

**Annual Report and
Financial Statements for
the Year Ended**

31 March 2019

Company No: 02634037

Charity No: 01003825

Scottish Charity No: SC039482



Our Mission

One in three children with a rare condition won't live to celebrate their fifth birthday.

These children and their families are waiting for life-saving treatments. Researchers are waiting for the funding to find answers.

At Sparks, we aim to fund vital UK research to find lifesaving treatments for children with rare and complex conditions by supporting clinicians and scientists who have the skills, innovation and passion to improve children's lives forever, through the power of research.

Now is a pivotal time in child health research. With technology developing at a record speed, revolutionary cures aren't just likely within our lifetime, some are just around the corner.

But, child health research is significantly underfunded. Only 5% of UK health research funding is spent on projects relating to child health. We're committed to ensuring that children and young people across the UK benefit from the medical breakthroughs they deserve. The impact of this is felt not only by the children and young people themselves, but also by their families and wider communities who support these children in the most difficult of times.

Sparks is funding ground-breaking research across the UK into a wide range of conditions. These include childhood cancers, spina bifida, muscular dystrophy, infant brain damage, club foot and the risks associated with premature birth.

The pioneering projects we support are carried out at leading hospitals and universities throughout the UK and continue to make a significant contribution to breakthroughs and new treatments being used by doctors all over the world.

Our child health research can save lives.

For critically ill children, there's no time to lose.

Trustees' Report

The Trustees (who are also directors of Sparks Charity ("the Charity" or "Sparks") for the purposes of company law) present the Annual Report and audited Financial Statements of the Charity for the year ended 31 March 2019. The Financial Statements are presented in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, published in 2015, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Statement of Financial Activities on page 12 also comprises the Income and Expenditure Account, which the Charity is required to produce under the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 of the Charities Accounts (Scotland) Regulations 2006 (as amended). The legal and administrative details can be found on page 23.

The Charity's Principal Objects

Sparks believes that all children should be given the best start in life and that by funding pioneering child health research across the UK it will help to find new treatments and cures for children who desperately need them. The Charity funds research that will have the greatest impact in diagnosing, treating and curing conditions that affect children during pregnancy or childhood. The impact of these conditions is significant, not just on the children and young people directly, but also on their families and communities. By funding child health research, we are not only helping to find new treatments and cures, but also supporting families and communities.

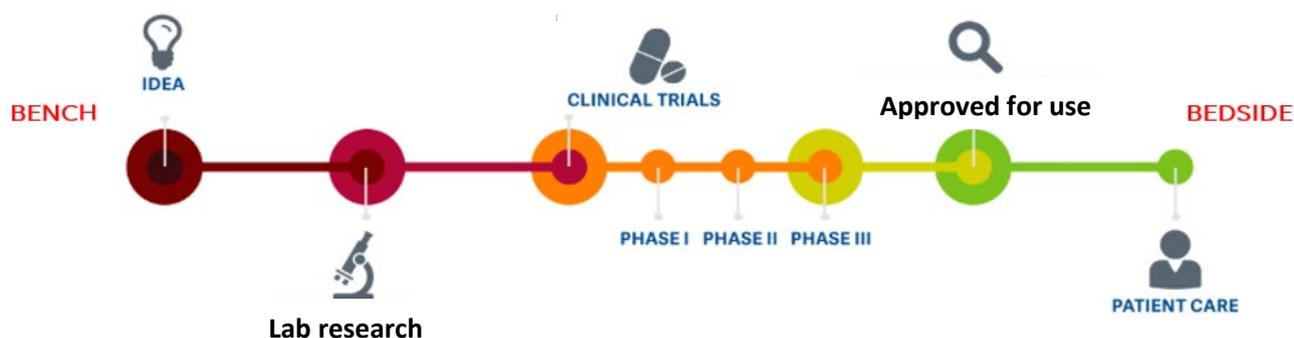
As a member of the Association of Medical Research Charities (AMRC), the Charity has a very robust process for ensuring it funds research of the highest quality. All grants awarded in the period were awarded by the Trustees who have taken into account a number of factors, the most important of which are assessed by peer review.

Impact

We believe the key to improving the lives of seriously ill children is finding the treatments of tomorrow, today. This year we've invested £700,000 in 12 research projects across the UK as part of the joint £2.1 million national call with Great Ormond Street Hospital Children's Charity, supporting world-leading scientists to offer children in the UK (around the world) the chance of a better future. This is the UK's largest research fund dedicated to child health.

Research takes time. It cannot be rushed. But by supporting us to contribute to the UK's largest dedicated fund for child health research, you're helping the brightest minds to develop the treatments and cures of tomorrow, today. From epilepsy, to children born without an immune system, and from defective hearts to hormone problems, we've funded research to help children with a huge range of debilitating and fatal conditions.

One area we're investing in is lysosomal storage disorders (LSDs), a group of conditions caused when the body is unable to breakdown certain molecules, leading to a toxic build-up of material in the body. There are currently no cures for LSDs and, tragically, many children lose their lives at an early age. Your support is pushing life-saving ideas for children with LSDs from the laboratory bench to a child's bedside, getting new treatments and cures to children as quickly and safely as possible.



Krabbe disease is a rare LSD that causes most affected children to lose their lives within two years. This year, you helped us fund an innovative project in partnership with Krabbe UK, to improve treatments for children with this devastating disease.

“Krabbe disease affects many parts of the body, including the brain,” says Lead Researcher Dr Sara Benedetti, based at the Institute of Child Health. “The toxic build-up causes brain cells to degenerate, so children experience seizures, lose their sight and hearing, and progressively and relentlessly lose all of their faculties.

“We know that special cells in the blood — known as blood stem cells — can reach the brain and turn into another type of cell known as a microglial cell. Those cells are great at clearing up the toxic build-up, so they could prevent the devastating brain degeneration we see in these patients.

“The idea of my project is to get as many of these cells into the brain as possible. But because our brain is so precious, the body has a way of carefully managing all the molecules that can get in and out, through a ‘gateway’ known as the blood-brain barrier (BBB). My aim is to modify that barrier, to temporarily ‘open the gates’, so we can flood the brain with extra microglial cells, clearing up as many damaged cells as possible.

“Krabbe disease is our focus, because these children desperately need an effective treatment. But the principle could be applied to any LSD, any cell function disorder that involves the brain, and possibly in the future, to neurodegenerative diseases like Alzheimer’s or Parkinson’s.”

Krabbe Disease and Tom

“Tom was born on the 28th of July, 2012. He fitted into family life really well. He had no signs of any problems at all. He was a very happy, very healthy little boy. Then when he got to about six or seven months old, he started crying more. He started going into spasms and his whole body would go stiff.

We took him to the doctor and he said he was admitting him to the hospital. Tom was sent for an MRI scan in the afternoon. It was a Tuesday. They came to us later on the Tuesday afternoon and said that Tom had leukodystrophy. Three weeks later, we got the news that he had a type of leukodystrophy called Krabbe disease; which is one of the more aggressive leukodystrophies. This meant that we had a maximum of two years from that point with Tom.



When the doctor told us, I just felt numb. Going through my head was how do we tell his brothers and how do we tell our parents and our friends. To be told there was no medicine, and no way you could fight the disease; I think that was one of the most frustrating things. When you have little children, each moment is very special. But with Tom, every time he smiled we treasured it because we didn’t know if this was going to be his last smile. I actually have a picture of Tom’s last smile. I remember it because the next day he couldn’t do it.

One of the most shocking things for me was that, as the disease progressed, Tom couldn’t do anything for himself. Week by week he lost the ability to do something. On Saturday, his tummy stopped working so the doctor took us aside and told us he probably had two or three days left.

Tom liked to prove doctors wrong in everything they did. He survived for another ten days and died on the 9th of December, 2013 age 17 months. On the one hand, it was a sense of relief that Tom wasn’t in pain anymore, that he wasn’t suffering but at the same time we’ve lost our son and it was devastating.

The research that Sparks is funding for Krabbe disease is incredibly important. We know the enzyme that is missing in children that causes the disease, but we don’t know how to do anything about it. Finding a cure is obviously the ultimate aim but certainly the research that is being done at the moment is a big step forward.”

Andrew – Father of Tom

Looking back

In addition to our joint national call, there were a number of other notable achievements during 2018/19.

Following the exceptional fundraising income of 2017/18, the result of several one-off activities, we continued to build on our fundraising. We held a number of special events such as our Winter Ball, Rugby Dinner and Clay Pigeon shoot, with supporters particularly engaged and generous in our pledge donation moments, raising more than ever before through this method of giving. But, a challenge has been to attract new supporters to our events, however we are working on building our senior volunteer network so that we can introduce and engage more supporters through this income stream, in addition to building on the consent campaign programme run during the year.

We have been fortunate to have been supported by some key donors over a number of years who continue to be generous in their support of child health research. Building on this, we have developed a giving club, which has now opened to individuals and organisations and will hopefully build a community of committed long term support for child health research.

Whilst we were fortunate to have reached the final stages of some large 'charity of the year' opportunities, we unfortunately lost out in the final voting stage. We have however taken the learnings from these opportunities and fed them into our subsequent corporate approaches, as well as feeding them into the brand review undertaken during the year.

A comprehensive brand review was undertaken during the year, which has enabled the development of an exciting new fundraising campaign 'No time to lose', launched in May 2019, to support our forward-looking fundraising activities.

During the financial year 2018/19 we continued to focus on improving the cost income ratio (the ratio of the amount of money we spend to generate our donations compared to the value of these donations), The lower this is the more money we can commit to our cause. This included refining our approach to a number of the Charity's activities and realising cost synergies within the GOSH Charity group in order to further decrease the cost/income ratio.

Looking forward

The third £2 million joint national call for research in partnership with Great Ormond Street Hospital Children's Charity was launched in April 2019 and we look forward to working with our research assessment panel to ensure that we continue to fund the highest quality paediatric research.

We are in the process of finalising a 'landscape' review, talking to researchers to evaluate the greatest current needs in paediatric research and subsequently where the financial support provided by Sparks can have highest impact, whilst ensuring we keep our charitable purpose at the centre of everything we do.

Having finalised the planning and development, we were excited to launch our 'No time to lose' fundraising campaign in May. The campaign highlights the urgent need for paediatric research funding. Having set an ambitious target of raising £10 million over four years, we are hoping that this campaign will be transformational for paediatric research.

The 'No time to lose' campaign forms the basis of our giving club, which we aim to grow during the year and will be aided by finalising the data migration to our Salesforce database, enabling greater analysis and interrogation of our data, which in turn will lead to greater efficiencies and enhance our fundraising activities, and ultimately increase our fundraising income.

We will continue to engage with senior volunteers to support not only our giving club but also our long-standing events, ensuring we can develop our fundraising in these areas as well as increase our supporter network.

Financial Review and Performance

The Statement of Financial Activities, set out on page 12, shows that gross income for the year was £1,703k (31 March 2018: £2,987k). Expenditure on charitable activities was £863k (31 March 2018: £1,992k), with total expenditure, including fundraising and governance and support costs of £1,490k (31 March 2018: £2,977k), resulting in a net gain for the year of £213k (31 March 2018: gain of £10k). After taking into account a net gain on investments, the Charity's total funds increased by £221k (31 March 2018: decreased by £8k). Total funds held as at the end of the year were £393k (31 March 2018: £172k).

Funds

Restricted Funds

The Charity has a number of different funds to support specific activities chosen by donors, which fall within the objectives of the Charity. At 31 March 2019 there was a deficit of £104k (31 March 2018: deficit £77k) in restricted funds (see note 12). The funds are in deficit as they relate to partner charity grants whereby the grant has been made to researchers, so the liability incurred, and we have a commitment from partner charities to fund part or all of the grant.

Unrestricted funds

These are funds that are expendable at the discretion of the Trustees to further the Charity's objectives. The Charity's unrestricted funds at 31 March 2019 were £497k (31 March 2018: £249k). The Trustees have agreed to this year retain funds in addition to the minimum reserves requirement to offset the temporary deficit in restricted funds until funds are received from partner charities.

Reserves Policy

The present target range for general reserves is to have sufficient funds to see the charity through a period of disruption, or to meet the costs of closing down. The Trustees agree there are sufficient funds in general reserves for this eventuality.

Public Benefit

The Trustees have given due regard to the Charity Commission's 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.

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

Nature of Governing Document

Sparks is a registered charity and a company limited by guarantee, not having a share capital. The Charity is governed by its Memorandum and Articles of Association adopted on 9 May 1991, amended on 18 January 2011 and last amended on merge with GOSH Charity on 1 February 2017.

Organisational Structure

On 1 February 2017, Sparks became a subsidiary of Great Ormond Street Hospital Children's Charity ("GOSH Charity"). Oversight, governance and management of the Charity has been consolidated into the organisational structure of GOSH Charity, working within the policies and procedures for Sparks as laid down by the Trustees. More details can be found in the GOSH Charity group consolidated financial statements.

Statement of Disclosure of Information to Auditors

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware. The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Trustees

The Trustees who were in office during the year and to the date of this report were:

Stephen Holgate (Chair)

Margaret Ewing

Mark Sartori

Trustees follow the induction and training programme of GOSH Charity.

Related Parties

Income received during the financial period from related parties totalled £26,025 (31 March 2018: £100).

During the year the Charity was charged a fee of £278,304 by GOSH Charity for its share of support services provided by GOSH Charity (31 March 2018: £354,938). There were no other transactions with related parties during the year.

Risk Management

All activities undertaken by the Charity are monitored closely by the Executive Directors of GOSH Charity, who regularly review and update the risk register. The register is also reviewed regularly at the Governance, Reputation and Risk Committee of GOSH Charity. The Trustees undertake a review of the risk register at least annually. The key risk that has been identified for 2019/20 (and was also the key risk throughout 2018/19) is the existing and anticipated fundraising environment that has a potential negative impact on income as a result of both increasing competition for donations and the developing fundraising regulations and public expectations, including data privacy and processing legislation. The Trustees of the Charity and the Directors of GOSH Charity will continue to monitor this closely.

Going Concern

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. Accordingly, the Trustees continue to adopt the going concern basis in preparing the Financial Statements.

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' 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:

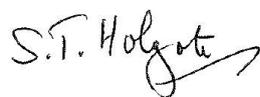
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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. 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 of the Companies Act 2006, directors' reports shall include a statement, in the case of each director in office at the date the directors' 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.



Stephen Holgate
Chair
16 July 2019

Independent auditors' report to the members and trustees of Sparks Charity

Report on the audit of the financial statements

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 March 2019 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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).

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the statement of financial activities for the year ended 31 March 2019 (incorporating an income and expenditure account); and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 charitable company'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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the charitable company's activities, beneficiaries, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the *Annual Report* other than the financial statements and our auditors' report thereon. The trustees are responsible for the

other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Trustees' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they 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 charitable company'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 liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members and trustees 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.

Other required reporting

Matters on which we are required to report by exception

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 and proper accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Kevin Lowe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 July 2019

Statement of financial activities for the year ended 31 March 2019 (Incorporating an Income and Expenditure Account)

	Note	Unrestricted funds £'000	Restricted Funds £'000	Year ended 31 March 2019 £'000	Unrestricted funds £'000	Restricted Funds £'000	Year ended 31 March 2018 £'000
Income and endowments from:							
Donations and legacies	2.1	555	426	981	927	686	1,613
Other trading activities	2.2	19	624	643	627	131	758
Investments	2.3	13	-	13	12	-	12
Charitable activities	2.4	-	66	66	-	604	604
Total		587	1,116	1,703	1,566	1,421	2,987
Expenditure on:							
Raising funds	3.1	627	-	627	985	-	985
Charitable activities	3.2	102	761	863	202	1,790	1,992
Total		729	761	1,490	1,187	1,790	2,977
Net income before gains on investments		(142)	355	213	379	(369)	10
Net gains / (losses) on investments		8	-	8	(15)	(3)	(18)
Net income/(expenditure)		(134)	355	221	364	(372)	(8)
Transfers between funds	12	382	(382)	-	(757)	757	-
Net movement in funds		248	(27)	221	(393)	385	(8)
Reconciliation of funds:							
Total funds brought forward 1 April		249	(77)	172	642	(462)	180
Total funds carried forward 31 March		497	(104)	393	249	(77)	172

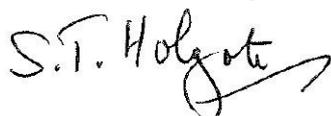
Notes 1 to 16 form part of these financial statements.
All income relates to continuing activities.

Balance sheet

As at 31 March 2019

	Note	Total as at 31 March 2019 £000	Total as at 31 March 2018 £000
Current assets			
Debtors	8	289	291
Cash		5,042	4,886
Total current assets		5,331	5,177
Creditors: amounts falling due within one year	9	4,309	5,005
Net current assets		1,022	172
Total assets less current liabilities		1,022	172
Creditors: amounts falling due after more than one year	10	629	-
Total net assets		393	172
The funds of the charity			
Restricted funds	12	(104)	(77)
Unrestricted income funds:			
General	12	497	249
Total charity funds		393	172

The notes on pages 14 to 23 are an integral part of these financial statements. The financial statements on pages 12 to 23 were authorised for issue by the Board of Trustees on 16 July 2019 and signed on its behalf.



Stephen Holgate
Trustee

Notes to the financial statements

1. Accounting Policies

The Financial Statements are prepared in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, published in 2015, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 of the Charities Accounts (Scotland) Regulations 2006 (as amended). These accounting policies were applied consistently throughout the Financial Statements.

Company information

Sparks Charity is a charitable company incorporated in England and Wales (company number 2634037) and is a 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.

Basis of Preparation

The Financial Statements of the Charity have been prepared under the historical cost convention. The Trustees have a reasonable expectation that the Charity has adequate resources to continue activities for the foreseeable future, as stated within the Trustees' report (see page 7). Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

A cash flow statement has not been prepared on the grounds that the Charity is exempt from preparing such a statement under FRS102 as a wholly owned subsidiary of GOSH Charity.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Charity's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Recognition of legacy income

Legacy income is recognised when three criteria are met. Entitlement is established, receipt of the income is probable and it can be reliably measured.

- Entitlement is established when we receive notification of an interest in an estate and a copy of the will

- Income receivable is probable and measurement criteria is considered met when the statement of assets and liabilities is received

Only when these criteria have been met is income from legacies recognised in the financial statements.

Notes to the financial statements

1. Accounting Policies (continued)

(ii) Provisions (note 13)

Provisions are made for future obligations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Income and endowments

Income from non-exchange transactions are donations of money, goods, facilities or services which are given freely to the Charity by a donor. All income is included in the statement of financial activities (SOFA) when the Charity is legally entitled to the income, the amount can be quantified with reasonable accuracy and the receipt of the income is probable. The following specific policies apply to categories of income:

a) Donations and legacies

(i) Donation in kind, except donated goods:

In all cases, the amount at which donations in kind are recognised is either fair value of the cost to the donor or the amount actually realised.

i. Assets given for distribution by the Charity are included in the SOFA only when distributed.

ii. Assets given for use by the Charity are included in the SOFA as income when receivable.

iii. Gifts made in kind but on trust for conversion into cash and subsequent application by the Charity are included in the accounting period in which the gift is sold.

(ii) Legacies:

Legacies are accounted for as income when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably. This is in line with the requirements under FRS102 and SORP 2015.

(iii) Income from fundraising activities:

a) General donations and Gift Aid are recognised on receipt or accrued for respectively. Ticket, auction and sponsorship income from fundraising events are disclosed under other trading activities and recognised when receivable.

b) Grants and other time-related income

Where grants are related to performance and specific deliverables, these are accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors.

c) Investments

Investment income including bank interest is recognised when receivable and allocated to restricted funds where applicable based on the average balance held through the year.

Notes to the financial statements

1. Accounting Policies (continued)

Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable'. The expenditure on raising funds comprises the costs incurred in generating donations and legacy income including apportioned support costs. Expenditure on charitable activities comprises the costs incurred on delivering charitable activities including apportioned support costs.

Full provision is made within the Financial Statements for grant expenditure at the point when an unconditional commitment is given and the liability can be quantified with reasonable certainty.

Support costs are recharged from GOSH Charity and include the central functions of Finance, IT, HR, Administration, Business Support, Governance and Supporter Services. These costs are allocated across the categories of expenditure of raising funds and expenditure on charitable activities. The basis of the cost allocation is set out in note 4.

Grants

Grants towards specific purposes are treated as expenditure in the year in which the grant is made available. If by agreement a grant is not used, the funds allocated are credited back to the Charity's funds. Certain grants including some of those detailed in note 3 will arise in future years.

Taxation

As a registered charity, Sparks is exempt from Corporation Tax under Chapter 3 of Part 11 to the Corporation Tax Act 2010 or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

Financial instruments

The Charity has chosen to adopt Section 11 of FRS102 in respect of financial instruments.

Notes to the financial statements

2. Income

	Unrestricted Funds £000	Restricted Funds £000	Year ended 31 March 2019 £000	31 March 2018 £000
Income from:				
2.1 Donations and legacies				
Direct gifts from individuals and trusts	3	335	338	662
Legacies	11	-	11	84
Community fundraising	325	23	348	533
Partnerships, campaigns, events and other income	216	68	284	334
Total	555	426	981	1,613
2.2 Other trading activities				
Auctions, tickets, sponsorship and other income	19	624	643	758
Total	19	624	643	758
2.3 Investments				
Investments and fixed portfolio income	13	-	13	12
Total	13	-	13	12
2.4 Charitable activities				
Grants	-	66	66	604
Total	-	66	66	604
Total income	587	1,116	1,703	2,987

Notes to the financial statements

3. Expenditure on:

	Direct costs £000	Support costs £000	Year ended 31 March 2019 £000	31 March 2018 £000
3.1 Raising funds:				
Direct gifts from individuals and trusts	-	91	91	181
Legacies	-	10	10	19
Community fundraising	126	87	213	331
Partnerships, campaigns, events and other income	238	75	313	454
Trading	-	-	-	-
Investment management costs	-	-	-	-
Total	364	263	627	985
3.2 Charitable activities:				
Research	761	102	863	1,992
Total	761	102	863	1,992
Total expenditure	1,125	365	1,490	2,977

	Year ended 31 March 2019 £000	31 March 2018 £000
3.3 Expenditure includes charges for:		
Lease rentals	(54)	141
Fees payable to the charity's auditors for the audit of the annual financial statements (exclusive of VAT)	13	12

Lease rentals includes adjustments for the rental costs for the use of 6 & 8 Tinworth Street premises. Fees (excl VAT) payable to the Charity's auditors for the audit of the Charity's Financial Statements of £12,500 (2018: £12,000).

4. Support costs

	Staff costs £000	IT and Comms £000	Other £000	Year ended 31 March 2019 £000	31 March 2018 £000
Cost of expenditure on raising funds	-	5	258	263	521
Research	-	2	100	102	202
Total	-	7	358	365	723

Support costs are recharged from GOSH Charity and include the costs of the following departments and activities: Governance, Finance, Technology, Human Resources, Administration, Office Running Costs, Business Support, Brand Marketing, Communications and Supporter Services. These are allocated using a Full-Cost model, which is calculated using drivers from each department's activities during the year.

Notes to the financial statements

5. Grant-funded activities

Name of recipient:	Year ended 31		31 March	
	March 2019	No.	2018	No.
	£000		£000	
Academic Medical Centre	5	1	-	-
Birmingham Children's Hospital	-	-	17	1
The Hospital for Sick Children	-	-	216	1
Homerton University Hospital NHS Foundation Trust	8	1	-	-
ICH	231	4	388	5
King's College London	74	1	102	1
Keele University	-	-	96	1
Oxford University	-	-	23	1
Plymouth University	-	-	56	1
The Royal College of Surgeons	-	-	23	1
Sheffield Hallam University	63	1	-	-
University of Birmingham	82	1	-	-
University of Bristol	-	-	436	2
University College London	224	4	134	2
University of Cambridge	79	1	-	-
University of Easten Piedmont, Italy	-	-	10	1
University of Liverpool	-	-	76	2
University of Manchester	-	-	118	1
University of Southampton	-	-	106	1
Total	766	14	1,801	21

6. Details of staff costs

All staff and management are employed by GOSH Charity, who undertake activities and the management of the Charity on its behalf. More details on staff costs are available in the group consolidated financial statements.

7. Trustee remuneration

None of the Trustees received any remuneration from the Charity during the current or previous financial year. No Trustees were reimbursed for expenses incurred while carrying out their responsibilities for the Charity during the year (2017/18: none).

A Trustee indemnity insurance policy is held with Dual Corporate Risks Ltd in the name of GOSH Charity and covering its subsidiaries, providing indemnity of £10 million. The cost of the policy in 2018/19 was £5,662 (2017/18: £5,562) and is borne by GOSH Charity.

Notes to the financial statements

8. Debtors	Total at 31 March 2019 £000	Total at 31 March 2018 £000
Trade debtors	24	32
Other debtors	-	1
Prepayments	144	176
Accrued income	121	82
Debtors falling due within one year	289	291

9. Creditors: amounts falling due within one year	Total at 31 March 2019 £000	Total at 31 March 2018 £000
Trade creditors	36	1
Amounts owed to group undertakings	979	677
Grants awarded (see note 11)	2,894	3,753
Other creditors (see note 15)	278	473
Accruals	35	20
Deferred income	87	81
Creditors falling due within one year	4,309	5,005

10. Creditors: amounts falling due more than one year	Total at 31 March 2019 £000	Total at 31 March 2018 £000
Grants awarded (see note 11)	629	-
Creditors falling due after one year	629	0

Notes to the financial statements

	Total at 31 March 2019 £000	Total at 31 March 2018 £000
11. Research Grants awarded		
Outstanding liabilities brought forward	3,753	2,811
Grants awarded during the period/year	766	1,801
Grants paid during the period/year	(991)	(848)
Grant adjustments made in the period/year	(5)	(11)
Outstanding liabilities at 31 March	3,523	3,753
Amounts falling due within one year	2,894	3,753
Amounts falling due after more than one year	629	0
Outstanding liabilities at 31 March	3,523	3,753

Liabilities for grants awarded represent the unpaid balance on grants awarded by the Charity as at the balance sheet date. They relate to current activities funded by the Charity to which it is firmly committed.

12. Funds

	1 April 2018 £000	Incoming resources £000	Resources expended £000	Transfers between funds £000	Gains and losses £000	31 March 2019 £000
12.1 Restricted funds						
Myotubular Myopathy Research	(180)	76	-	-	-	(104)
Total restricted funds	(77)	1,116	(761)	(382)	-	(104)
12.2 Unrestricted funds						
General funds	249	587	(729)	382	8	497
Total unrestricted funds	249	587	(729)	382	8	497
Total funds	172	1,703	(1,490)	-	8	393

Unrestricted, restricted and designated funds

Transfers between funds represent:

- General funds may be designated for a particular purpose should the Trustees decide this to be appropriate. Sparks underwrites grants from general funds. In the event of a donor subsequently supporting a grant funded from unrestricted funds, their donation is restricted, and funds released back to the unrestricted general funds.
- Restricted funds that are in deficit are the result of a commitment being made to a grant where a funding agreement is in place, but funds have not yet been received, and are likely to be paid by instalments.

Notes to the financial statements

13. Commitments, liabilities and provisions

A lease for the Tinworth Street property elapsed during the year. There are no other commitments, liabilities or provisions requiring disclosure in the financial statements (31 March 2018: £ nil).

14. Annual commitments under non-cancellable operating leases

	Total at 31 March 2019 £000	Total at 31 March 2018 £000
Operating leases which expire:		
Within one year	-	109
Between one and five years	-	218
Total	-	327

15. Related party transactions

During the year the Charity was charged a fee of £278,304 by GOSH Charity for its share of support services (31 March 2018: £354,938).

Income received during the financial period from related parties totalled £26,025 (31 March 2018: £100). There were no other transactions with related parties during the year.

16. Ultimate controlling party

The sole member and controlling party of Sparks Charity is GOSH Charity (charity registration no 1160024), which is a company limited by guarantee (company number 09338724). Group Financial Statements have been prepared for the financial year ended 31 March 2019 which consolidates the results of Sparks.

The Charity has taken advantage of the exemption under Section 33.11 of FRS102 to not disclose transactions between members of a group where the subsidiary undertaking is wholly owned by a member of that group.

The parent undertaking of the group which includes the Charity and for which group Financial Statements are prepared is GOSH Charity. Copies of the GOSH Charity consolidated annual report can be obtained from www.gosh.org

Administrative Details

Trustees	Stephen Holgate (Chair) Margaret Ewing Mark Sartori
Registered Number	01003825
Registered Office	40 Bernard Street London WC1N 1LE
Principal Bankers	Barclays Bank London Business Banking 7th Floor United Kingdom House London W1D 1EA
Solicitors	Macfarlanes 20 Cursitor Street London EC4A 1LT
Independent Auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH