	G4 Challenge House, Sherwood Drive, Bletchley, Milton Keynes, Buckinghamshire MK3 6DP Telephone: 01908 360050 Email: info@toybox.org Website: www.toybox.org.uk
Auditors	Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL
Bankers	Co-operative Bank, 10 Warwick Lane, London, EC4M 7BP
Solicitors	Bates Wells & Braithwaite London LLP, 2-6 Cannon Street, London, EC4M 6YH Fairchild Dobbs & Co., 1 Bulstrode Way, Gerrards Cross, SL9 7QT

Approved by the Board of Trustees on 22 September 2016 and signed on its behalf by

Mr D Lowbridge, Chair of Trustees
Date: 22 September 2016

Independent Auditors' Report to the Members of the Toybox Charity

We have audited the financial statements of The Toybox Charity for the year ended 31 March 2016 which comprise the statement of financial activities, balance sheet, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the statement of Trustees' responsibilities set out in the report of the Trustees, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

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Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us
- The financial statements are not in agreement with the accounting records and returns
- Certain disclosures of Trustees' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit
- The Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report

Jonathan Orchard (Senior statutory auditor)
For and on behalf of Sayer Vincent LLP, Statutory Auditors
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL
Date: 27 September 2016

Statement of Financial Activities

(Incorporating an income and expenditure account)

Year Ended 31 March 2016

	Notes	Unrestricted Funds £	Restricted Funds £	2016 Total £	Unrestricted Funds £	Restricted Funds £	2015 Total £
Income from:							
Donations and legacies	2	1,240,730	277,381	1,518,111	1,294,282	348,956	1,643,238
Other trading activity		-	-	-	873	-	873
Investments		6,504	-	6,504	6,723	-	6,723
Other		2,850	-	2,850	10,171	-	10,171
Total income		1,250,084	277,381	1,527,465	1,312,049	348,956	1,661,005
Expenditure on:							
Raising funds		337,194	-	337,194	247,586	23,204	270,790
Charitable activities		602,359	745,079	1,347,438	435,477	732,052	1,167,529
Trading activity		-	-	-	137	-	137
Total expenditure	3	939,553	745,079	1,684,632	683,200	755,256	1,438,456
Net income / (expenditure) for the year	5	310,531	(467,698)	(157,167)	628,849	(406,300)	222,549
Transfers between funds		(326,924)	326,924	-	(335,998)	335,998	-
Net movement in funds		(16,393)	(140,774)	(157,167)	292,851	(70,302)	222,549
Funds at 1 April		744,671	225,507	970,178	451,820	295,809	747,629
Funds at 31 March		728,278	84,733	813,011	744,671	225,507	970,178

All of the above results are derived from continuing activities.
There were no other recognised gains or losses other than those stated above.
Movements in funds are disclosed in note 11 to the accounts.

The notes on pages 19 to 26 form part of these accounts

Balance Sheet as at 31 March 2016

Company Number: 03963000

	Notes	2016 £	2015 £
Fixed Assets			
Tangible assets	8	<u>22,918</u>	<u>17,924</u>
Current Assets			
Debtors	9	150,953	192,274
Short term deposits		530,078	729,068
Cash at bank		<u>213,934</u>	<u>125,795</u>
		<u>894,965</u>	<u>1,047,137</u>
Creditors: amounts falling due within one year	10	(104,872)	(94,883)
Net Current Assets		<u>790,093</u>	<u>952,254</u>
Net Assets		<u>813,011</u>	<u>970,178</u>
Funds			
Unrestricted:			
General		562,203	606,691
Designated		166,075	137,980
Restricted		84,733	225,507
Total Funds	11	<u>813,011</u>	<u>970,178</u>

The accounts were approved by the Board of Trustees on 22 September 2016 and were signed on their behalf by:

Mr David Lowbridge
Chair of Trustees

The notes on pages 19 to 26 form part of these accounts

Statement of Cash Flows

Year Ended 31 March 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	6	(196,373)	(131,242)
Cash flows from investing activities			
Purchase of fixed assets		(14,478)	(9,958)
Net cash provided by / (used in) investing activities		<u>(14,478)</u>	<u>(9,958)</u>
Change in cash and cash equivalents in the year		(210,851)	(141,200)
Cash and cash equivalents at the beginning of the year		<u>854,863</u>	<u>996,063</u>
Cash and cash equivalents at the end of the year	7	<u><u>644,012</u></u>	<u><u>854,863</u></u>

Notes to the Accounts

1. Accounting Policies

a) Basis of preparation

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

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required and the Trustees have determined that no restatements are required. The transition date was 1 April 2014.

c) Public benefit entity

The Toybox Charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

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

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executors to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Volunteer services and Gifts in Kind

No amounts are included in the accounts for services donated by volunteers. The charity has not received any gifts in kind during the year.

1. Accounting Policies (continued)h) Resources Expended

Expenditure is recognised when there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Overseas grant payments were recognised when a constructive obligation arose which resulted in the payment being unavoidable. Grants to partners may be remitted before the start of the period to which they relate in order to assist partners with their cash flow, and accordingly have been treated as a prepayment at the year end. Should the grant conditions not be met, the payment could be refundable.

Certain expenditure is directly attributable to specific activities and has been allocated to those cost categories. Certain other costs and some staff costs are attributable to more than one activity. In these cases the costs have been apportioned to the other individual activities on the basis of the time spent by staff on those activities.

Support costs represent the costs incurred by UK based staff directly providing support to charitable activities including governance, management, technical and prayer support.

i) Fund Accounting

Restricted funds are those which are to be used for particular purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received for charitable purposes.

Designated funds are unrestricted funds earmarked by the Trustees to be used for the development of international projects and for marketing investment.

j) Tangible Fixed Assets

All fixed assets acquired for more than £5,000 are capitalised. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Furniture & fittings	10% per annum straight line
Equipment	25% per annum straight line

k) Debtors

Debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

m) Foreign Currencies

Foreign currency transactions are recorded at the exchange rate achieved when the foreign currency was purchased. In order to minimise the risk from buying foreign currencies, forward contracts are entered into. The expenditure is recorded at the average rate of the balance held in the foreign currency account when the payment is made.

Assets and liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling at that date, with exchange gains and losses taken to the Statement of Financial Activities.

1. Accounting Policies (continued)n) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Pensions

The charity operates a defined contribution stakeholder pension scheme. The pension charge represents the amount payable by the charity to the scheme during the year.

p) Operating Leases

Rental charges are applied on a straight line basis over the period of the lease.

q) Taxation

Toybox is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

2. Income from donations and legacies

	Unrestricted £	Restricted £	2016 £	2015 £
Regular Giving: Child Ambassadors	473,384	-	473,384	493,205
Best Friends	244,653	-	244,653	258,163
Non specific	11,573	-	11,573	299
Trusts	914	91,575	92,489	63,450
Other donations	479,511	93,466	572,977	536,011
Voluntary income	1,210,035	185,041	1,395,076	1,351,128
Institutional grants	-	92,340	92,340	193,605
Legacies	30,695	-	30,695	98,505
	<u>1,240,730</u>	<u>277,381</u>	<u>1,518,111</u>	<u>1,643,238</u>

3. Analysis of expenditure on charitable activities

	Charitable Activities					Total 2016 £	Total 2015 £
	Raising funds £	Grants to partners £	Monitoring & Evaluation £	Advocacy & Awareness £	Support costs £		
Overseas projects	-	647,893	-	-	-	647,893	656,743
Constructive obligation	-	-	-	-	-	-	(184,250)
International support costs	-	-	93,737	-	-	93,737	128,310
UK staff costs	114,564	-	158,503	108,713	177,253	559,033	544,213
Marketing & fundraising	191,906	-	-	43,851	-	235,757	151,356
UK office costs	30,724	-	47,149	27,343	42,995	148,211	142,084
	<u>337,194</u>	<u>647,893</u>	<u>299,389</u>	<u>179,907</u>	<u>220,248</u>	<u>1,684,632</u>	<u>1,438,456</u>
Support costs allocated	-	97,186	76,870	46,192	(220,248)	-	-
	<u>337,194</u>	<u>745,079</u>	<u>376,259</u>	<u>226,099</u>	<u>-</u>	<u>1,684,632</u>	<u>1,438,456</u>

Grants were made to partner organisations to implement programmes with street children. Our partner organisations during the year are detailed in the Trustees Report. Details of grants made to partners are shown in note 11.

UK staff costs include those who are working in the UK and internationally and consist of all costs relating to UK staff employed, including their training and development. Staff and support costs are allocated to the areas of activity according to staff time spent on each activity.

Support costs include governance costs of £9,600 for audit fees and £366 for Trustee expenses.

The Constructive Obligation previously recognised the liability of the charity to honour its grant commitments to partners for 3 months. Grants to overseas partners are now normally paid just before the beginning of the quarter to which they relate, so the constructive obligation is no longer required.

4. Staff costs and numbers

The average number of contracted employees during the year was:

	2016	2016	2015	2015
	Actual	FTE	Actual	FTE
	No	No	No	No
Overseas	5.5	5.1	5.7	5.1
Advocacy & Awareness	3.1	2.8	3.8	3.5
Fundraising	3.7	3.2	3.4	3.3
Support	4.9	4.5	4.7	4.2
	<u>17.2</u>	<u>15.6</u>	<u>17.6</u>	<u>16.1</u>

The cost of employing these staff was:

	2016	2015
	£	£
Salaries	517,186	514,150
Social security costs	50,904	53,017
Employer's pension contributions to defined contribution scheme	<u>29,279</u>	<u>18,387</u>
	<u>597,369</u>	<u>585,554</u>

The salaries of the Leadership Team, who were the highest paid employees, fell into the following bands:

	2016	2015
	No.	No.
£40,000 - £49,999	2	2
£50,000 - £59,999	1	1
£60,000 - £69,999	<u>1</u>	<u>1</u>

The total employee benefits including salaries and pension contributions of the Leadership Team were £230,019 (2015: £217,324).

The charity Trustees were not paid nor received any other benefits from employment with the charity in the year, and no trustee received payment for professional or other services supplied to the charity (2015: nil).

During the year Trustees expenses were incurred of £90 for travel costs reimbursed to 1 Trustee (2015: £480 for travel expenses reimbursed to 3 Trustees).

5. Net income / (expenditure) for the year

This is stated after charging / (crediting) :	2016	2015
	£	£
Depreciation	9,484	6,498
Operating lease rentals: office premises	50,868	50,484
Currency gain	(2,850)	(8,872)
Auditors remuneration: UK audit (excluding VAT)	8,000	7,800
Provision of corporation tax services by auditors	500	-
	<u>500</u>	<u>-</u>

6. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016	2015
	£	£
Net income / (expenditure) for the reporting period	(157,167)	222,549
Depreciation charges	9,484	6,498
Increase in short term deposits with 120 days notice	(100,000)	-
Decrease / (increase) in debtors	41,321	(144,131)
Decrease in stock	-	90
Increase / (decrease) in creditors	9,989	(216,248)
Net cash provided by / (used in) operating activities	<u>(196,373)</u>	<u>(131,242)</u>

7. Analysis of cash and cash equivalents

	At 1 April 2015	Cash flows	At 31 March 2016
	£	£	£
Cash in hand	125,795	88,139	213,934
Short term deposits up to 90 days notice	729,068	(298,990)	430,078
Total cash and cash equivalents	<u>854,863</u>	<u>(210,851)</u>	<u>644,012</u>
Short term deposits 120 days notice	-	100,000	100,000
Total cash and short term deposits	<u>854,863</u>	<u>(110,851)</u>	<u>744,012</u>

8. Tangible Fixed Assets

	Furniture & Fittings	Equipment	Total
	£	£	£
<i>Cost</i>			
At 1 April 2015	30,688	43,373	74,061
Additions	-	14,478	14,478
At 31 March 2016	<u>30,688</u>	<u>57,851</u>	<u>88,539</u>
<i>Depreciation</i>			
At 1 April 2015	21,738	34,399	56,137
Charge for the Year	3,068	6,416	9,484
At 31 March 2016	<u>24,806</u>	<u>40,815</u>	<u>65,621</u>
<i>Net Book Value</i>			
At 31 March 2016	<u>5,882</u>	<u>17,036</u>	<u>22,918</u>
At 31 March 2015	<u>8,950</u>	<u>8,974</u>	<u>17,924</u>

The assets owned by the charity are used for direct charitable purposes.

9. Debtors

	2016	2015
	£	£
Gift Aid recoverable	20,500	16,391
Prepayments	27,949	40,830
Grants to partners	92,403	134,144
Other debtors	10,101	909
	<u>150,953</u>	<u>192,274</u>

The grants to partners shown above were remittances which were made before the year end relating to budgeted expenditure for the period April to June this year.

10. Creditors: amounts falling due within one year

	2016	2015
	£	£
Taxation and social security	11,992	10,130
Accruals and other creditors	92,880	55,003
Constructive obligation to partners	-	29,750
	<u>104,872</u>	<u>94,883</u>

11. Movements in funds

	At 1 April 2015	Income	Expenditure	Transfers	At 31 March 2016
	£	£	£	£	£
Restricted funds					
Guatemala					
Early Encounter	21,709	127,174	100,372	35,564	84,075
Birth Registration	7,091	30,609	39,215	1,515	-
Conacmi	51,761	30,000	155,325	73,564	-
El Salvador					
Early Encounter	88,800	40,197	165,215	36,218	-
Nicaragua					
Early Encounter	-	-	36,736	36,736	-
Bolivia					
Early Encounter	-	11,010	74,949	63,939	-
Alalay	-	26,766	66,423	39,657	-
Peru					
Agape	56,146	8,265	63,753	-	658
India					
Chetna	-	3,360	20,094	16,734	-
Kenya					
PKL	-	-	22,997	22,997	-
	225,507	277,381	745,079	326,924	84,733
Unrestricted funds					
Designated funds					
International Development	137,980	-	46,905	-	91,075
Marketing Investment	-	-	25,000	100,000	75,000
	137,980	-	71,905	100,000	166,075
General funds					
	606,691	1,250,084	867,648	(426,924)	562,203
	744,671	1,250,084	939,553	(326,924)	728,278
Total funds	970,178	1,527,465	1,684,632	-	813,011

Details of the work of each overseas project are given in the Trustees Report.

Income is restricted to the project when the donation is received specifically for the work of that project. Most of the income received by the charity is unrestricted, and so is transferred to fund projects where there has been no specific donor commitment.

Designated funds represent those amounts that have been set aside for specific expenditure in international development and marketing in the current financial year.

12. Analysis of Net Assets Between Funds

	General unrestricted	Designated	Restricted	Total Funds
	£	£	£	£
Tangible Fixed Assets	22,918	-	-	22,918
Current Assets	644,157	166,075	84,733	894,965
Current Liabilities	(104,872)	-	-	(104,872)
Net assets at the end of the year	<u>562,203</u>	<u>166,075</u>	<u>84,733</u>	<u>813,011</u>

13. Operating Lease

The charity's total future commitments under a non-cancellable operating lease for its office property are as follows:

	2016	2015
	£	£
Less than one year	52,844	52,844
One to five years	<u>145,322</u>	<u>198,167</u>
	<u>198,166</u>	<u>251,011</u>

14. Pension Scheme

The charity operates a defined contribution stakeholder pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the charity. At 31 March 2016 there were no outstanding contributions (2015: nil).

15. Related party transactions

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

16. Commitments

On 11 March 2016 Toybox entered into a cancellable contract to purchase 250,000 US dollars if a rate of 1.45 could be achieved by the Foreign Exchange broker. This rate was achieved on 26 April 2016, so the contract was entered into on that date. This contract was to purchase US dollars for payment to overseas partners during June 2016.

At 31 March 2015 there were commitments to buy 600,000 US dollars in foreign exchange forward contracts.

These commitments were made in order to reduce the risk that the charity faces should the value of the GB pound decline against the US dollar over the next 12 months.

17. Contingencies

The Trustees have confirmed that there were no contingent liabilities which need to be disclosed (2015: nil).

18. Legal status of charity

The charity is a company limited by guarantee and has no share capital. The liability of each trustee in the event of winding up is limited to £10. The total number of members at 31 March 2016 was 6 (2015:5).