

PestalozziWorld

Educating children for brighter futures

2021 Accounts and Annual Review



Pestalozzi World Children's Trust

2021 Accounts and Annual Review

Registered Charity No: 1172364

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“ *I'm from a remote village in Malawi, and I used to walk 45 minutes to get to school. My parents struggled to make an income. In 2013, Pestalozzi World selected me for a scholarship. For the first time I slept in a bed, and had books, shoes and a uniform.*

When I complete my education I want to become a doctor.”

Burton – Malawi. He is now in his final year at the Zambian Village.

Legal and Administrative Information

| | |
|----------------------|---|
| Trustees | Lady Butler Mrs C Doggart Mr K J Greatbatch Mr F von Hurter Mr S Wakely |
| Address | CAN Mezzanine 7-14 Great Dover Street London SE1 4YR |
| Independent Auditors | Arnold Hill & Co LLP 6th Floor Capital Tower, 91 Waterloo Road, London SE1 8RT United Kingdom |
| Bankers | HSBC Covent Garden London WC2 8JF |

Background

The full name of the charity is Pestalozzi World 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 2018.



The Pestalozzi World Family

Pestalozzi World is a family of not-for-profit organizations. All organizations operate as separate legal entities but share common policies on philosophy and purpose. The educational philosophy of Johann Heinrich Pestalozzi (Head, Heart and Hands and our child-centred approach) is absolutely key to the success of our programmes to date and marks us out from other charities that educate children.



The following organisations form part of the working alliance:

- Pestalozzi Zambia Children’s Trust–Operating the Zambian Village, Lusaka
- Pestalozzi Children’s Village Society–Operating the Indian Village, Dehradun
- Nepal Pestalozzi Foundation–Operating the Nepal Village, Pokhara
- Thai Pestalozzi Foundation–Operating non-residential scholarship programmes

In addition to the UK Charity, Pestalozzi World coordinates two other registered fundraising trusts, in the USA (Pestalozzi US Children’s Charity Inc.) and Switzerland (Pestalozzi Overseas Children’s Foundation).

Financial Activities and Administration (p19) provides financial information on PWCT including income received from these 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.

Educating children for brighter futures

Our mission is to provide exceptionally bright children from some of the poorest communities in Africa and Asia with a child-centred education, in their country of origin, that produces young adults capable of changing the world.

To solve the world's toughest problems, we need more **leaders and change-makers who truly understand them.**

Today, those in positions of influence both globally and locally often lack the lived experience and the compassion needed to truly understand and solve the issues faced by people living in poverty.

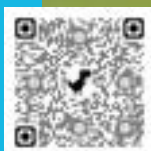
But at the same time, those who do have that lived experience rarely have the opportunity to become the leaders needed to bring about change.

Too many brilliant children worldwide never reach their true potential.

Pestalozzi World is here to change that.

“our children go out into the world and **fit in** and are able to **support themselves** and develop Zambia as a country”

Annie Kangwa - proud teacher - Pestalozzi Zambia



We are shaping a new generation of **leaders and change-makers** who can have a significant impact on their communities.

In poor rural areas of India, Nepal and Zambia our experts work with communities to select the brightest 10-year-old children (two girls for each boy) among those held back by extreme rural poverty, displacement due to conflict, gender stereotypes, poor education and the pressure to work and earn a living.

The children are selected for their potential to become leaders and change-makers, being academically gifted with high levels of emotional intelligence. With the encouragement of their families, we offer these children the opportunity to leave behind the difficulties they face in rural poverty and move to one of the Pestalozzi Villages where they receive an excellent education, a nurturing environment and practical life skills.

After they graduate from our programme at 18, they are becoming a new generation of teachers, health professionals, entrepreneurs, aid workers and leaders who are equipped with the tools they need to change the world.

We also invest in Outreach Programmes in partnership with ambitious social enterprises and for-profit partners that adopt Pestalozzian values, have the potential to democratize access to excellent education, and derive profits to sustain our core Village programmes.



The **Pestalozzi** values: learning with **Head, Heart** and **Hands**

Our work is inspired by Johann Heinrich Pestalozzi, a Swiss social reformer and educator.

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 become future leaders and change-makers.

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

At our 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. At our Villages they receive:

| | | |
|--|---|---|
|  <p>1 An Excellent Education at high quality local schools, living in a conducive environment for learning and receiving additional academic support from staff and peers.</p> |  <p>2 A Nurturing Environment With child-centred care looking after their emotional wellbeing, encouraging them to take care of others and inspiring their ambition.</p> |  <p>3 Practical Life Skills Children grow food and take pride in keeping their village clean and tidy. They learn crafts to develop skills they can use in future life.</p> |
|--|---|---|

When our children leave us at 18 they are fully equipped with a high-quality education, exceptionally high grades, life skills and values to sustain them for their futures.

After graduation: our Alumni give back

Over 94% of the children we educate complete their school education and today, 62% of our alumni hold Advanced Diplomas, Bachelors, Masters or PhDs. Many are still in education and these figures will continue to rise.

Our monitoring demonstrates that our Alumni are becoming a new generation of teachers, health professionals, entrepreneurs, aid workers, and leaders delivering social impact and contributing to the development of their countries.

We support our Alumni to stay connected with Pestalozzi World and each other even after graduation and provide them with opportunities for mentoring, volunteering, and career advice.

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

Our outreach programmes

Pestalozzi Education Centre (PEC)

PEC is a school owned by the Zambian Trust, and managed by ENKO Education. It offers a low-cost International Baccalaureate and iGCSE, alongside a domestic curriculum, to Pestalozzi World scholars and local fee-paying students in the Head, Heart, and Hands Pestalozzian ethos. The school is being developed to derive profits from fee payers that will sustain the costs of our own scholars.

Edulution

Edulution is a social enterprise partially funded by Pestalozzi World, 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 and math skills through Edulution.

32,600 children have been educated by our funding.



Grace – Pestalozzi World Alumna

"A Pestalozzi World scholarship gave me the much needed hope for my family. A future was guaranteed and I went on to study Economics at the University of Lusaka. I am now a qualified economist and working as a tax accountant for PricewaterhouseCoopers"

The **impact** of your support

We know that our ethos is effective because of our emphasis on measuring outcomes and impact. We measure both your impact on our children's lives and the social change they bring to the world. This is informed by quantitative and qualitative surveys tracking educational and career outcomes throughout their lives. Annual impact figures are produced and posted on our website. These include:

Less than 3% of the Zambian children we select would finish High School without your support (UNICEF 2021)

Our Zambian children are **28 x** more likely to finish High School than averages in **the places they come from** and **11 x** more likely to achieve a university degree than **national averages.**

| | | |
|---|--|---|
|  <p>Volunteering to help others They support and inspire others and give back to their communities. 64% of our Alumni have volunteered to support their communities</p> |  <p>Working in careers of public service 54% of our alumni have become healthcare professionals, teachers, and aid workers. Many others have successful businesses.</p> |  <p>Providing financial support to family 7,300 immediate family members have benefited from the improved financial position of our alumni.</p> |
|---|--|---|

70%
of our Alumni fall into at least one of these categories
Many more have become successful in business, generating tax receipts and employment to assist their communities.



9/10 of our Alumni have remained in their country of origin, contributing back to their communities

Chair's Report – Ken Greatbatch

It is with pleasure that I present our 2021 Annual Report and Audited Accounts. The period was dominated by the waxing and waning COVID-19 pandemic. Despite this, the delivery of our local partners has been outstanding. I would like to thank our colleagues overseas who deliver the programmes and the dedicated local Boards who bring their cultural insight, experience, and expertise to support them.



2021 in numbers:

469

Children educated
residentially
Zam 244, Ind 138, Nep 87

£1,900

Average cost per
child at Villages

4,300
(Cum. 32,600)

Educated in outreach
programmes

£76

Average cost per
child in Outreach

445

Fee-payers
benefiting at our
school in Lusaka

82
(Cum. 1,456)

New graduates
joined our Alumni
network

Village staff made regular welfare calls to support families struggling to care for their children when mandated to return home. Record exam results were achieved at Class 12 (leavers) in India and Zambia, a testament to the resilience and determination the children develop in their time in the Villages. Whilst in senior grades Pestalozzi students outperformed their peers at their schools the youngest children were most disadvantaged by the disruption as they arrive at our villages with existing gaps in teaching from the rural schools they attended before. Remedial classes began as soon as they returned to catch these children up – school testing demonstrates this has been achieved.

In the UK, we have updated our media presence and brought onboard new expertise to develop our fundraising capacity. We are busy formulating a new fundraising strategy to see us to the end of the decade.

Our focus remains very much on the sustainability of the overseas partners we support. The vision of the Founders and donors who have supported Pestalozzi World is that all of the organisations in the family develop to be self-sufficient, with the UK supporting investment in income generation locally and on hand to lend expertise when requested.

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Our school in Lusaka has had a seminal year, with expansion underway driven by strong demand from local fee-payers for a low-cost International Baccalaureate delivered with Pestalozzian values of Head, Heart, and Hands. Profits on their fees will subsidise the costs of our Scholars in 2022 with the business plan demonstrating the potential of the school to support the Zambia Trust's funding needs by the end of the decade.

Other Achievements in 2021 included:

Villages and Centres:

- IB and Cambridge accreditation achieved at our school in Lusaka
- Student computer and internet facilities upgraded so that all students now have the access needed for homework and for researching further education opportunities
- Navigating restrictions we selected 28 children in Zambia, 24 in India, and 3 in Nepal
- Skills programme in Small Scale Business Entrepreneurship developed
- 4,300 children supported in outreach with our partners Edulution in Zambia, improving their numeracy and literacy.

Alumni Initiatives:

- Alumni offered a range of virtual careers sessions to senior students
- Three regional alumni reunions were held in Zambia with more than 57 alumni
- A virtual reunion was held for Canada and US-based alumni with 27 alumni attending. Alumni donations worth nearly \$3,000 were pledged at the event

JH Pestalozzi Society:

- The JH Pestalozzi Society website was launched sharing our resources on teaching about and in the spirit of, Johann Heinrich Pestalozzi as well as an information pack about the philosopher's life and a summary of his fundamental ideas.

None of this would have been possible without the generous support of our donors who despite the turbulence of the global economy have maintained their contributions. On behalf of the Pestalozzi Boards, our international team, and the children we serve—**thank you.**



Financial Review

The income for the year for PWCT was £582,576 compared to £573,480 in the previous year. Income included £295,899 (2020: £419,952) from the US Charity and £58,860 (2020: £85,856) from Trustees and Advisory Directors. Income from the US Charity was higher in 2020 due to the proceeds of their annual dinner being partially match funded. Trusts/Foundation and income from individuals driven by our first participation in the Big Give Christmas Challenge made up the balance of income.

Expenditure for the year including annual costs was £526,144 (2020: £506,216). The increase is largely due to the resumption of overseas monitoring trips, the replacement of IT equipment and investment in our website and branding. Scholarship costs remained largely consistent at £463,406 (2020: £451,952).

Losses on investments of £116,136 (2020: £274,266) reduced the surplus for last year to a deficit of £59,782 (2020: Surplus of £353,617) This was offset by an exchange gain of £295,244 (2020: £Nil) producing Net Movement in Funds of £235,462.

The Pestalozzi Children's Village Society in India, The Nepal Pestalozzi Foundation, and the Pestalozzi Zambia Children's Trust are monitored regularly by our UK staff and audited locally. The staff, or Trustees, 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 Pestalozzi World 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

The Trust has accumulated reserves to enable us to complete current and any future capital projects and to enable scholars currently being educated to complete their schooling should alternative funds not be available. Each scholar we select represents a funding commitment on our part of up to eight years. The Trust's reserves on 31 December 2021 were £2,487,903 (2020: £2,252,411).

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:

Safeguarding: PWCT requires an absolute duty of care and accountability to Children supported by Pestalozzi World programmes. PWCT's Safeguarding Policy and Code of Practice for working with children and young people sets out in detail how any Pestalozzi World representative, including staff, board members, volunteers, consultants, and partners must conduct themselves in their interactions with children. Annual training is delivered to staff and children at all of the programmes we support.

COVID-19: PWCT has taken measures to mitigate the immediate risks of Covid-19 and the situation continues to be monitored. Plans are in place to address the impact of interruptions to activities.

Lack of regular donations: The charity maintains a fund that has been invested by holding UK and overseas investment portfolios, foreign currency deposits as well as sterling on deposit. This will provide the charity with income each year and will ensure funds are available to meet any direct charitable and management & administration expenditure.

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 2021, 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.

Outlook

2022 will see the investment of reserves in local income generation at our school in Lusaka which will be expanded to be able to accept additional fee payers, producing profits which will reduce the international funding required for our Zambian Trust and reduce the level of reserves the Trustees believe will be required to be held to guarantee the education of our scholars there. As a result of this capital investment the Trust is anticipated to run a deficit in 2022.

In the coming year, the charity will also be rolling out its new fundraising strategy which runs to 2030. We will maintain our support for existing programmes to further our mission with full expectation that income will cover the regular operating costs of the programmes we support.

Our Swiss fundraising trust currently makes direct disbursements to our overseas partners. From 2022, funds will be directed to PWCT to distribute. This brings the Swiss Trust in line with the USA and will produce a more comprehensive picture of financial and administrative activity. As a consequence, our 2022 accounts will show higher expenditure and a resulting deficit as we invest UK reserves to secure ongoing profits in our Zambian school.

We look to the future with confidence.

Statement of Trustee 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 a 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: 27th October 2022

Independent Auditor's Report

To the Members of Pestalozzi World Children's Trust

Opinion

We have audited the financial statements of Pestalozzi World Children's Trust for the year ended 31 December 2021 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 2021 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 Pestalozzi World 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. However, donations have remained stable and Trustees have no reason to question 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 Pestalozzi World 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.

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' Report; or
- 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 Pestalozzi World 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

To identify risks of material misstatement due to fraud, we considered events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to do so. Our approach included:

- using analytical procedures to identify unusual relationships;
- reading minutes of charity meetings
- discussing charity policies and procedures on fraud detection and prevention with trustees, and
- enquiring about any knowledge of actual, alleged or suspected fraud.

We communicated identified fraud risks throughout our team and remained alert to any indications of fraud throughout the audit.

To identify risks of material misstatement due to non-compliance with laws and regulations, our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the trustees and other management (as required by auditing standards), and discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations;
- We considered the nature of the industry, the control environment and business performance, including the key drivers for governance's remuneration.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. We also performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risks that revenue is recorded in the wrong period and that management may be in a position to make inappropriate accounting entries. Our procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiries of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding non detection of fraud rather than error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

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

Chartered Accountants
Statutory Auditors

6th Floor
Capital Tower
91 Waterloo Road
London
SE1 8RT

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.

Pestalozzi World Children's Trust

Statement of Financial Activities

For the year ended 31 December 2021

| | Notes | <u>Unrestricted Funds</u> <u>2021</u> £ | <u>Unrestricted Funds</u> <u>2020</u> £ |
|--|-------|---|---|
| INCOME FROM | | | |
| Donations and Legacies | 3 | 575,316 | 568,530 |
| Investments | 4 | 7,260 | 4,950 |
| TOTAL | | <u>582,576</u> | <u>573,480</u> |
| EXPENDITURE ON | | | |
| Charitable Activities | 7 | (526,144) | (506,216) |
| Raising Funds | 7 | (78) | 12,087 |
| TOTAL | | <u>(526,222)</u> | <u>(494,129)</u> |
| Net income/(deficit) before gains and losses on investments | | <u>56,354</u> | <u>79,351</u> |
| Net gains/(losses) on investments | 8 | (116,136) | 274,266 |
| Net income/(deficit) | | <u>(59,782)</u> | <u>353,617</u> |
| Other gains/(losses) | 5 | 295,244 | 0 |
| NET MOVEMENT IN FUNDS | | <u>235,462</u> | <u>353,617</u> |
| TOTAL FUNDS BROUGHT FORWARD | | <u>2,252,441</u> | <u>1,898,824</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>2,487,903</u></u> | <u><u>2,252,441</u></u> |

The notes on pages 22 to 27 form part of these financial statements.

Pestalozzi World Children's Trust

Balance Sheet

31 December 2021

| | <u>Notes</u> | <u>2021</u> £ | <u>2020</u> £ |
|---|--------------|------------------|------------------|
| Fixed Assets | | | |
| Investments | 8 | 2,220,425 | 2,036,639 |
| Current Assets | | | |
| Debtors | 9 | 4,220 | 1,259 |
| Cash at Bank and in Hand | | 269,935 | 219,345 |
| | | <u>274,155</u> | <u>220,604</u> |
| Current Liabilities | | | |
| Other creditors | 10 | (6,677) | (4,802) |
| NET CURRENT ASSETS | | <u>267,478</u> | <u>215,802</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>2,487,903</u> | <u>2,252,441</u> |
| | | | |
| Total Unrestricted Funds Brought Forward | | 2,252,441 | 1,898,824 |
| Net Movement in the Year | | 235,462 | 353,617 |
| TOTAL UNRESTRICTED FUNDS CARRIED FORWARD | | <u>2,487,903</u> | <u>2,252,441</u> |

Approved by the Trustees on 27th October 2022 and signed on their behalf by



K J GREATBATCH

The notes on pages 22 to 27 form part of these financial statements.

Pestalozzi World Children's Trust

Statement of Cash Flows

31 December 2021

| | £ | <u>2021</u> £ | £ | <u>2020</u> £ |
|--|--------------|------------------------------|--------------|------------------------------|
| Cash flow from operating activities | | 48,008 | | 78,868 |
| Cash flows from investing activities | | | | |
| Purchase of investments | (551,890) | | (181,435) | |
| Transfers | - | | - | |
| Proceeds of disposals | 317,430 | | 255,608 | |
| Dividends, interest and rents from investments | <u>7,260</u> | | <u>4,940</u> | |
| Net cash provided by investing activities | | (227,200) | | 79,113 |
| Foreign exchange differences | | 295,244 | | - |
| Change in cash and cash equivalents in the year | | <u>116,052</u> | | <u>157,981</u> |
| Cash and cash equivalents b/f | | <u>523,413</u> | | <u>365,432</u> |
| Cash and cash equivalents c/f | | <u><u>639,465</u></u> | | <u><u>523,413</u></u> |
| | | <u>2021</u> | | <u>2020</u> |
| Reconciliation of net (expenditure)/income to net cash flow from operating activities | | £ | | £ |
| Net income/(deficit) for the year per the SOFA | | 235,462 | | 353,617 |
| Adjustments for: | | | | |
| (Gains)/losses on investments | | (179,107) | | (274,266) |
| Dividends, interest and rents from investments | | (7,260) | | (4,940) |
| Decrease/(increase) in debtors | | (2,962) | | 4,198 |
| Increase/(decrease) in creditors | | <u>1,875</u> | | <u>259</u> |
| | | <u>48,008</u> | | <u>78,868</u> |
| | | <u>2021</u> | | <u>2020</u> |
| Analysis of cash and cash equivalents | | £ | | £ |
| Cash in hand | | 269,935 | | 219,345 |
| Cash held by investment manager | | <u>369,530</u> | | <u>304,068</u> |
| Total cash and cash equivalents | | <u><u>639,465</u></u> | | <u><u>523,413</u></u> |

Pestalozzi World Children's Trust

Notes to the Financial Statements

For the year ended 31 December 2021

1. ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared in accordance with the 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 2019).

PWCT constitutes a public benefit entity as defined by FRS 102.

The accounts are prepared in Sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

As described in note 2, the financial statements include the results of both Pestalozzi World Children's Trust (Charity number 1046599) and Pestalozzi World 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

On the basis of 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.

Pestalozzi World Children's Trust

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 2018, Pestalozzi World Children's Trust (Charity number 1046599) transferred its trade and assets to Pestalozzi World 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 Pestalozzi World Children's Trust (Charity number 1046599) and Pestalozzi World Children's Trust (Charity number 1172364).

Pestalozzi World Children's Trust
Notes to the Financial Statements (continued)
For the year ended 31 December 2021

| | | |
|--|--------------------|--------------------|
| 3. DONATIONS | <u>2021</u> | <u>2020</u> |
| | £ | £ |
| Donations from Trustees and Advisory Directors | 58,860 | 85,856 |
| Other Donations | 220,557 | 62,722 |
| US Donations | 295,899 | 419,952 |
| | <u>575,316</u> | <u>568,530</u> |
| 4. INVESTMENT INCOME | <u>2021</u> | <u>2020</u> |
| | £ | £ |
| Dividends Received from Investments | 7,260 | 4,950 |
| | <u>7,260</u> | <u>4,950</u> |
| 5. OTHER GAINS OR LOSSES | <u>2021</u> | <u>2020</u> |
| | £ | £ |
| Foreign exchange gains | 295,244 | - |
| | <u>295,244</u> | <u>-</u> |
| 6. STAFF COSTS | <u>2021</u> | <u>2020</u> |
| | £ | £ |
| Staff costs were as follows: | 131,364 | 117,375 |
| Salaries and Wages Social | 9,540 | 7,709 |
| Security costs Pension costs | 766 | 2,967 |
| | <u>141,670</u> | <u>128,051</u> |

The average number of employees during the year was 4 (2020: 3). No employee earned over £60,000 in the current or previous year.

Pestalozzi World Children's Trust

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

7. ANALYSIS OF RESOURCES EXPENDED

| | <u>Direct Charitable Expenditure</u> | <u>Raising funds</u> | <u>Charity Mngmt. & Admin</u> | <u>Fundrais ing</u> | <u>Total 2021</u> |
|----------------------------|--|--------------------------|---|-------------------------|-----------------------|
| | £ | £ | £ | £ | £ |
| Scholarship Costs | 439,627 | | | | 439,627 |
| Administration | | | | | |
| Phone, Postage, | | | 22,959 | | 22,959 |
| Stationery & Travel | | | 6,166 | | 32,617 |
| Bank Charge | | | 3,805 | | 3,805 |
| Rent, Light & Heat | | | 2,292 | | 2,292 |
| Professional Fees | | 78 | 2,251 | | 2,392 |
| Audit Fees | | | 1,800 | | 1,800 |
| Mobile Learning Centres | 23,779 | | | | 23,779 |
| Advertising | | | | | |
| Website/IT, Other | | | | 23,465 | 23,465 |
| | 463,406 | 78 | 39,273 | 23,465 | 526,222 |

The trustees did not receive any fees, emoluments or reimbursement of expenses in the year ended 31 December 2021 (2020 - £nil).

| | <u>Direct Charitable Expenditure</u> | <u>Raising funds</u> | <u>Charity Mngmt. & Admin</u> | <u>Total 2020</u> |
|----------------------------|--|--------------------------|---|-----------------------|
| | £ | £ | £ | £ |
| Scholarship Costs | 427,905 | | | 427,905 |
| Administration | | | | |
| Phone, Postage, | | | 34,916 | 34,916 |
| Stationery & Travel | | | 308 | 308 |
| Bank Charge | | | 2,965 | 2,965 |
| Rent, Light & Heat | | | 5,954 | 5,954 |
| Professional Fees | | (12,087) | | (12,087) |
| Audit Fees | | | 3,515 | 3,515 |
| Mobile Learning Centres | 24,020 | | | 24,020 |
| Advertising | | | | |
| Website/IT, Other | | | 6,633 | 6,633 |
| | 451,925 | (12,087) | 54,291 | 494,129 |

Pestalozzi World Children's Trust

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

8. INVESTMENTS

| Market value | <u>2021</u> | <u>2020</u> |
|-----------------|------------------|------------------|
| | <u>£</u> | <u>£</u> |
| At 1 January | 1,732,571 | 1,532,478 |
| Additions | 551,890 | 181,435 |
| Disposals | (317,430) | (255,608) |
| Revaluation | (116,136) | 274,266 |
| Transfers | - | - |
| At 31 December | <u>1,850,895</u> | <u>1,732,571</u> |
| Cash on deposit | <u>369,530</u> | <u>304,068</u> |
| | <u>2,220,425</u> | <u>2,036,639</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>2021</u> | <u>2020</u> |
|-------------------------------------|--------------|--------------|
| | <u>£</u> | <u>£</u> |
| Other debtors | <u>4,220</u> | <u>1,259</u> |

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>2021</u> | <u>2020</u> |
|----------|--------------|--------------|
| | <u>£</u> | <u>£</u> |
| Accruals | <u>6,677</u> | <u>4,802</u> |

Pestalozzi World Children's Trust

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

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 £1,100,000 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 £295,899 (2020: £419,952) were received from Pestalozzi US Children's Charity Inc. (PUSCCI). These donations were made from the proceeds of US fundraising 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 £23,830 (2020: £29,405) were received from Pestalozzi Overseas Children's Trust Ireland Ltd, a private limited company registered as a charity, was established in 2007 to facilitate donations by residents of Ireland. Pestalozzi Overseas Children's Trust Ireland Ltd is an Irish registered charity, number CHY17386.

Will you help us create leaders and change-makers?

**100% of your donations goes
to support these extraordinary
children**

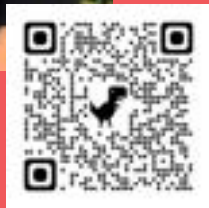
From day one, we've
relied on a small group of
generous philanthropists
to fund our operating
expenses and salaries, so
every penny you donate
is spent on the care and
education of
exceptionally bright
children, who have the
potential to become
future change-makers.

Prisca Mulongo

Pestalozzi Zambia Alumna

Midwife for the Ministry of Health &
Clinical Instructor for general nursing and
midwifery students & Adolescent Sexual
Reproductive Health Provider.





“

One thing that Pestalozzi changed in me was I was taught ‘head, heart and hands’ so when I graduated, I did not think only about my career, I also thought about how I could help society, how I should fly high but be rooted to my grounds. The experience helped me to change for the better.”

Usha – India. She is now a Board Member of the Indian Village, helping more children like her to succeed.

Contact us

Pestalozzi World UK
Unit A6 Worth Corner Business
Park
Crawley
RH10 7SL

Tel: 01293 307847
Email: info@pestalozziworld.com

www.pestalozziworld.com

