



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

31 March 2020

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 to allow them to develop the life-saving treatments.

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, via the National Call with Great Ormond Street Hospital Children's Charity (our parent), 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 2020. 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 in partnership with GOSH Charity through the National Call, and they have taken into account a number of factors, the most important of which are assessed by peer review.

Impact

In the 2019 National Call, GOSH Children’s Charity and Sparks have announced £2.3 million to fund 11 new child health research projects. The research will take place at 6 institutions across the UK, including 3 of the country’s leading universities.

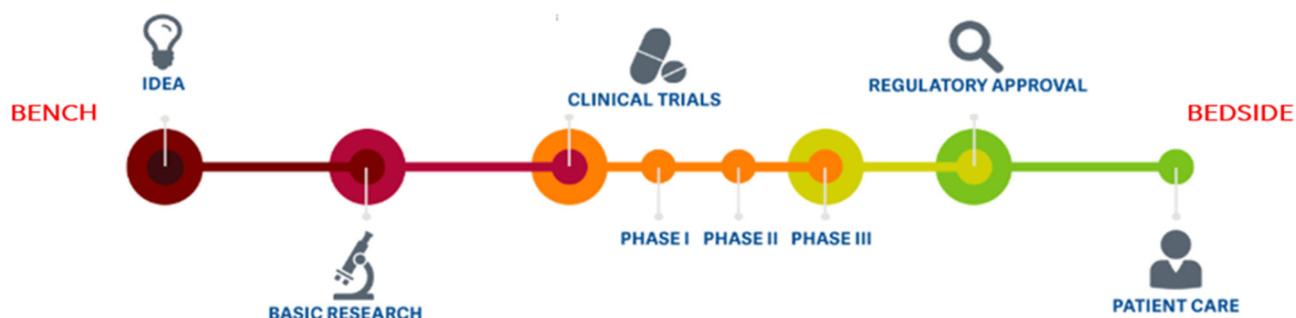
By supporting the GOSH Charity and Sparks National Call – the UK’s largest dedicated fund for child health research – our donors are helping us to develop lifesaving treatments from the laboratory bench to the children’s bedside as efficiently and as safely as possible.

Of the £2.3 million pledged to support research into some of the most difficult and hard to treat childhood diseases, £182,926 has been made available by three condition-specific charities (the Norrie Disease Foundation, Dravet Syndrome UK, and the Myotubular Trust) to help co-fund research into these areas.

The successful projects include unravelling the drivers of aggressive childhood brain tumours; supporting the UK arm of a global clinical trial to test whether the breast cancer drug tamoxifen could help children with a rare and debilitating muscle disorder; exploration of a novel gene therapy to treat the devastating and life-limiting neurological condition Dravet Syndrome, and developing an implantable and removable liver ‘patch’ that could hold the key to reducing toxic chemical levels in the blood of children with a rare metabolic conditions.

Kiki Syrad, Director of Grants and Impact at GOSH Charity and Sparks, said: “Year on year we are amazed by the quality and diversity of applications we receive from researchers across the UK and the life-changing potential their projects have. I am excited to see how this year’s projects progress.

“Collaboration in the field of rare disease research is of fundamental importance, so I am also delighted that GOSH Charity and Sparks have been able to partner with other rare disease charities through this funding call. We will achieve more together than we could alone and that is crucial if we’re going to drive new, urgently needed ways to diagnose, treat and cure rare diseases that affect children.”



Raising hope – from bench to bedside

Research into complex conditions begins in the laboratory. Investing in this crucial stage ensures the most promising ideas get off the ground and, together, GOSH Charity and Sparks are the UK’s largest dedicated charitable funder of child health. Funding into research can make a vital difference.

Looking back

In addition to our joint National Call, there were a number of other notable achievements during 2019/20.

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. A continued challenge for the Charity has been attracting new supporters to our events, and as such we have seen declining income from our event activity. We therefore continue to work 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 several years who continue to be generous in their support of child health research. The launch of our 'No time to lose' campaign in May 2019 gave us an opportunity to reengage with past supporters and update them on work that is underway.

We undertook a number of corporate approaches during the year, with varying degrees of success. We continue to learn from these opportunities and they influenced our subsequent corporate approaches.

During 2019/20 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

COVID-19 has and will continue to impact our fundraising, with an anticipated drop in income of approximately 25% in 2020/21 due to the cancellation of events such as the London Marathon, however, we will continue to actively seek ways in which supporters can engage in fundraising initiatives, such as the 2.6 challenge as well as alternatives to our traditional event based activities such as virtual events. All activity is being reviewed to ensure that it is cost effective in the new climate of social distancing. In addition, costs saving mitigations are being considered. Despite the financial challenges, it is anticipated that the Charity will achieve a small surplus for the year.

The fourth joint National Call for research in partnership with Great Ormond Street Hospital Children's Charity will be launched in June 2020 and we look forward to working with our research assessment panel to ensure that we continue to fund the highest quality paediatric research.

We will continue to engage with senior volunteers to support our long-standing events, ensuring we can develop our fundraising in these areas as well as increase our supporter network.

In light of the fundraising challenges faced which have been exacerbated by COVID-19, the Trustees will be considering the next steps for the future of Sparks.

Financial Review and Performance

The Statement of Financial Activities, set out on page 12, shows that gross income for the year was £1,399k (2018/19: £1,703k). Income decreased as a result of reduced income from Community activities such as the London Marathon, and a smaller Special Events portfolio. Expenditure on charitable activities was £431k (2018/19: £863k), lower than prior years as a result of the reduced income and needing to retain sufficient funds for the future. Fundraising costs reduced as a result of the reduced fundraising activity. This meant total expenditure, including fundraising and governance

Sparks Charity

and support costs of £908k (2018/19: £1,490k), resulting in a net gain for the year of £491k (2018/19: gain of £213k). We were pleased to have been able to offer grants during the year, but were disappointed not to be able to fund more. After taking into account a net gain on investments, the Charity's total funds increased by £502k (2018/19: increased by £221k). Total funds held as at the end of the year were £895k (31 March 2019: £393k).

We continue to monitor our cost: income ratio, which at 34.3% was higher than our target 30%, but lower than prior year.

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 2020 there was a deficit of £193k (31 March 2019: deficit £104k) in restricted funds (see note 13). 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 future 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 2020 were £1,088k (31 March 2019: £497k). 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 of approximately six months, or to meet the costs of closing down. The Trustees agree there are sufficient funds in general reserves for this eventuality and sufficient funds to meet all future obligations.

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 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

Sparks Charity

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 are put forward from the GOSH Charity Board, with consideration being given to the skills required on the Sparks Board. The Trustees follow the induction and training programme of GOSH Charity, details of which can be found in the GOSH Charity Annual Report and Accounts, along with information relating to the policies and governance procedures followed.

Related Parties

Income received during the financial period from related parties totalled £4,447.11 (31 March 2019: £26,025).

During the year the Charity was charged a fee of £192,724 by GOSH Charity for its share of support services provided by GOSH Charity (2018/19: £278,304). 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 2020/21 is the existing and anticipated fundraising environment which is likely to have a negative impact on income as a result of:

- COVID-19 and social distancing regulations impact on event based fundraising – a number of mitigations are being put in place including identifying potential cost reductions and seeking alternative fundraising methods
- Increasing competition for donations – we are constantly seeking new and alternative methods of fundraising as well as looking for ways to ensure that our fundraising activities provide the maximum return for investment
- Developing fundraising regulations and public expectations, including data privacy and processing legislation – we ensure that we keep up to date with current regulations and implement them in full. Whilst keeping this in mind, we look for new ways to engage with supporters and request consent.

The Trustees of the Charity and the Directors of GOSH Charity will continue to monitor this closely.

Our supporters and volunteers

We are fortunate to have incredible supporters and volunteers who generously commit their time, money and fundraising efforts to help fund children's medical research.

Last year 74 people volunteered for Sparks across a number of activities from cheering London Marathon runners to acting as community ambassadors.

The charity is committed to treating people fairly, in particular those who are vulnerable, and we adopt the GOSH Charity 'Treating People Fairly' policy and training programme. More information can be found in the GOSH Charity Annual Report and Accounts.

Complaints

We were delighted that no complaints were reported in the last year, as was the case in the prior year.

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, alongside the reserves held.

Whilst the income of the Charity will be reduced as a result of COVID-19 and social distancing regulations, the associated costs of those Charity's activities will be closely monitored to ensure that the activities make a surplus. The Charity makes its grant commitments at the end of the financial year, once fundraising is complete, and will only make commitments if sufficient funds are held. Cash and reserves are held for all current future commitments, not just those due in the next 12 months.

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 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 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.

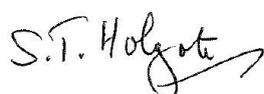
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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, 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) they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.



Stephen Holgate

Chair

15 July 2020

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 2020 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: balance sheet as at 31 March 2020; statement of financial activities for the year ended 31 March 2020; 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.

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 have 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
Embankment Place
15 July 2020

Statement of financial activities for the year ended 31 March 2020
(Incorporating an Income and Expenditure Account)

		Year ended			Year ended		
	Note	Unrestricted funds £'000	Restricted Funds £'000	31 March 2020 £'000	Unrestricted funds £'000	Restricted Funds £'000	31 March 2019 £'000
Income and endowments from:							
Donations and legacies	2.1	687	130	817	555	426	981
Other trading activities	2.2	85	260	345	19	624	643
Bank interest	2.3	18	-	18	13	-	13
Charitable activities	2.4	-	219	219	-	66	66
Total		790	609	1,399	587	1,116	1,703
Expenditure on:							
Raising funds	3.1	477	-	477	627	-	627
Charitable activities	3.2	79	352	431	102	761	863
Total		556	352	908	729	761	1,490
Net income before gains on investmen		234	257	491	(142)	355	213
Net gains / (losses) on investments		11	-	11	8	-	8
Net income/(expenditure)		245	257	502	(134)	355	221
Transfers between funds	13	346	(346)	-	382	(382)	-
Net movement in funds		591	(89)	502	248	(27)	221
Reconciliation of funds:							
Total funds brought forward 1 April		497	(104)	393	249	(77)	172
Total funds carried forward 31 March		1,088	(193)	895	497	(104)	393

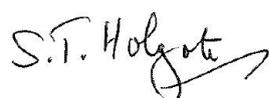
Notes 1 to 16 form part of these financial statements.
 All income relates to continuing activities.

Balance sheet

As at 31 March 2020

	Note	Total as at 31 March 2020	Total as at 31 March 2019
		£000	£000
Current assets			
Debtors	8	315	289
Cash		6,116	5,042
Total current assets		6,431	5,331
Creditors: amounts falling due within one year	9	4,858	4,309
Net current assets		1,573	1,022
Total assets less current liabilities		1,573	1,022
Creditors: amounts falling due after more than one year	10	678	629
Total net assets		895	393
The funds of the charity			
Restricted funds	13	(193)	(104)
Unrestricted income funds:			
General	13	1,088	497
Total charity funds		895	393

The notes on pages 14 to 22 are an integral part of these financial statements. The financial statements on pages 14 to 22 were authorised for issue by the Board of Trustees on 15 July 2020 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. There were no material judgements during the year. Critical 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

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 2020 £000	Year ended 31 March 2019 £000
Income from:				
2.1 Donations and legacies				
Direct gifts from individuals and trusts	314	100	414	338
Legacies	3	-	3	11
Community fundraising	304	5	309	348
Partnerships, campaigns, events and other income	66	25	91	284
Total	687	130	817	981
2.2 Other trading activities				
Auctions, tickets, sponsorship and other income	85	260	345	643
Total	85	260	345	643
2.3 Bank interest				
Bank interest	18	-	18	13
Total	18	-	18	13
2.4 Charitable activities				
Grants	-	219	219	66
Total	-	219	219	66
Total income	790	609	1,399	1,703

3. Expenditure on:

	Direct costs £000	Support costs £000	Year ended 31 March £000	Year ended 31 March £000
3.1 Raising funds:				
Direct gifts from individuals and trusts	-	75	75	91
Legacies	-	11	11	10
Community fundraising	93	69	162	213
Partnerships, campaigns, events and other income	159	67	226	313
Investment management costs	-	3	3	-
Total	252	225	477	627
3.2 Charitable activities:				
Research	352	79	431	863
Total	352	79	431	863
Total expenditure	604	304	908	1,490

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
3.3 Expenditure includes charges for:		

Fees payable to the charity's auditors for the audit of the annual financial statements (exclusive of VAT)

13 13

Notes to the financial statements**4. Support costs**

	Staff		Year ended 31		
	costs	IT and Comms	Other	March 2020	March 2019
	£000	£000	£000	£000	£000
Cost of expenditure on raising funds	-	18	207	225	263
Charitable activities	-	6	73	79	102
Total	-	24	280	304	365

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 departments activities during the year.

5. Grant-funded activities

Name of recipient:	Year ended		Year ended 31	
	31 March		March 2019	
	2020	No.	£000	No.
	£000			
Academic Medical Centre	-	-	5	1
Brunel University	48	1	-	-
GOSH	2	1	-	-
Homerton University Hospital NHS Foundatic	-	-	8	1
GOS Institute of Child Health	-	-	231	4
IGBMC (Institut de genetique et de biologie r	-	-	0	-
King's College London	-	-	74	1
UZ Leuven, Belgium	50	1	-	-
Oxford Brookes University	26	1	-	-
Oxford University	36	1	-	-
Sheffield Hallam University	-	-	63	1
University of Birmingham	-	-	82	1
University College London	125	3	224	4
University of Cambridge	97	2	79	1
University of Zürich	-	-	0	-
Total	384	10	766	14

Notes to the financial statements**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 (2018/19: 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 2019/20 was £5,600 (2018/19: £5,662) and is borne by GOSH Charity.

8. Debtors	Total at 31 March 2020 £000	Total at 31 March 2019 £000
Trade debtors	201	24
Other debtors	-	-
Prepayments	86	144
Accrued income	28	121
Debtors falling due within one year	315	289

9. Creditors: amounts falling due within one year	Total at 31 March 2020 £000	Restated Total at 31 March 2019 £000
Trade creditors	24	36
Amounts owed to group undertakings (see note 15)	2,283	1,257
Grants awarded (see note 11)	2,473	2,894
Other creditors	7	0
Accruals	17	35
Deferred income	54	87
Creditors falling due within one year	4,858	4,309

Prior year 'Amounts owed to group undertakings' was adjusted to incorporate the management recharge which had been shown in 'other creditors'.

Fundraising income is deferred for fundraising events which are taking place in the next financial year.

Notes to the financial statements

	Total at 31 March 2020 £000	Total at 31 March 2019 £000
10. Creditors: amounts falling due more than one year		
Grants awarded (see note 13)	678	629
Creditors falling due after one year	678	629

	Total at 31 March 2020 £000	Total at 31 March 2019 £000
11. Grants awarded		
Outstanding liabilities brought forward	3,523	3,753
Awarded during the period/year		
Research	384	765
Awarded during the period/year	384	765
Paid during the period/year		
Research	(724)	(991)
Paid during the period/year	(724)	(991)
Adjustments in the period/year		
Research	(31)	(5)
Adjustments in the period/year	(31)	(5)
Outstanding liabilities at 31 March	3,151	3,523
Amounts falling due within one year	2,473	2,894
Amounts falling due after more than one year	678	629
Outstanding liabilities at 31 March	3,151	3,523

Notes to the financial statements

12. Analysis of group net assets between funds

	General £000	Restricted £000	Total £000
Fund balances at 31 March 2020 are represented by:			
Current assets and liabilities	1,573	-	1,573
Long term liabilities	(485)	(193)	(678)
Total net assets	1,088	(193)	895

	General £000	Restricted £000	Total £000
Fund balances at 31 March 2019 were represented by:			
Current assets and liabilities	1022	-	1022
Long term liabilities	(525)	(104)	(629)
Total net assets	497	(104)	393

13. Funds

	1 April 2019 £000	Incoming resources £000	Resources expended £000	Transfers between funds £000	Gains and losses £000	31 March 2020 £000
13.1 Restricted funds						
CDHUK	-	50	(50)	-	-	-
The Norrie Disease	-	-	(63)	-	-	(63)
Dravet Syndrome UK	-	-	(62)	-	-	(62)
Myotubular Myopathy Research	(104)	36	-	-	-	(68)
	-	523	(177)	(346)	-	-
Total restricted funds	(104)	609	(352)	(346)	-	(193)
13.2 Unrestricted funds						
General funds	497	790	(556)	346	11	1,088
Total unrestricted funds	497	790	(556)	346	11	1,088
Total funds	393	1,399	(908)	-	11	895

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 by partner charities.

14. Commitments, liabilities and provisions

There are no commitments, liabilities or provisions requiring disclosure in the financial statements (31 March 2019: £nil).

15. Related party transactions

During the year the Charity was charged a fee of £192,724 by GOSH Charity for its share of support services (31 March 2019: £278,304). The balance remaining in amounts owed to the group undertakings relates to other invoices paid on behalf of Sparks.

Income received during the financial period from related parties totalled £4,447 which was received from IAG Cargo, which Margaret Ewing is a non-Executive Director of (31 March 2019: £26,025). 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 2020 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 Great Ormond Street Hospital Children's Charity, 40 Bernard Street, London WC1N 1LE, registered in England and Wales. Copies of 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