

**Sparks Charity Trustees Annual Report and Accounts
Year ended 31 January 2017**

Charity registration numbers

1003825 (England & Wales)

SCO39482 (Scotland)

Company registration number

2634037

Sparks Charity
Trustees' Annual Report
for the Year Ended 31st January 2017

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Sparks Charity
Trustees' Annual Report
for the Year Ended 31st January 2017

Royal Patron

HRH Princess Michael of Kent

Honorary Presidents

Una & Ben Foden from Dec 15 to Dec 16

Life Presidents

Sir Geoff Hurst MBE

Sir Trevor Brooking CBE

**Members of the Board of Trustees and
Directors of the Company**

Great Ormond Street Hospital Children's Charity became the sole member of Sparks Charity as of 1 February 17.

Chairman - Jonathan Britton – Resigned 31 Jan 17

Dr Diana Dunstan – Appointed 1 Feb 17

Helen Fridell – Resigned 31 Jan 17

Martin Jepson – Resigned 31 Jan 17

Alison Male – Appointed June 16, Resigned 31 Jan 17

David Moran – Resigned 31 Jan 17

Dr Simon Newell – Deceased Aug 16

David Orr – Resigned 31 Jan 17

Professor Donald Peebles – Resigned 31 Jan 17

Roger Uttley OBE – Resigned 31 Jan 17

Margaret Ewing – Appointed 1 Feb 17

Mark Sartori – Appointed 1 Feb 17

Key Management

Chief Executive

Robert Booker until 28 June 16

Elvira Morrison Acting CEO – 28 June 16 to 31 Jan 17

Finance Director - Joan Prendergast to 31 Jan 17

Director of Medical Research - Dr Julia Ambler DPhil to 31 Jan 17

Chief Scientific Advisor (Consultant) - Professor Gudrun Moore to 31 Jan 17

Medical Advisory Committee – to avoid duplication of activities, the committee was dissolved on the 31 Jan 17 in light of the integration with Great Ormond Street Hospital Children's Charity

Chairman – Alison Male

Dr Topun Austin

Prof Louis Chesler

Dr Ian Crocker

Prof Anna David

Prof Sarah Ennis

Prof Adam Finn

Dr Manju Kurian

Dr Carmel McConville

Prof Paul McNamara

Prof Frances Platt

Dr Malcolm Taylor

Prof Deborah Henderson

Dr Ming Lim

Dr Mark Lyttle

Parent Advisory Committee – to avoid duplication of activities, the committee was dissolved on the 31 Jan 17 in light of the integration with Great Ormond Street Hospital Children's Charity

Chairman - David Orr

Dr Tim Adlam

Mrs Anna Barker

Dr Helen Drake

Mr Neil Evans

Mrs Alex Gear

Mrs Caroline North

Prof Shamima Rahman

Mrs Fiona Rogers

Mrs Tania Wheeler

Dr David Land

Mrs Amanda Walburn-Green

Dr David Windsor

Principal Professional Advisers

Bankers

Barclays Bank

London Business Banking

7th Floor, United Kingdom House

London W1D 1EA

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditor

1 Embankment Place, London WC2N 6RH

Solicitors

Stone King

91 Charterhouse Street, London EC1M 6HR

Investment Managers during the year

Ruffer

80 Victoria St, London SW1E 5JL

Heartwood Investment Management

12 Henrietta St, London WC2E 8LH

Reference and Administrative Information

Charity registration numbers

1003825 (England & Wales)

SCO39482 (Scotland)

Company registration number

2634037

Registered office and operational address:

6 Tinworth Street

London

SE11 5AL until 31 Jan 17

40 Bernard Street

London

WC1N 1LE from 1 Feb 17

Subsidiary of Great Ormond Street Hospital Children's Charity, Charity registration number 1160024, Company registration number 09338724, as of 1 Feb 2017.

Trustees' Report

The Board of Trustees of Sparks Charity ("the Charity") present their annual report for the year ended 31 January 2017 under the Companies Act 2006, together with the audited financial statements for that year. The report and accounts have been prepared in accordance with the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2015).

Looking to the future

In 2016, when the Charity celebrated its 25th anniversary, the Board of Trustees took a natural moment to pause and reflect. The Board talked to the Charity's supporters, looked at its operations and fundraising model and concluded that it could not achieve what it wanted to. The Board knew the Charity had to make changes.

Sparks have always put on successful events, which are a crucial part of how funds are raised, but the Board knew there must be other ways to raise money to help to fund research. The logical step was to work with an organisation skilled in raising money through a wide range of activities.

With that in mind, the Board approached Great Ormond Street Hospital (GOSH) Children's Charity to explore this further – as a children's charity with a strong reputation for funding national research, it felt like a natural home for Sparks. They saw the potential for what could be achieved together and so, on 1 February, Sparks joined the GOSH Charity family as a subsidiary, retaining Sparks' own external brand identity and charity number.

By working together, resource and expertise can be shared and therefore increase investment in child health research, which will benefit children at GOSH, across the UK and around the world. Every year, Sparks income will be combined with £1 million from GOSH Charity, to make up to £2 million available to fund world-class research from across the UK that will help to find new ways to diagnose, treat and cure complex diseases that affect children during pregnancy or childhood. This will be the largest charitable call dedicated to child health research in the UK and will form part of GOSH Children's Charity's 5 year £50 million research and innovation strategy into rare and complex conditions.

The last round of funding as a standalone charity was awarded in March 2017, and the successful projects are shared in the GOSH Charity Annual Report, for the financial year 2016-17 (April – March).

At Sparks, we are excited about what the future holds, and look forward to sharing more successes in due course.

Structure, Governance and Management

All Trustees of Sparks stepped down at midnight on 31 January 2017 and Great Ormond Street Hospital Children's Charity became the sole member of Sparks Charity, appointing three new Trustees.

Governing Document

Sparks is a registered Charity and a company limited by guarantee. The Charity is governed by its Memorandum and Articles of Association adopted on 9th May 1991, amended on 18th January 2011 and last amended on 1st February 2017.

Recruitment and Appointment of Trustees

The Board of Trustees is responsible for the overall governance of the Charity. During the year, Trustees were either elected or co-opted, with the total number of Trustees not to be fewer than four or exceed twenty. A co-opted member could retain office only until the next Annual General Meeting (AGM) and was then eligible for re-election. If a vacancy occurred or a skills need is identified, new Trustees were nominated by existing Trustees and interviewed by the Chairman and at least one other Trustee. Election was by majority vote. As of the 1st February and the amendment to the Articles of Association, Trustees are appointed by Great Ormond Street Hospital Children's Charity, the sole member of Sparks. The total number of Trustees must not be less than two, but has no maximum number. If a vacancy occurs or a skills need is identified, Great Ormond Street Hospital Children's Charity will appoint a new Trustee.

Trustee Induction and Training

New Trustees were invited to have a tailored induction and receive access to a restricted area of the charity intranet where they can access information about the Charity and its work, as well as links to Charity Commission guidance on the role and responsibilities of Trustees.

Organisational Structure

Prior to 1st February 2017, there were five meetings of the Trustees each year in addition to the AGM.

There were three meetings where the main focus was on awarding grants for medical research and two meetings where Trustees reviewed strategy and set operating plans and budgets. There was a review of operating and financial performance at every meeting. The senior management team were invited to attend all meetings of the Trustees.

While most of the business of the Charity was conducted at the scheduled Trustee meetings, there were occasional ad-hoc meetings to deal with matters of special interest.

The Board of Trustees delegated the exercise of certain powers in connection with the management and administration of the Charity as set out below. This was controlled by regular reporting back to the Board of Trustees so that all decisions made under delegated powers could be ratified by the full Board of Trustees in due course.

- The Finance Committee, the members of which during the year were Jonathan Britton and David Moran, was charged with reviewing the strategy, policy and management of the Charity's investment portfolio and advising the Board of Trustees accordingly. The Committee ensured proper procedures were in place to manage cash resources prudently, and to maximise income from liquid resources whilst maintaining sufficient funds to meet daily cash requirements. The Committee also recommended to the Board of Trustees on the appropriate level of free reserves and of any significant change needed in investment strategy.
- The Medical Advisory Committee (MAC) and the Parent Advisory Committee (PAC) were chaired by members of the Board of Trustees. The MAC comprised of eminent scientists and doctors with expertise that was relevant to our work. The PAC was comprised of parents and family members of children affected by medical conditions who have an interest in medical research and wish to have a say in the research funded by Sparks. The Trustees are very grateful to the MAC and PAC for the expert guidance and advice they provided on a *pro bono* basis.

The Finance Committee, Medical Advisory Committee and Parent Advisory Committee were dissolved on the 31st January 2017.

As of 1st February 2017, Trustees will hold at least two meetings a year, but may call additional meetings if required.

Sparks Charity
Trustees' Annual Report
for the Year Ended 31st January 2017

Review of funding applications will be made by the Great Ormond Street Hospital Children's Charity Grants Committee of which Dr Diana Dunstan, Chairman of Sparks is a member. Dr Dunstan will represent the interests of Sparks whilst applications are being considered.

Key Management Personnel

Prior to the 31st January 2017, the Acting Chief Executive of Sparks, Elvira Morrison was responsible for the day to day management of the Charity's affairs and for implementing policies agreed by the Board of Trustees. The Chief Executive was assisted by the Senior Management Team, which consisted of a Director of Medical Research, Director of Finance and Director of Events. Since the 1st February, the Chief Executive of Great Ormond Street Hospital Children's Charity has taken over responsibilities as described above and is assisted by a group of GOSH Charity Directors:

- Director of Communications
- Director of Corporate Partnerships
- Director of Finance and Operations
- Director of Marketing and Public Fundraising
- Director of Major Gift Fundraising and Special Events
- Director of People and Planning

Employees

During the year, the staffing structure changed significantly with a full organisational restructure taking place in November and several redundancies being made. As at the 1st February, the staff employed by Sparks were transferred to Great Ormond Street Hospital Children's Charity under TUPE regulations. As such, Sparks no longer employs any staff. It shares resources with GOSH Charity, which makes a recharge for staff time and other resources used.

Risk Management

Prior to the integration with GOSH Charity, the Trustees had a risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Charity faced, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of

mitigating the risks. The Trustees categorised risks under the headings of Environmental, Financial, Operational, Reputational and Resources.

High cost of fundraising and diversity of income streams had been identified as principal risks to the charity. The new fundraising strategy ensured a change of focus from activities with a high cost of fundraising, to lower cost of fundraising activities as well as looking to diversify income streams by looking at a range of corporates rather than working within specific industries.

As part of this process the Trustees had reviewed and were satisfied with the adequacy of the Charity's internal controls and the costs of operating particular controls relative to the benefits obtained. Procedures were established for reporting failings immediately to appropriate levels of management and to the Board of Trustees.

Since the 1st February 2017, Sparks has been included in the GOSH Charity review of risk, details of which can be found the GOSH Charity Annual Report and Accounts.

Objectives and Activities

Sparks was founded by professional sports people who were grateful for their own good health, and wanted to give something back to those less fortunate. This heritage has continued in the sporting events run by Sparks.

Sparks believes that all children should be given the best start in life and that funding pioneering child health research across the UK will help to find new treatments and cures for children and families who desperately need them. Sparks funds research that will have the greatest impact in diagnosing, treating and curing childhood conditions, which affect children during pregnancy or childhood.

As a member of the Association of Medical Research Charities (AMRC), Sparks has a very robust process for ensuring research funded is of the highest quality. All grants awarded in 2016-17 were awarded by the Charity's Trustees during the year, who took into account a number

of factors, the most important of which were scientific quality as assessed by peer review, the Medical Advisory Committee and the impact of the research on the children and their families as assessed by the Parents Advisory Committee.

In line with the charitable objects, during 2016-17, Sparks continued to work closely with the Royal College of Paediatrics and Child Health, and a number of other research charities.

Achievements and Performance

Supporting High Quality Medical Research

Since 1991 Sparks has been playing a vital role in improving the health and quality of life for children by funding high quality innovative medical research.

During 2016-17, seven new grants were, many on behalf, or in partnership with other charities and 1 supplementary grant, with a total investment of £501,556.

Research Partnerships

Sparks have continued to grow research partnerships, collaborating with rare disease charitable organisations to fund more much-needed research for these communities.

These partnerships now include collaborations with: Dravet Syndrome UK, Niamh's Next Step, Cystic Fibrosis Trust and Fight for Sight.

Rare Disease Conference Fund

Sparks continued to support rare diseases by providing small grants to fund rare disease conferences. The aim of the Conference Fund was to encourage, foster and promote scientific and clinical workshops and conferences in support of rare diseases that have a devastating impact on the lives of affected children and their families. It was an opportunity for the attendees to learn about the latest research and treatments, and identify research priorities for a rare disease area.

The first award made in 2016-17 was to Professor Jill Clayton-Smith at the University of Manchester to hold a one-day conference in the city. The aim of the conference is to gain a patient and public perspective on proposed plans to take

forward a new European Network group for rare congenital anomalies and intellectual disability.

The second award was to Vincenzo Costanzo at The *Italian Foundation for Cancer Research (FIRC)* Institute of Molecular Oncology. His award funded an international, one-day conference on Ataxia-Telangiectasia (AT) in March 2017 involving both researchers and families. AT is a complex condition that affects movement, the immune system, blood vessels and increases the risk of cancer. The conference focused on all aspects of the condition, from the basic mechanisms underlying AT and to the more clinical aspects. These events, have previously been held all over the world and have inspired young and established investigators, boosted basic and clinical research on AT, and raised scientific interest and awareness amongst the public and decision-makers about this rare syndrome.

The third award was to the organisation Parents of Partially Sighted and Blind Youngsters (POPSY). Their conference will focus on Warburg Micro Syndrome (WMS) an extremely rare condition that results in varied symptoms, including the underdevelopment of the brain and skull, problems with the cornea of the eye, cataracts present from birth, problems with the optic nerve and intellectual disability. The four-day conference will take place in the UK or USA sometime in 2017 and will bring together the global community of families and researchers to advance progress and comradery in this small community.

The final award was to Professor Lucy Wedderburn at the UCL Great Ormond Street Institute of Child Health to hold a national meeting of researchers, clinicians and families on the rare condition Juvenile Dermatomyositis (JDM). JDM is a rare 'autoimmune' disease when the immune system attacks the body instead of protecting it, causing muscle weakness and rashes, and can also affect the gut and lungs. The conference will allow the latest findings of the UK JDM Cohort and Biomarker study to be shared as well as an update on research more broadly.

Research Outcomes

In total, 14 research grants were completed during 2016-17, covering a diverse range of conditions that affect the health of babies, children and expectant mothers. Research topics included preventing stillbirth, ataxia-telangiectasia, cerebral palsy, childhood cancers and juvenile arthritis. The following are some examples of research that were completed during the year:

Embracing smartphone technology to help children with cerebral palsy

Cerebral palsy, damage to the brain occurring during pregnancy, birth or early life, affects around one in every 400 children in the UK. It can dramatically affect a child's ability to control their movement and for some the movements needed for speech. This can make it hard for others to understand what the children are saying, making socialising difficult and frustrating. Dr Lindsay Pennington based at the University of Newcastle has recently completed a vital project to see if taking advantage of current technology could help these children with their speech and socialising.

For many children with cerebral palsy, speech therapy is an important tool, but often this doesn't start until children are older. Any steps to improve a child's speech at an early age could dramatically change the way they communicate with friends and family and improve their participation at school. Dr Pennington and her team showed that families were also keen to start speech therapy at a younger age and to become more involved their child's development. Funding from Sparks enabled the team to develop a smartphone app to help identify areas for improvement in the child's speech and allow parents and therapists to work more closely together. Parents are able to film their child and make notes on how, why and when the film was taken and share the recordings with a therapist. Together, they can then understand how to help the child to vocalise and speak more frequently. Testing for the app is currently underway, and could help improve the quality of life for many children with cerebral palsy and their families.

Finding new ways to prevent damage to the brain in babies born too soon

Babies born prematurely are more likely to suffer damage to their brain, caused by a lack of oxygen or blood flow during birth, than babies born at term. This can lead to cerebral palsy, causing neurological disabilities and difficulties moving and controlling muscles. These children can also have difficulties learning, seeing hearing and talking. Around 15-20 per cent of babies with cerebral palsy die during the first few months of life, and of those that survive, 25 per cent developing irreversible mental and physical disabilities.

Treatments are being developed to alleviate the symptoms of cerebral palsy, and research has demonstrated that cooling babies down immediately after birth can improve their long-term outcome, but this method cannot be used in preterm babies.

Dr Pascale Guillot is determined to find new and better ways to help preterm babies and those for who cooling isn't appropriate. Along with her team, she has found that the liquid that surrounds the baby in the womb contains a specific type of cell that can actually protect the brain from reduced oxygen at birth. These cells work by delivering important molecules that prevent the death of cells in the brain. These molecules are contained in tiny sacs called vesicles. Thanks to our funding, Dr Guillot and her team have isolated these vesicles and confirmed that they can reduce the inflammation, which can lead to cell death, in the lab.

The cells, that produce these molecules, are shed by the baby in the womb, and have the potential to be isolated during routine prenatal diagnostics or at birth, and banked for future use. There is a chance these cells could be used alongside other strategies that reduce the risk of damage to the brain in babies born too soon.

Uncovering vital clues in stillbirth

Stillbirths, where a baby loses their life in the womb, is more common than many people realise. And for families the heartbreak and uncertainty can be exacerbated by the fact there is often no answers as to why it has happened – the majority have no known cause.

Funding from Sparks allowed Dr Ian Crocker and his team at the University of Manchester to investigate whether an undiagnosed condition could be leading to the loss of pregnancy in some women. They discovered that in nearly five per cent of stillbirths, an undiagnosed autoimmune condition could be the cause. In autoimmune conditions, the body's immune system turns on its own cells, instead of tackling foreign invaders like bacteria or viruses. In fact, a third of these women also went on to show the same signs of autoimmunity in their next pregnancies, as well as, in some cases, problems with blood flow to the baby.

These findings show that screening for conditions such as this in early pregnancy could reduce the number of babies who lose their life in the womb, or those who fail to grow adequately due to a poor blood supply. The team are hoping to translate these findings into the clinic, offering new ways to save families the heartbreak of a stillbirth and give more babies the best chance of life.

Sparks and the Royal College of Paediatrics and Child Health Young Investigator of the Year Award

The Board were delighted to announce the Sparks Young Investigator of the Year, which was awarded in May 2016 in conjunction with the Royal College of Paediatrics and Child Health. The winner was Dr Manish Sadarangani, a Clinical Lecturer and Honorary Consultant in Paediatric Infectious Diseases and Immunology at The Children's Hospital, Oxford.

Dr Sadarangani's research has primarily focussed in two related areas: development and assessment of childhood vaccines, particularly for meningococcal disease (a major cause of meningitis and blood poisoning) and better diagnosis and treatment of childhood brain infections – meningitis and encephalitis.

His early research involved a new approach to developing a vaccine for meningococcal disease. He then worked in Canada, working to demonstrate the impact of the MenC vaccine and researching the after effects of meningococcal disease. Since returning to Oxford in 2013 he has been using cutting edge technology to understand which genes are switched 'on' and

'off' after vaccination. This will help to understand how the immune system responds to vaccines and could improve their design in the future.

Since 2011, Dr Sadarangani has expanded his research to childhood brain infections – meningitis (infection of the lining around the brain) and encephalitis (infection of the brain itself). He has been coordinating a UK-wide study in 30 hospitals investigating the causes, symptoms and after effects of meningitis, and is designing a new test to try and identify the causes in the 40% of children for who current tests can't give conclusive answers. He is also an investigator in a major clinical trial searching for better treatments for children with encephalitis.

His other research has included looking at the influence of 'good bacteria' in the gut on infection and immunity and investigating how antibiotics are used in hospitals to help reduce antibiotic resistance.

Grant Round

Given the integration with Great Ormond Street Hospital Children's Charity, the grant round was deferred until March 2017.

Fundraising

In 2016-17 Sparks were again fortunate to benefit from some substantial one-off major gifts. Events, Community and Partner charity income were all higher than last year, however total income decreased by 30% to £2,858,161 due to the end of the corporate partnership with Deutsche Bank. The cost of generating incoming resources increased by 1%.

The Sparks Research Partner scheme continues to help smaller medical research charities to administer their research programmes and receive the benefits of international peer review. Six organisations have joined the scheme to date and we continue to encourage more partners to join us.

The Board look forward to working with our existing partners in 2017-18 as well as welcoming new organisations to the scheme.

The Founders of Sparks wanted sporting and social events to feature as a fundamental part of fundraising activity. Over our 25 years, Sparks

have built an enviable reputation for hosting high quality events and we want to continue to build on this reputation.

Corporate partners continued to provide much needed income for the medical research programme and Sparks were extremely fortunate to have been chosen as Deutsche Bank's Charity of the Year for the calendar year 2015, the legacy of which saw further income in 2016. Relationships have continued with House of Fraser, Mansion House Consulting and a number of other corporates.

The Board would like to record thanks to all of the Sparks voluntary committee members for their time and commitment in helping the organisation to achieve these results; and everyone who donated their time, valuable auction items or supported and/or participated in our events.

Once again the contribution from the Sparks' staff was commended by the Trustees (previous and current) and they would like to thank them all for their productivity and commitment.

Cost of Fundraising

Sparks' fundraising is different to that of most other charities in that a large proportion of income is received from staging sporting and social events. In most cases, these activities require significant investment in order to provide substantial returns (event costs include such items as venue hire, catering costs, golf green fees, plus VAT on these costs, which the Charity cannot recover). As Sparks moves forward and work towards expanding the area of philanthropic giving it is expected there will be a proportionate reduction in the cost of fundraising. Sparks continue to raise funds through events and significant emphasis has been placed on reducing the costs of these events by smarter negotiation and procurement expertise. In accordance with the Statement of Recommended Practice for Charity accounting, event costs are included in the Statement of Financial Activities as a cost of fundraising under the heading 'Expenditure on raising funds' (page 16).

Presidents

Sparks would like to thank Una and Ben Foden, the Presidents for 2016, and Life Presidents, Sir Geoff Hurst MBE and Sir Trevor Brooking CBE for their tremendous contribution to fundraising during the past year. They attended numerous fundraising events throughout the year and have been tireless supporters of the Charity.

Patrons

Sparks' Royal Patron, HRH Princess Michael of Kent, continues to give excellent support to the Charity, attending events and helping to publicise the work of the Charity. Sparks are most grateful to Her Royal Highness for her continued support of the work of the Charity.

Ambassadors from the worlds of sport and entertainment make a unique contribution to the Charity. Sparks stage numerous sporting and social events throughout the year and the Ambassadors help to make these events a great success. Sparks could not achieve the level of fundraising without their support.

How Our Activities Deliver Public Benefit

The Trustees have given due regard to the Charity Commission guidance on public benefit when reviewing the Charity's aims and objectives and are proud of the major contribution that Sparks has made in delivering public benefit.

Sparks investment in paediatric research has made a significant contribution to child health since we became a registered Charity in 1991, funding more than 300 novel research projects in over 90 hospitals, universities and research institutions in the UK and around the world.

Through research, Sparks has helped improve the quality of life for children, suffering from a range of complex conditions. Some Sparks funded world-class research, such as combination therapy of brain cooling and xenon gas is having a major impact on child health.

Financial Review and Results for the Year

Overview

The Statement of Financial Activities, set out on page 16, shows that gross income decreased by 30% to £2,858,161 (2016: £4,127,759).

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Expenditure on charitable activities decreased by 33% to £1,108,941 (2016: £1,661,937). Total resources expended of £2,730,003 (2016: £3,257,630) resulted in a net surplus for the year of £128,158 (2016 surplus: £870,129). After taking into account gains/losses on investments, total fund surplus was £388,746 (2016 surplus: £778,541). Total funds held as at the end of the year were £1,397,364 (2016 - £998,850). Funds were retained to ensure availability of funds for the grant round in March 2017.

Restricted Funds

These are funds subject to conditions specified by the donor (for example by a letter from the donor at the time of the donation or by the terms of a public appeal). They can only be used for the purposes for which they are given. Note 13 to the Financial Statements sets out the restricted income for the year and, where such income relates to a single research project, the grant reference is included in Note 13. Where such income relates to multiple research projects, i.e. for income from The Rooney Foundation, the research projects are identified in Note 7 to the Financial Statements (pages 24-25). The restricted funds held at the end of the year were £410,093 (2016 - £186,641).

Designated Funds

A designated fund of £3,091 (2016 - £150,000) was established in the prior year to ensure funds were available for the office move which took place in February 16. The funds were retained in the fund as contribution towards moving expenses to Bernard Street on 1st February 2017.

An additional designated fund of £600,000 was created in the year for Research Funding.

Reserves

Free reserves available for use by the Charity are deemed to be those that are readily realisable, excluding any funds whose uses are restricted or else designated for particular purposes.

During 2016-17 the target range for free reserves was £350,000 to £400,000, approximately equivalent to three months' cash working capital to enable the Charity to cope with any emergencies.

At the year-end, the Charity's unrestricted and designated funds were £984,180 (2016: £662,209). Anticipating the grant round in March 2017 the Trustees designated some funds to ensure sufficient funds available.

The current Trustees will consider the appropriate level of free reserves to be held by Sparks going forward, taking into consideration the Charity's position as a subsidiary of GOSH Charity.

Investment Policy and Performance

Sparks investments at 31st January were £2,403,190 (2016: £2,151,343). These investments were held to ensure the organisation could meet the committed research grant liabilities and include the free reserves of the Charity. Investments were held in cash deposits, bonds, and equity related products, depending on the prevailing economic climate. As an ethical stance, the Trustees had a policy of not investing in tobacco stocks due to the harm that smoking can cause to the unborn child. The investment policy aimed to achieve a reasonable balance between risk and reward. In view of the existing low returns from cash deposits, the Trustees decided to invest in some low risk equity related products.

Trustees took the decision to sell investments so as to preserve capital (and remove investment risk) for the grant commitments made. The sale of investments took place in March 2017.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of Sparks Charity for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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 Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent²;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

The Trustees are responsible for the maintenance and integrity of 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.

In accordance with Section 418, Trustees' reports shall include a statement, in the case of each trustee in office at the date the Trustees' report is approved, that:

(a) so far as the trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board of Trustees:

Diana Dunstan
Chair

Registered Office
SPARKS Charity
40 Bernard Street
London
WC1N 1LE

18 July 2017

Report on the financial statements

Our opinion

In our opinion, Sparks Charity's financial statements (the financial statements"):

give a true and fair view of the state of the charitable company's affairs as at 31 January 2017 and of its incoming resources and application of resources, including its income and expenditure and cash flows 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

What we have audited

The financial statements, included within the Trustees Annual Report and Accounts (the "Annual Report"), comprise:

the balance sheet as at 31 January 2017;

the statement of financial activities (incorporating an Income and Expenditure Account) for the year then ended;

the statement of cash flows for the year then ended; and

the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Trustees have made a

number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

we have not received all the information and explanations we require for our audit; or

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 12, the Trustees 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the Trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.

Jill Halford (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory
Auditors
London

18 July 2017

Sparks Charity
Statement of Financial Activities (Incorporating an Income and Expenditure Account)
For the year ended 31st January 2017

| | Notes | Unrestricted Funds 2017 £ | Designated Funds 2017 | Restricted Funds 2017 £ | Total as at 31 January 2017 £ | Unrestricted Funds 2016 £ | Designated Funds 2016 | Restricted Funds 2016 £ | Total as at 31 January 2016 £ |
|--|-------|---------------------------------|--------------------------|-------------------------------|--|---------------------------------|--------------------------|-------------------------------|--|
| INCOME | | | | | | | | | |
| Donations & Legacies | 2.1 | 298,248 | - | 503,719 | 801,967 | 1,372,589 | - | 896,335 | 2,268,924 |
| Other trading activities | 2.2 | 1,827,622 | - | 206,370 | 2,033,992 | 1,831,043 | - | - | 1,831,043 |
| Income from investments | 2.3 | 22,202 | - | - | 22,202 | 27,792 | - | - | 27,792 |
| Total income and endowments | | <u>2,148,072</u> | <u>-</u> | <u>710,089</u> | <u>2,858,161</u> | <u>3,231,424</u> | <u>-</u> | <u>896,335</u> | <u>4,127,759</u> |
| EXPENDITURE | | | | | | | | | |
| Raising Funds | | 1,474,153 | 146,909 | - | 1,621,062 | 1,595,693 | - | - | 1,595,693 |
| Charitable Activities | 7 | 703,408 | - | 405,533 | 1,108,941 | 869,333 | - | 792,604 | 1,661,937 |
| Total expenditure | 4 | <u>2,177,561</u> | <u>146,909</u> | <u>405,533</u> | <u>2,730,003</u> | <u>2,465,026</u> | <u>-</u> | <u>792,604</u> | <u>3,257,630</u> |
| Net Incoming/(outgoing) resources | | (29,489) | (146,909) | 304,556 | 128,158 | 766,398 | - | 103,731 | 870,129 |
| Net gain/(loss) on investments | 9 | 260,588 | - | - | 260,588 | (91,588) | - | - | (91,588) |
| Net income/expenditure | | <u>231,099</u> | <u>(146,909)</u> | <u>304,556</u> | <u>388,746</u> | <u>674,809</u> | <u>-</u> | <u>103,731</u> | <u>778,541</u> |
| Transfers between funds | 13 | <u>(509,128)</u> | <u>600,000</u> | <u>(90,872)</u> | <u>-</u> | <u>(115,463)</u> | <u>150,000</u> | <u>(34,537)</u> | <u>-</u> |
| Net incoming/(outgoing) resources before investment gains | | <u>(278,029)</u> | <u>453,091</u> | <u>213,684</u> | <u>388,746</u> | <u>559,347</u> | <u>150,000</u> | <u>69,194</u> | <u>778,541</u> |
| Other gains and losses | | - | - | 9,768 | 9,768 | - | - | 15,236 | 15,236 |
| Net movement in funds | | <u>(278,029)</u> | <u>453,091</u> | <u>223,452</u> | <u>398,514</u> | <u>559,347</u> | <u>150,000</u> | <u>84,429</u> | <u>793,777</u> |
| Funds brought forward 1 February 2016 | | <u>662,209</u> | <u>150,000</u> | <u>186,641</u> | <u>998,850</u> | <u>102,862</u> | <u>-</u> | <u>102,211</u> | <u>205,073</u> |
| Funds carried forward 31 January 2017 | | <u>384,180</u> | <u>603,091</u> | <u>410,093</u> | <u>1,397,364</u> | <u>662,209</u> | <u>150,000</u> | <u>186,641</u> | <u>998,850</u> |

All of the above results are derived from continuing activities. There were no other recognised gains and losses other than those stated above. **The notes on pages 18 to 28 form part of these financial statements**

Sparks Charity

Balance Sheet
As at 31st January 2017

| | Notes | 2017 £ | 2016 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | <u>-</u> | <u>4,541</u> |
| | | <u>-</u> | <u>4,541</u> |
| CURRENT ASSETS | | | |
| Debtors | 10 | 451,863 | 774,479 |
| Investments | 9 | 2,403,190 | 2,151,343 |
| Cash at bank | | <u>371,543</u> | <u>1,197,119</u> |
| | | <u>3,226,596</u> | <u>4,122,941</u> |
| CREDITORS: amounts falling due within one year | 11a | (1,429,430) | (2,230,321) |
| | | <u>1,797,166</u> | <u>1,892,620</u> |
| NET CURRENT ASSETS | | <u>1,797,166</u> | <u>1,892,620</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,797,166 | 1,897,161 |
| CREDITORS: amounts falling due after more than one year | 11b | <u>(399,802)</u> | <u>(898,311)</u> |
| NET ASSETS | | <u>1,397,364</u> | <u>998,850</u> |
| FUNDS | | | |
| Unrestricted funds | | 384,180 | 662,209 |
| Designated funds | | 603,091 | 150,000 |
| Restricted funds | | <u>410,093</u> | <u>186,641</u> |
| TOTAL FUNDS | | <u>1,397,364</u> | <u>998,850</u> |

These financial statements were approved by the Board of Trustees on 18 July 2017

Diana Dunstan
Chair of Trustees

The notes on pages 18 to 28 form part of these financial statements

Sparks Charity

Statement of cash flows

| | Note | Total at 31 January 2017 (£) | Total at 31 January 2016 (£) |
|---|------|---------------------------------|---------------------------------|
| Cash flows from operating activities: | | | |
| Net cash provided by (used in) operating activities | | (857,546) | 169,495 |
| Cash flows from investing activities: | | | |
| Dividends and interest from investments | | 22,202 | 27,793 |
| Proceeds from the sale of property, plant and equipment | | - | - |
| Purchase of property, plant and equipment | | - | (1,481) |
| Net cash provided by (used in) investing activities | | 22,202 | 26,312 |
| Cash flows from financing activities: | | | |
| Net cash provided by (used in) financing activities | | - | - |
| Change in cash and cash equivalents in the reporting period | | (835,344) | 195,807 |
| Cash and cash equivalents at the beginning of the reporting period | | 1,197,119 | 986,075 |
| Change in cash and cash equivalents due to exchange rate movements | | 9,768 | 15,237 |
| Cash and cash equivalents at the end of the reporting period | | 371,543 | 1,197,119 |

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

| | Current Year £ | Current Year £ |
|---|----------------|----------------|
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 388,746 | 778,541 |
| Adjustments for: | | |
| Depreciation charges | 2,928 | 7,822 |
| (Gains)/losses on investments | (260,588) | 91,588 |
| Dividends, interest and rents from investments | (22,202) | (27,792) |
| Investment Management Fee | 8,739 | 12,997 |
| Loss/(profit) on the sale of fixed assets | 1,615 | - |
| (Increase)/decrease in debtors | 322,616 | 450,752 |
| Increase/(decrease) in creditors | (1,299,400) | (1,144,413) |
| Net cash provided by (used in) operating activities | (857,546) | 169,495 |

Analysis of cash and cash equivalents

| | Current Year £ | Current Year £ |
|--|----------------|----------------|
| Cash in hand | 371,543 | 1,197,119 |
| Total cash and cash equivalents | 371,543 | 1,197,119 |

Sparks Charity
Notes to the accounts
for the year ended 31st January 2017

1. ACCOUNTING POLICIES

Sparks Charity is a charitable company incorporated in England and Wales (company number 2634037) and is charity registered with the Charity Commission in England and Wales (registration number 1003825) and with the Office of the Scottish Charity Regulator (registration number SC039482). The registered office is 40 Bernard Street, London, WC1N 1LE.

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Charity constitutes a public benefit entity as defined by FRS 102.

In preparing the financial statements, 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.

The Trustees have considered the period at least 12 months from the date of this report and assessed whether the charity is able to continue as a going concern, in view of projected income, expenditure and future cash flows. If income from operating activities were to fall due to a change in the economic environment or other adverse event, the Trustees of GOSH Charity have agreed to support Sparks so that the Charity would continue to be able to meet its commitments as they fall due or that actions could be taken to reduce expenditure accordingly. Accordingly, the Trustees continue to adopt the going concern basis in preparing the Financial Statements.

a) Incoming resources and fund-accounting

Income is included in the Statement of Financial Activities when the Charity is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable certainty. For legacies, entitlement is considered established once the Charity has been notified of an impending distribution and the value of the legacy can be reliably measured. Income received in advance of due performance under a contract is accounted for as deferred income until earned.

Grant income is included when the related conditions for legal entitlement to the grant have been met. All other income is accounted for on an accruals basis.

Trust funds are administered and accounted for as restricted income for the relevant donor-specified activity or purpose.

Designated funds represent amounts set aside at the discretion of the Trustees for specific purposes or projects to be financed out of the Charity's unrestricted reserves.

Gifts in kind and donated services are included in the Statement of Financial Activities at the value at which the Charity would be prepared to pay in the open market for such services or facility of equivalent value to the Charity. Where such services would not normally have been used by the Charity, these gifts and services have been included in the Statement of Financial Activities at nil.

b) Resources expended

All resources expended are accounted for on an accruals basis. Charitable activities include costs of services and of grants, also support costs and depreciation on related assets. Costs of generating funds similarly include fundraising and non-charitable fundraising activities.

Non-staff costs not attributable to one category of activity are allocated or apportioned pro rata to the staffing of the relevant service. Finance and administration staff costs are directly attributable to individual activities on the basis of staff time. Governance costs are those associated with constitutional and statutory requirements, and form part of support costs.

c) Tangible fixed assets

Assets costing more than £500 are capitalised.

d) Depreciation

Depreciation is provided to write off the cost, less estimated residual value, of all fixed assets on a straight line basis over their expected useful lives at the following annual rates:

| | |
|----------------------------------|-----|
| Fixtures, fittings and furniture | 33% |
| Computer equipment | 33% |
| Other equipment | 25% |

e) Investments

Investments are shown in the balance sheet at fair value. Unrealised gains and losses are calculated as the movement in market value during the year. Realised gains and losses are

Sparks Charity
Notes to the accounts
for the year ended 31st January 2017

calculated as the difference between disposal proceeds and the market value of the investment at the beginning of the year or cost of purchase during the year.

f) Pension costs

The Company had provided a stakeholder pension plan through Clerical Medical for some employees who wish to join and had completed three months service.

As of 1st February 2016, the Charity put in place an automatic enrolment scheme for all employees. Those employees already enrolled on the pension scheme with Clerical and Medical continued as they were. The remaining employees were enrolled on the NEST pension scheme, with minimum employee contributions of 1% being matched by the Charity.

Employee contributions could be increased if desired, with the Charity matching up to a maximum of 5%.

As at 1st February 2017 there were no employees remaining in the Clerical and Medical scheme and all employees on the NEST scheme opted to transfer to GOSH Charity terms and conditions and therefore the pension provided by GOSH Charity.

Contributions to money purchase pension plans are included in Resources Expended (apportioned by category) as incurred and accumulate through the year.

f) Grants payable

Grants payable are provided for in full in the year in which they are awarded. Awards are based on agreed criteria and once made, are expected to continue for the whole of the period specified. The Charity requires an annual report from the grant holder and reserves the right to review or terminate the grant if adequacy and progress are not considered acceptable. Applicants are required to include in the application submitted to the Charity any anticipated increases in salaries or equipment costs during the term of the grant.

During the term of the grant any additional costs and contingencies subsequently agreed are shown as additional allocations. Any balance that remains unspent on completion of the research is written back into the accounts.

All grants awarded are institutional grants.

g) Liabilities

Liabilities are recognised when the Charity has an obligation to make payment to a third party.

h) Taxation

Sparks Charity as a registered charity is exempt from income tax under part 10 of the Income Tax Act 2007 or Section 256 of the Taxation of the Chargeable Gains Act 1992, to the extent that surpluses are applied to its charitable purposes. No corporation tax charge has arisen in the year. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

i) Financial instruments

Sparks has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

Investments, including bonds held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure.

j) Estimation uncertainty

In the application of the Charity's accounting policies, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Sparks Charity
Notes to the accounts
for the year ended 31st January 2017

2. INCOME

| | 2017 | 2016 |
|--|------------------|------------------|
| | £ | £ |
| 2.1 Donations and legacies | | |
| Direct gifts from individuals and trusts | 316,974 | 827,303 |
| Legacies | 500 | 0 |
| Income from Partner Charities | 282,928 | 182,740 |
| Corporate Partnerships | 128,960 | 1,180,175 |
| Regional Fundraising | <u>72,605</u> | <u>78,706</u> |
| | <u>801,967</u> | <u>2,268,924</u> |
| 2.2 Other trading activities | | |
| Fundraising Events | 1,630,147 | 1,501,056 |
| Challenge Events | <u>403,845</u> | <u>329,987</u> |
| | <u>2,033,992</u> | <u>1,831,043</u> |
| 2.3 Investments | | |
| Income from listed investments | 21,925 | 27,567 |
| Interest received - Bank | <u>277</u> | <u>225</u> |
| | <u>22,202</u> | <u>27,792</u> |
| Total Income | <u>2,858,161</u> | <u>4,127,759</u> |

3. NET INCOME/(EXPENDITURE) FOR THE YEAR

| | 2017 | 2016 |
|----------------------------------|----------|----------|
| | £ | £ |
| This is stated after charging: | | |
| Depreciation | 2,928 | 7,822 |
| Payments under operating leases: | | |
| - land & buildings | 75,964 | 138,693 |
| Auditors remuneration | | |
| - audit | 14,400 | 15,300 |
| - other services | <u>-</u> | <u>-</u> |

Sparks Charity
Notes to the accounts
for the year ended 31st January 2017

4. ANALYSIS OF TOTAL EXPENDITURE

| | Staff Costs (Note 5) £ | Events & Fundraising Costs £ | Charitable Activity £ | Support Costs £ | 2017 Total £ | 2016 Total £ |
|----------------------------------|------------------------------|---------------------------------------|-----------------------------|-----------------------|------------------|------------------|
| Cost of generating funds: | | | | | | |
| Cost of staging events | 339,135 | 646,626 | - | 107,248 | 1,093,009 | 1,151,808 |
| Fundraising and publicity | 236,417 | 61,145 | - | 221,751 | 519,313 | 430,888 |
| Investment management fee | - | 8,740 | - | - | 8,740 | 12,997 |
| | <u>575,552</u> | <u>716,511</u> | <u>-</u> | <u>328,999</u> | <u>1,621,062</u> | <u>1,595,693</u> |
| Charitable expenditure: | | | | | | |
| Grant support costs | 193,305 | - | 38,926 | 31,249 | 263,480 | 242,324 |
| Research Grants | - | - | 456,572 | - | 456,572 | 1,004,850 |
| Dissemination of Information | 110,346 | - | - | 31,441 | 141,787 | 168,446 |
| Medical Research Promotion | 88,180 | - | - | 23,340 | 111,520 | 130,322 |
| Governance costs | 81,005 | 54,577 | - | - | 135,582 | 115,995 |
| | <u>472,836</u> | <u>54,577</u> | <u>495,498</u> | <u>86,030</u> | <u>1,108,941</u> | <u>1,661,937</u> |
| Total Expenditure | <u>1,048,388</u> | <u>771,088</u> | <u>495,498</u> | <u>415,029</u> | <u>2,730,003</u> | <u>3,257,630</u> |

Sparks Charity
Notes to the accounts
for the year ended 31st January 2017

5. EMPLOYEES

| | 2017 £ | 2016 £ |
|--------------------------|------------------|------------------|
| Staff costs consists of: | | |
| Wages and salaries | 945,650 | 1,031,210 |
| Social security costs | 89,495 | 101,818 |
| Pension costs | <u>13,243</u> | <u>14,586</u> |
| | <u>1,048,388</u> | <u>1,147,614</u> |

The above includes redundancy payments in 2017 of £116,553.

The key management personnel of the charity comprise the Chief Executive, Director of Medical Research, Director of Events, Finance Director, and Head of Marketing and Communications. The total employee benefits of the key management personnel of the Charity were £377,202 (2016 - £383,258).

Robert Booker acted as Interim Chief Executive on a pro-bono basis until 30 June 2016.

The number of employees during the year was made up as follows:

| | 2017 No. | 2016 No. |
|----------------------------|-------------|-------------|
| Fundraising & Events | 13 | 16 |
| Communications & Publicity | 4 | 4 |
| Direct Charitable Activity | 3 | 3 |
| Finance & Administration | <u>6</u> | <u>7</u> |
| | <u>26</u> | <u>30</u> |

Employees whose gross emoluments were in the following range:

| | No. | No. |
|----------------------|----------|----------|
| £90,001 to £100,000 | 2 | 1 |
| £130,000 to £140,000 | <u>1</u> | <u>-</u> |

The highest paid employee is in the defined contribution pension scheme at a cost to the Charity of £4,750 (2015: £792 (part year)). Exceptional payments in relation to redundancy significantly increased the normal pay bands and are reflected in the above statistics.

6. TRUSTEES' REMUNERATION AND EXPENSES

The Trustees received no remuneration or expenses in the performance of their governance duties and no payment for services during the year (2016: nil).

7. RESEARCH GRANTS TO INSTITUTIONS

| Grant Number | New Project Grants Awarded & Research Training Fellowships: | £ |
|--------------|---|-----------|
| 16ICH02 | Institute of Child of Health | 59,919 |
| 15BRU01 | Brunnel University | 106,941 |
| 15UOZ01 | University of Zurich | 50,000 |
| 15UCL04 | University College London | 150,000 |
| 16RUN02 | Radboudumc Amalia Children's Hospital | 93,348 |
| 16QMU00 | Neurosciences Centre | 18,560 |
| | | <hr/> |
| | | 478,768 |
| | Supplementary Grant Awards: | |
| 15KCL04 | Kings College London | 12,358 |
| | | <hr/> |
| | | 491,126 |
| MEDAL02 | Dr Manish Sadarangani | 500 |
| MEDAL03 | University of Oxford | 500 |
| | Rare Disease Conference Fund: | |
| 16IFO00 | FROM Foundation, Italy | 2,000 |
| 16RDC01 | POPSY Charity | 2,000 |
| 16ICH04 | UCL Great Ormond Street Institute for Child Health | 2,000 |
| 16QMU00 | Queen Mary University of London | 1,580 |
| 16MAN01 | Manchester University | 1,850 |
| | | <hr/> |
| | | 501,556 |
| | Grants written back | (53,813) |
| | Support Costs - Grant Administration | 263,479 |
| | | <hr/> |
| | | 711,222 |
| | | <hr/> |
| | Movement on outstanding accrued grant commitments for the year: | |
| | Commitments brought forward | 2,876,532 |
| | New awards made during the year | 501,556 |
| | Grants written back in the year | (53,813) |
| | Sub-total | <hr/> |
| | | 3,324,275 |
| | Commitments met during the year - grant payments made | 1,596,618 |
| | Commitments carried forward | <hr/> |
| | | 1,727,657 |
| | Commitments carried forward | |
| | - Up to one year | 1,327,855 |
| | - More than one year | 399,802 |
| | | <hr/> |
| | | 1,727,657 |

7. GRANTS TO INSTITUTIONS (CONTINUED)

New Grants Awarded 2016-17

Project grants

(On behalf of the Castang Foundation)
16ICH02
Dr Michelle de Haan £59,919
UCL Great Ormond Street Institute of Child
Health

(On behalf of Dravet Syndrome UK)
16GLW00
Professor Sameer £18,560
University of Glasgow

(In partnership with Fight for Sight– 50%
each, total amount £15k and administered
by them)
16BTH00
Prof. Neil McHugh £7,500
University of Bath

(On behalf of the XLP Research Trust)
15UOZ01
Professor Christian Munz £50,000
University of Zürich

(In partnership with the Cystic Fibrosis Trust
– 50% each, but administered by Sparks)
15UCL04
Dr Paola Vergani £150,000
University College London

(On behalf of Niamh's Next Step)
15BRU01
Professor Arturo Sala £106,941
Brunel University

(In partnership with Action for A-T – Sparks
amount 54,356.84, administered by Sparks)
16RUN02
Dr Peter Merkus €110,534.37
Radboud Universitat Nijmegen

Rare disease conference grants

16MAN01
Prof Jill Clayton-Smith £1,850
University of Manchester

16IFO00
DR Vincenzo £2,000
IFOM Foundation, Italy

16RDC01
Dr Tyandra Blewitt £2,000
POPSY Charity

16ICH04
Professor Lucy Wedderburn £2,000
UCL Great Ormond Street Institute of Child
Health

Supplementary awards

(In addition to 11QMU13)
16QMU00
Professor Silvia £1,580
Queen Mary University of London

RCPCH Young Investigator of the Year Award 2017

£1,000 awarded to Dr Manish Sadarangani
at the University of Oxford for his research
into preventing and treating brain infections.
The winner receives a personal award of
£500 and another £500 towards new
equipment/laboratory expenses, as well as
a prestigious trophy, which has been
awarded by us for the last 15 years.

Sparks Charity
Notes to the accounts
for the year ended 31st January 2017

8. TANGIBLE ASSETS

| | Fittings & Furniture £ | Computers & Website £ | Motor Vehicles £ | Total £ |
|--------------------------------------|------------------------------|-----------------------------|------------------------|------------------|
| Cost | | | | |
| At 1 February 2016 | 125,624 | 83,787 | 6,000 | 215,411 |
| Additions | - | - | - | - |
| Disposals | <u>(125,624)</u> | <u>(83,787)</u> | <u>-</u> | <u>(209,411)</u> |
| At 31 January 2017 | <u>-</u> | <u>-</u> | <u>6,000</u> | <u>6,000</u> |
| Depreciation | | | | |
| At 1 February 2016 | 125,179 | 79,691 | 6,000 | 210,870 |
| Charge for year | 445 | 2,483 | - | 2,928 |
| Disposal | <u>(125,624)</u> | <u>(82,174)</u> | <u>-</u> | <u>(207,798)</u> |
| At 31 January 2017 | <u>-</u> | <u>-</u> | <u>6,000</u> | <u>6,000</u> |
| Net book value At 31 January 2017 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31 January 2016 | <u>445</u> | <u>4,096</u> | <u>-</u> | <u>4,541</u> |

9. INVESTMENTS

| | £ | £ |
|---|------------------|------------------|
| Listed Investments | | |
| Value of investment portfolio as at 1 February 2016 | 2,151,343 | 2,255,928 |
| Additions at cost | 1,602,391 | 379,600 |
| Disposal proceeds | (1,071,102) | (484,526) |
| Movement in investments | <u>(279,442)</u> | <u>341</u> |
| Value of investment portfolio at 31 January 2017 | <u>2,403,190</u> | <u>2,151,343</u> |
| Represented by: | | |
| Listed investments | | |
| Ruffer LLP Portfolio | 1,268,681 | 1,106,537 |
| Heartwood Wealth Management portfolio | 1,133,815 | 839,823 |
| Access Intelligence Shares | 694 | 694 |
| Heartwood Cash Deposits | 0 | 204,289 |
| | <u>2,403,190</u> | <u>2,151,343</u> |
| Historical cost of portfolio | <u>2,020,371</u> | <u>2,020,371</u> |

Sparks Charity
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10. DEBTORS

| | 2017 | 2016 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Other debtors | 67,206 | 270,747 |
| Prepayments and accrued income | 384,657 | 503,732 |
| | <u>451,863</u> | <u>774,479</u> |

11. CREDITORS

| | 2017 | 2016 |
|--|------------------|------------------|
| | £ | £ |
| a) Amounts falling due within one year | | |
| Research grants | 1,327,855 | 1,978,221 |
| Other taxes and social security costs | - | 0 |
| Accruals & trade creditors | 57,201 | 149,833 |
| Deferred income | 44,374 | 102,267 |
| | <u>1,429,430</u> | <u>2,230,321</u> |

| | 2017 | 2016 |
|---|----------------|----------------|
| | £ | £ |
| b) Amounts falling due after more than one year | | |
| Research grants | <u>399,802</u> | <u>898,311</u> |

It is estimated that grants payable after one year will fall due as follows:

| | 2017 | 2016 |
|----------------------|----------------|----------------|
| | £ | £ |
| Year two | 368,686 | 670,765 |
| Years three and four | <u>31,116</u> | <u>227,546</u> |
| | <u>399,802</u> | <u>898,311</u> |

12. COMMITMENTS UNDER OPERATING LEASES

As at 31 January, the Charity had annual commitments under non-cancellable operating leases as set out below:

| | Land and Buildings 2017 | Land and Buildings 2016 |
|--------------------------|-------------------------------|-------------------------------|
| | £ | £ |
| Lease expires: | | |
| In less than one year | 109,126 | 109,126 |
| Within two to five years | 327,377 | 436,502 |
| | <u>436,503</u> | <u>545,628</u> |

Sparks Charity
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13. RESTRICTED FUNDS

| | Balance 1 Feb 2016 | Incoming Resources | Outgoing Resources | Committed to Research | Inter-fund Transfer | Balance 31 Jan 17 |
|---------------------------------------|-----------------------|-----------------------|-----------------------|--------------------------|------------------------|----------------------|
| Partner Charities: | | | | | | |
| XLP | - | 50,000 | - | (50,000) | - | - |
| A-T Network Fund | 206 | - | (206) | - | - | - |
| A-T Research Fund | 6,938 | 65 | (6,938) | - | - | 65 |
| 2Simple Trust | 45 | - | - | - | - | 45 |
| Action for A-T | - | 47,443 | - | (47,443) | - | - |
| Niamh's Next Step | - | 106,941 | - | (106,941) | - | - |
| Castang Foundation | - | 59,919 | - | (59,919) | - | - |
| Dravet Syndrom | - | 18,560 | - | (18,560) | - | - |
| Myotubular | - | - | - | - | - | - |
| Cystic Fybrois Trust | 75,000 | - | - | (75,000) | - | - |
| Funds | | | | | | |
| Medical Research Fund | - | 136,720 | - | - | 99,820 | 236,540 |
| Rare Disease Fund | - | - | - | 15,741 | 20,000 | 35,741 |
| Individual Major Gifts | | | | | | |
| Individual Gifts | - | - | - | 344 | - | 344 |
| Innovation Fund | 16,871 | - | - | 8,721 | 5,500 | 31,092 |
| Leo Fund | - | - | - | - | - | - |
| Rooney Foundation | 46,253 | - | - | (65,332) | 74,250 | 55,171 |
| Rooney Foundation Innovation Fund | 37,456 | - | - | - | - | 37,456 |
| Fundraising Income: | | | | | | |
| Regional Fundraising | 2,255 | 750 | - | - | (750) | 2,255 |
| Winter Ball Pledge | - | 91,820 | - | - | (91,820) | - |
| Charitable Trusts: | | | | | | |
| Steel Charitable Trust | 888 | - | - | - | - | 888 |
| Chapman Charitable Trust | - | £2,000.00 | - | - | (2,000) | - |
| Livanos | - | £20,000.00 | - | - | (20,000) | - |
| Masonic Charitable Foundation | - | £58,322.00 | - | - | (58,322) | - |
| Ruth and Lionel Jacobson Charitable T | - | £2,500.00 | - | - | (2,500) | - |
| Lillie Johnson Charitable Trust | - | £1,000.00 | - | - | (1,000) | - |
| Pilkington Charity Fund | - | £2,500.00 | - | - | (2,500) | - |
| Pilkington Charity Fund | - | £2,500.00 | - | - | (2,500) | - |
| PF Charitable Trust | - | £10,000.00 | - | - | (10,000) | - |
| Edith Murphy Foundation | - | £5,000.00 | - | - | (5,000) | - |
| The Sandra Charitable Trust | - | £15,000.00 | - | - | (15,000) | - |
| Michael Cornish Charitable Trust | - | £1,000.00 | - | - | (1,000) | - |
| Tay Charitable Trust | - | £1,000.00 | - | - | (1,000) | - |
| The John James of Bristol Foundation | - | £7,000.00 | - | - | (7,000) | - |
| The Band Trust | - | £10,000.00 | - | - | (10,000) | - |
| Medlock Charitable Trust | - | £2,000.00 | - | - | (2,000) | - |
| Stephen Clark 1957 Charitable Trust | - | £500.00 | - | - | (500) | - |
| The Catherine Cookson Charitable Tru | - | £2,000.00 | - | - | (2,000) | - |
| The James T Howat Charitable Trust | - | £500.00 | - | - | (500) | - |
| Martin Connell Charitable Trust | - | £2,000.00 | - | - | (2,000) | - |
| AMW Charitable Trust | - | £2,000.00 | - | - | (2,000) | - |
| The Billmeir Charitable Trust | - | £2,000.00 | - | - | (2,000) | - |
| Barcapel Foundation Ltd | - | £8,000.00 | - | - | (8,000) | - |
| Green Hall Foundation | - | £1,000.00 | - | - | (1,000) | - |
| All England Lawn Tennis and Croquet | - | £20,000.00 | - | - | (20,000) | - |
| 100 Property Club | - | £7,050.00 | - | - | (7,050) | - |
| Nexon Petroleum | - | £10,000.00 | - | - | (10,000) | - |
| Sylvia Aitken Charitable Trust | - | £3,000.00 | - | - | (3,000) | - |
| | 185,912 | 710,090 | (7,144) | (398,389) | (90,872) | 399,597 |
| Unrealised Loss on Foreign Exchange | 729 | 9,767 | - | - | - | 10,496 |
| | <u>186,641</u> | <u>719,857</u> | <u>(7,144)</u> | <u>(398,389)</u> | <u>(90,872)</u> | <u>410,093</u> |

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Unrestricted funds and Rooney Foundation Funds have been used to fund projects which are later fundraised against. The transfer between funds occurs where fundraising has been successful against a grant which had previously been funded by unrestricted or Rooney Foundation Funds.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Fixed Assets £ | Current Assets £ | Current Liabilities £ | Long Term Liabilities £ | Total £ |
|----------------------------|-------------------------------|---------------------------------|--------------------------------------|--|--------------------|
| Restricted funds (note 13) | - | 410,093 | - | - | 410,093 |
| Unrestricted funds | - | 2,816,503 | (1,429,430) | (399,802) | 987,271 |
| | <u>-</u> | <u>3,226,596</u> | <u>(1,429,430)</u> | <u>(399,802)</u> | <u>1,397,364</u> |

15. DEFERRED INCOME

| | Total as at 31 January 2016 £ | Deferred £ | Released £ | Total as at 31 January 2017 £ |
|-----------------|--|-----------------------|-----------------------|--|
| Deferred income | 102,267 | 44,374 | (102,267) | 44,374 |

16. LEGAL STATUS OF THE COMPANY

Sparks is a company limited by guarantee. The liability of each member in the event of winding up is limited to £1.

As of 1 February 2017, Sparks became a subsidiary of Great Ormond Street Hospital Children's Charity, Charity registration number 1160024, Company registration number 09338724.

17. RELATED PARTY NOTE

During the year, there have been no payment for services to any related parties.

Income received during the year from related parties totalled £83,945 (2016 : £64,202).