

WAR
child



**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

Year Ended 31 December 2016

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FOREWORD FROM THE CHAIR

2016 MARKED 20 YEARS SINCE THE PUBLICATION OF GRAÇA MACHEL'S LANDMARK UNITED NATIONS REPORT, 'IMPACT OF ARMED CONFLICT ON CHILDREN'.

In that report, back in 1996, Machel said: "Children are both our reason to struggle to eliminate the worst aspects of warfare, and our best hope for succeeding at it."

Yet 20 years later in August 2016, then UN Secretary General Ban Ki-Moon stood before the Security Council and described the experience of children affected by conflict in Iraq, Yemen, Syria and South Sudan as a "living hell".

So our work is more important than ever.

Last year War Child directly reached 109,000 children, young people and adults across our country programmes. Add in our wider work in the communities we cover and we supported a total of 415,000 people. We expect to be working with a total of 160,000 beneficiaries in 2017.

We have delivered that support in countries where, in many cases, it is becoming increasingly tough for us to work.

Afghanistan remains arguably the most dangerous, violent and conflict-stricken country in the world. The civil war in South Sudan entered its third year, with the displaced population in Uganda continuing to grow. Despite elections in Central African Republic, 2016 saw a renewal of violence and unprecedented child protection issues across the country. The intensity of conflict in northern Iraq led to horrific human rights violations and a severe displacement crisis. And the unfurling human catastrophe in Yemen has left an estimated 80% of the population aged under 18 in need of support.

Yet across all these areas, War Child teams have continued to deliver vital child protection, education and livelihood programmes, with a focus on quality and impact.

That focus on quality and impact was an important part of our approach in 2016. Comprehensive measurement and evaluation allowed us to be confident in the effectiveness

and value of our activity. We also put an emphasis on innovation throughout the year – ranging from the use of new technology to extend our education programmes, to new approaches to highlight the voices of children affected by war.

We worked closely with the War Child family worldwide, in particular our sister organisation War Child Holland. That co-operation allowed us to build best practice together and extend our beneficiary reach. We look forward to this important relationship developing further in 2017 and beyond.

Our work in 2016 was only possible thanks to our supporters. We are driven by the knowledge that our supporters care profoundly about children affected by conflict and want us to continue to deepen the care that we are able to provide – reaching as many children as possible.

Every one of us at War Child wants to thank, from the bottom of our hearts, every institution and individual that supported us. I want to express how much we value the trust that our supporters place in us.

We commit to building on that trust.

We believe that every child deserves a safe, secure and supportive childhood.

We promise not to rest until the day that becomes a reality.



A handwritten signature in black ink that reads "Sacha".

Sacha Deshmukh
Chair of Trustees

STRATEGIC REPORT

OBJECTIVES AND ACTIVITIES

The objects in the Memorandum of Association are

- To bring relief to persons anywhere in the world who are suffering hardship, sickness or distress as a result of war and in particular (but without prejudice to the generality of the foregoing) to bring such relief to children who are so suffering;
- To advance the education of the public in the effects of war and especially the effects of war on children.

War Child's vision is of a world where the lives of children are no longer torn apart by war. Consistent with that, our mission is to support and improve the protection and care of children and young people who live with a combination of insecurity, poverty and exclusion in some of the worst conflict-affected places.

We plan to accomplish this through our five strategic principles: we reach children early in

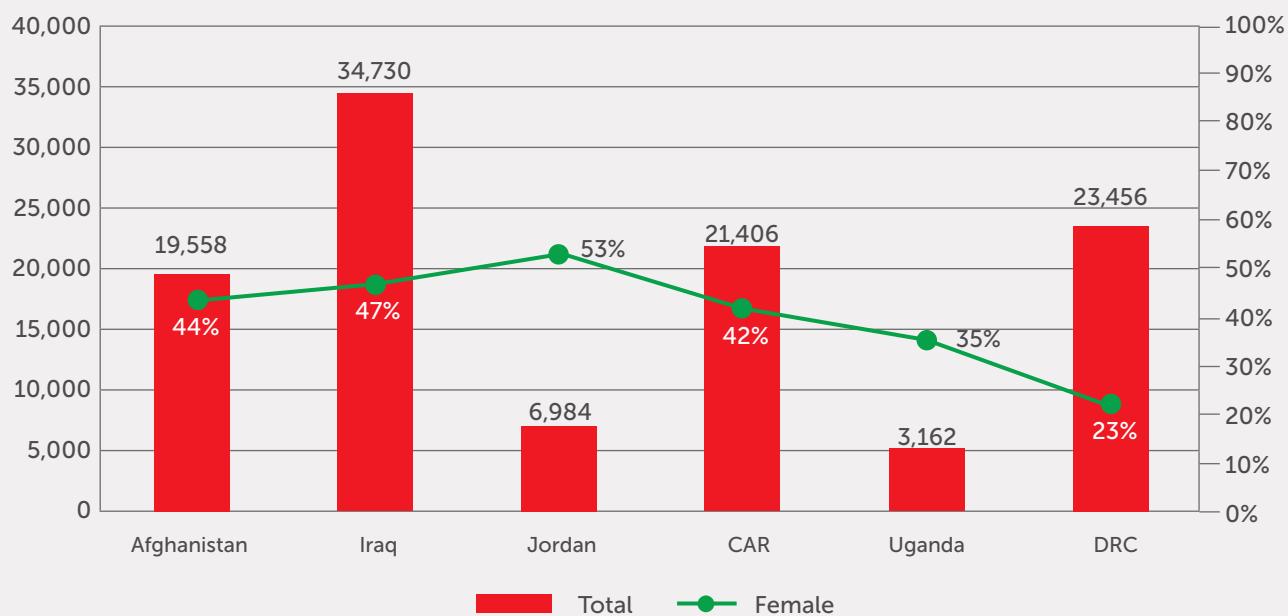
the conflict cycle and we stay to support them through their recovery; we are a specialist organisation focused on high impact and sustainable interventions; we champion the voices of children and mobilise others to take action in support of them; our values define our actions and drive us to continually improve our work and our systems; and we are part of an effective global family. By standing by these principles we aim to empower children to overcome the devastating impact of conflict.

OPERATIONS

In 2016 War Child directly reached a total of 109,296 children, young people and adults across our country programmes. Indirectly we reached 414,497 people.

40% of the people we reached directly were girls and women. Our teams in Jordan reached the most female beneficiaries: girls and women making up 53% of their total direct beneficiary reach – as shown below in Figure 1.

Figure 1: Country-specific beneficiary reach for 2016 with % female



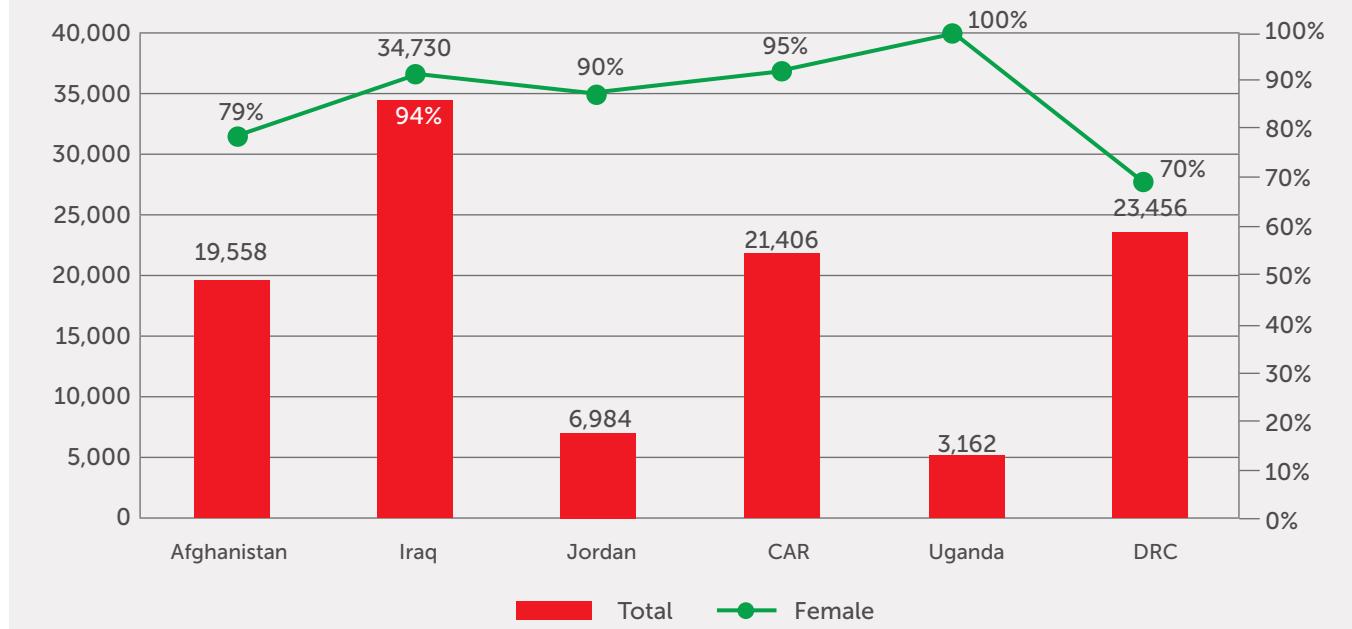
REACHING MORE CHILDREN AND YOUNG PEOPLE

Figure 2 shows that in 2016 War Child reached 94,394 children and young people, who accounted for 86% of our beneficiaries. This is an increase from 84% in 2015. Other beneficiaries included family members such as parents/

carers and siblings as well as community-based organisations and local/national governmental departments.

War Child's Iraq office was the largest contributor to the total number of children and young people reached in 2016.¹

Figure 2: Country-specific beneficiary reach for 2016 with % children % young people (CYP)



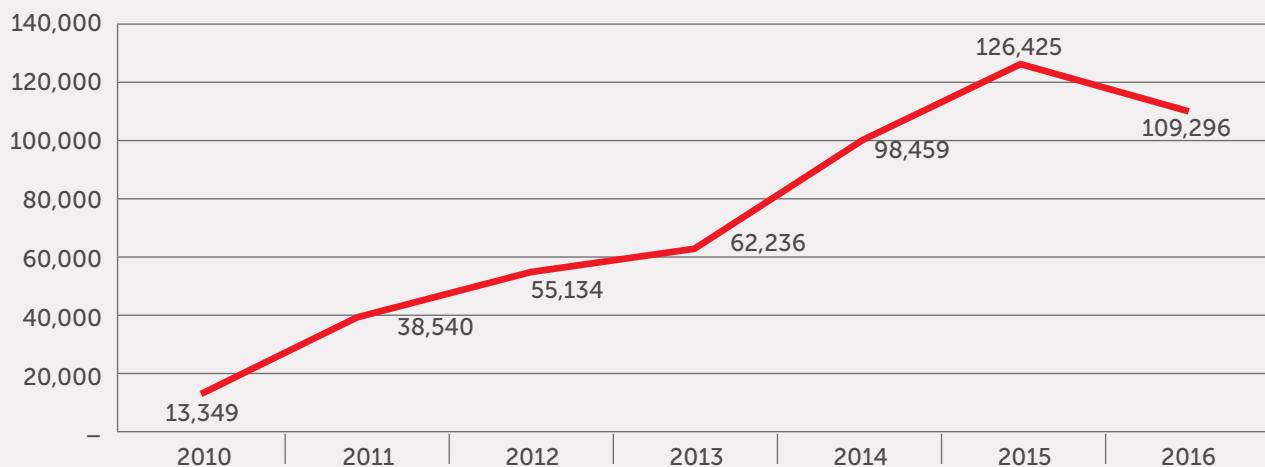
1. War Child follows the UN definition of children (aged 0-17) and young people (18-24)

STRATEGIC REPORT (Cont.)

ANNUAL REACH

2016 saw us reach 14% fewer beneficiaries than the year before. Yet the 2016 total is still significantly higher than in years preceding 2015 – as shown in Figure 3.

Figure 3: Direct beneficiaries reached 2010 – 2016



There are three big factors behind this reduction in reach.

1. Security situations in the Central African Republic

In 2016 we reached 49% fewer beneficiaries in the Central African Republic (CAR) compared to 2015. Access to programmes was heavily constrained by security threats. Humanitarian aid workers were targeted in more than 365 security incidents. That's more than Syria, Afghanistan, Iraq and Somalia put together.

Two specific challenges for War Child were:

The breakdown of law and order. NGO compounds in Bangui were directly targeted in October 2015. Since then armed robbery of NGO compounds and carjacking of NGO vehicles has increased.

Increased violence undermined both the delivery of programmes and their value. In remote areas such as Kaga Bandoro and Ndele, armed groups were highly active and operated largely with

impunity. This insecurity led to the cancellation of activities. And in an increasingly militarised environment, joining an armed group is often perceived by young adults as a better bet than pursuing education or livelihoods training.

2. Shift in our programming approach

The increased conflict in the CAR in early 2015 resulted in a massive surge of internally displaced persons (IDPs) migrating to Bangui and Bossangoa, where War Child was already present. As a quick response to this massive influx we established child-friendly spaces (CFS) and supported the IDPs with psychosocial and recreational activities. In 2016 we changed the nature of our programmes from establishing fewer child friendly spaces and focusing more on the Disarmament, Demobilisation and Rehabilitation programmes (DDR), which implies a smaller caseload.

3. Delays in programme implementation in Jordan

We had an estimate of reaching over 15,000 beneficiaries in Jordan for our Time to Be a

Child and Can't Wait to Learn projects. Yet these projects could not start on time due to delays seeking state permission.

The following pages outline details of our projects – and some of the impacts they have made – in Afghanistan, Central African Republic, Democratic Republic of Congo, Iraq, Jordan, Uganda and Yemen.

AFGHANISTAN

Afghanistan remains one of the most dangerous, violent countries in the world. The lives of Afghan children continued to be affected in 2016 by deepening conflict, spread across a wider geographic area. Despite the challenges, we reached 19,558 beneficiaries through our projects. And by working at the Iran-Afghanistan border, we have supported the return of unaccompanied, separated and deported children to their families.

The preliminary results of the three-year EC project are positive. They suggest the programme has had a major impact on children in western Afghanistan. This has been fuelled by improvements to psychosocial support, education and vocational training classes for children in conflict with the law (specifically the Juvenile Rehabilitation Centre in Herat).

A report produced under the EC funded project highlighted how children's lives are damaged by the judiciary not commonly using alternatives to detention. Based on the report findings and our work in Herat, War Child convened a meeting of government representatives in Kabul entitled Alternatives to Detention. In so doing we encouraged a review of the juvenile code for children in conflict with the law. This meeting was showcased in Brussels as part of an EU Development Day panel on juvenile justice, in partnership with Children in Crisis.

Through our focus on education, 265 street-working children in Kabul completed an accelerated learning programme and passed their final exam; 29 girls and 60 boys were reintegrated to formal schools. Expanding our childhood care and development work to Kabul has provided learning opportunities for 146 girls and 154 boys aged 4-6.

War Child's first award from the Start Fund saw a successful response to displacement in Kunduz City. We provided lifesaving support to 400 families by distributing food and hygiene kits, in partnership with ECW (Empowerment Centre for Women and Children). Nine child friendly spaces were established to provide psychosocial support and access to recreational activities for 1,165 children. This small-scale emergency project allowed War Child to reach children in a more remote part of the country.



STRATEGIC REPORT (Cont.)

CENTRAL AFRICAN REPUBLIC

Humanitarian needs in the CAR are dire. 2.3 million people, out of a population of 4.6 million, need humanitarian assistance. The Humanitarian Response Plan Appeal for CAR in 2017 amounts to 42.7 million USD, of which only 5.1% is funded as of March 2017.

Despite this, the first six months of 2016 were a period of relative calm. The new president, Faustin Archange Touadera, started his mandate on 30 March 2016 by declaring that he would pursue disarmament and "make CAR a united country, a country of peace, a country facing development". Yet since September 2016 CAR has experienced an upsurge of violence in Bangui and other parts of the country. Rebel groups' movements in the north west (Paoua, Markounda and Batangafo), north east (Ndelé) and south east (Bambari) frequently hindered the delivery of our programmes.

War Child had to close operations in Batangafo in November. Meanwhile attacks in Kaga Bandoro and other areas left thousands displaced – with limited access to basic services. The United Nations peacekeeping mission, MINUSCA, struggled to establish security to protect civilians.

2016 also marked an expansion of War Child's geographical presence in CAR. In February we opened an office in Ndelé (north east). And in September we started operations in Bambari (east of Bangui). These areas record unprecedented child protection issues, particularly the recruitment of children by armed forces and violent groups, sexual gender-based violence and other child rights violations.

Thanks to increased operational capacity, War Child reached 21,406 children across the country in 2016. We have also added layers to the support available for vulnerable children. That includes psychological support for children released from armed groups, emergency support and reintegration of young victims of gender-based violence

DEMOCRATIC REPUBLIC OF CONGO

The political situation in DRC was unstable throughout 2016. President Joseph Kabila remained in power beyond his constitutional mandate. Political violence and government repression intensified. Thousands were killed or injured as the main opposition bloc organised protests across the principal city centres. In December the main political parties reached an unprecedented deal, brokered by the Catholic Church.

Joseph Kabila, in power since January 2001, has agreed to hold elections by the end of 2017. To oversee the transition he has pledged to appoint a prime minister from the country's main opposition: Union pour la Démocratie et le Progrès Social (UDPS). It's a positive step. But the deal faces challenges: the logistic and financial obstacles of an internationally respected poll, the possible creation of a new government under the new prime minister and the country's unstable security situation.



As a result, the Congolese population is vulnerable. Armed conflict, intercommunity violence, epidemics and extreme poverty are affecting at least 7 million people. Funding is shrinking to a level insufficient to cover the minimum needs. The protection of children and their access to basic services has become a key priority for child rights organisations.

Early results from the three-year EC project on improving the prospects for children in conflict with the law suggest the programme has had considerable impact across Goma and Kinshasa. Our child helpline service went from strength to strength in 2016; more than 10,000 calls were received, 6,157 of which related to a child protection concern/case. War Child, together with social workers, helped to provide specialised

support to 1,204 child protection cases (over 3,000 across three years).

During 2016 War Child also strengthened collaboration with new partners – such as the American Bar Association – for the implementation of projects supporting the rights of victims of sexual and gender-based violence (SGBV) in North and South Kivu. War Child and War Child Holland began innovative research on the push and pull factors for the voluntary recruitment of children in armed groups, with a specific focus on prevention.

Initial results will be available by June 2017. This will support the development of new programmes and contribute to a structured advocacy plan for donors and governments.



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STRATEGIC REPORT (Cont.)

IRAQ

The humanitarian crisis in Iraq remains one of the most volatile in the world. Over 3 million Iraqis are internally displaced, scattered across more than 3,000 locations. The physical, emotional and psychological impact on children and their families is immense.

In the Kurdish region of Iraq, as part of the North Iraq Joint Response consortium, our child friendly spaces have continued to provide access to life skills, psychosocial support and recreational activities for almost 3,000 long-term displaced children from across Sinjar and Ninewa. Summer schools have provided 600 of these children with additional opportunities to study English, Maths and Computer Skills while the camp schools were closed.

Peace Education Committees and Youth Committees were established in one camp in northern Iraq to improve cohesion and acceptance amongst displaced communities. A youth football tournament and a temporary art exhibition consisting of drawings by children on the theme of peace and community provided opportunities to bring children together for positive and constructive pursuits.

Whilst continuing to expand our work in the Kurdish region of Iraq, we have also expanded our projects across Anbar, Baghdad and Ninewa governorates in response to the overwhelming need of children.

Across Baghdad and Anbar, including around Fallujah, with our local partner Afkar, we have provided access to non-formal education for out of school children, psychological first aid, psychosocial support, case management, emergency referrals and identification of unaccompanied minors as well as support for the refurbishment of schools. In Baghdad, training of local NGO representatives in child safeguarding, psychosocial support and psychological first aid has contributed to improvements in the wider humanitarian response for children.

As part of the War Child response to waves of

displacement from Mosul, temporary learning spaces were established in Qaymawa Camp north of Mosul, with informal learning and access to recreational activities an immediate relief to hundreds of traumatised children. Winter clothing distributions also offered a small comfort to these new arrivals.

JORDAN

As a result of the Syrian crisis, more than 655,000 Syrians are refugees in Jordan, 51% of whom are children. The first Syrian refugees arrived in Jordan in 2011. But despite the scale of the humanitarian response, major challenges remain. Not least access to quality education, livelihoods and protection for children.

Throughout 2016 our programme in Jordan reached 6,984 children, young people, parents and caregivers. Building on our experience of providing psychosocial and life skills support, access to informal education and empowering youth through creative community activities, two new projects have started in Jordan: Can't Wait to Learn and Time to be a Child.

Can't Wait to Learn is War Child's innovative e-learning methodology: a collaboration between War Child, Ahfad University for Women, TNO, Butterfly Works and Ministries of Education in Sudan and the Middle East and UNICEF International, financed by the Dream Fund of the Dutch National Postcode Lottery and IKEA Foundation. The project is being expanded to Jordan to provide Syrian and Jordanian children with meaningful opportunities to access quality education through tablet-based learning.

Meanwhile, Time to be a Child is providing access to life skills and early years learning opportunities for Syrian children in Za'atari refugee camp and in the host communities of east Amman, Mafraq and Zarqa. The project is ensuring that children affected by the Syrian conflict grow up in safe communities that promote healthy development and resilience. We have fostered a safe, nurturing environment that supports children's social development at a critical stage, increasing children's chances of transitioning into formal

school while building parents' recognition of the importance of education. Psychosocial support is also delivered to parents and caregivers, supporting the maintenance and creation of caring home environments.

UGANDA

December 2016 saw the South Sudan civil war enter its third year. Serious abuses against civilians by both government forces and opposition fighters continue, despite a peace agreement signed in August 2015.

New clashes left one in four people uprooted. More than 3 million people have been forced to flee their homes since the conflict began in December 2013. That includes nearly 1.9 million people who have been internally displaced (with 50% estimated to be children¹) and more than 1.2 million who have fled as refugees to neighbouring countries.. Uganda carries the heaviest burden of neighbouring countries, hosting 602,212 refugees out of the whole South Sudanese refugee population.

In 2016 War Child and the Transcultural Psychosocial Organisation Uganda (TPO) enrolled 800 children in mainstream primary school and provided over 2,000 with psychosocial support, child protection services and early childhood care and development in the child friendly spaces built within the school premises. As the crisis evolves and the needs of the refugee population change, different approaches and longer-term funding will be sought to support a population affected by one of the worst humanitarian crises of all time.

KATI, a youth social venture and formerly War Child Uganda, awarded over 200 loans worth £180,000 to young entrepreneurs. The group is now assessing the positive impact these funds are triggering in terms of increased local employment, workforce dynamism and investments.

War Child invested heavily in KATI's capacity building and governance enhancement, allocating unrestricted amounts for technical staff training, management mentorship, business guidance and strategic policy. KATI also opened a new branch in

Gulu and is looking into innovative ways to carry out loan repayment, group savings and business expansion.

YEMEN

Yemen is on the verge of a humanitarian catastrophe. 2.5 million people have been internally displaced as a result of the current crisis. Millions face risks to their safety and basic rights. The struggle for survival is real and urgent.

Conflict has led to widespread food insecurity. 14.4 million people are food insecure; 40% of the population is severely food insecure. As a consequence, rates of severe acute malnutrition have increased alarmingly. Almost 3 million people are affected.

Delivery of basic services is limited and humanitarian access remains extremely constrained. An estimated 21.2 million people now require humanitarian assistance. This figure includes a staggering 10.3 million children.

Children are always the most vulnerable group impacted by conflict. Nearly 80% of the population under the age of 18 needs support. These numbers are almost unimaginable. The sheer human cost of the conflict for civilians and children in Yemen is devastating.

War Child successfully completed the registration process in late 2016. This means we are now able to support children in Yemen with both lifesaving and longer-term programmes as we move into 2017.



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ACHIEVEMENTS AND PERFORMANCE

IN 2016, WAR CHILD HAD THE FOLLOWING ACHIEVEMENTS IN LINE WITH OUR 11 STRATEGIC OBJECTIVES:

1. To develop all our people and the support around them at a larger scale to achieve change for children affected by conflict.

Fuelling the growth of War Child's global operations requires people power. 2016 saw the expansion of our People and Achievement team in the UK to support escalating staffing demands. We also recruited HR specialists in many of our countries of operation.

Additionally, in 2016, we developed a staff care strategy. This piloted different ways to support staff working in enormously challenging environments. We improved our pension provision and prepared for auto-enrolment in the UK. All team leaders and directors received management and leadership development. And we updated our Child Safeguarding Policy, an essential component of protecting the children we work with.

Finally we undertook our first all-staff survey. This was conducted on our behalf by Great Places to Work. We intend to benchmark our success in future years to improve staff engagement and effectiveness.

2. To build a country programme portfolio which is responsive to changing realities, drives growth for the organisation, and maximises cooperation with other War Child partners.

Throughout 2016 we continued to grow the scale, scope and quality of our programme portfolio. The new Programme Funding Unit has helped War Child to achieve £5.5 million of restricted grant funding in 2016 and £4.5 million grant funding for 2017. We have diversified our institutional donor base. And we are now in a position to apply for more multiyear consortia projects on a larger scale.

We also continued to build our operations in our six country programmes (DRC, CAR, Afghanistan,

Jordan, Iraq and Yemen) and supported local partners in Uganda. Our programmes have been adapted to operate across a dynamic range of conflict affected country contexts, from acute to chronic.

Programme highlights in 2016 include:

- the ongoing response to displacement in northern Iraq from Mosul;
- the expansion of child-focused disarmament, demobilisation and rehabilitation programmes in CAR;
- the scale up of community engagement, tablet learning and early childhood care and development in Jordan;
- the continued focus on protection for cross-border child migrants in Afghanistan;
- the renewed focus on sexual gender-based violence and access to justice in DRC.

War Child Holland has continued to provide vital support to our programmes in Afghanistan and Iraq. We also worked together on successful joint bids in CAR and Iraq to fund our work through the Dutch Relief Alliance. Finally, we received joint funding for all War Child agencies from USAID and the Ikea Foundation for education work in the Middle East. This is the largest grant application War Child has ever been involved in.

We have increased War Child representation on several relevant sector networks at global and national level. These include the Child Protection Working Group, Education Cluster, Core Humanitarian Standard and the START Network.

3. To develop an appropriate and effective emergency response capacity in War Child, which allows the development of War Child interventions with vulnerable children across a wide range of contexts.

As War Child expands we find that we are often in need of extra short-term capacity in our country programmes. This might be because of staffing

ACHIEVEMENTS AND PERFORMANCE (Cont.)



Photo © Marcia Chandra

and recruitment gaps, the start-up of a new project or a spike in activity due to an emergency response.

Late in 2016 we started to search for ways to identify staff (from both country programmes and head office) who would be ready and willing to step out of their normal roles when necessary and be redeployed to support teams that were under unusually high pressure.

The keypoints we considered were:

- The creation of a register to maintain a record of staff willing to be redeployed
- Line managers to sign off on additions to the register as well as each redeployment
- Minimum deployment period of four weeks
- Agreement that being on the register does not necessarily lead to redeployment
- 6-8 people on the register at any given time
- Agreement of specific pre-deployment conditions
- Clear communication of criteria for registration and selection

Work has started with a consultant to put a full proposal together for how War Child provisions surge capacity.

4. To develop and deliver quality programmes based on a creative and appropriate mix of child protection, education and livelihoods.

We have a vision for attaining a standard of excellence through three core pillars.

- i. Technical quality – We recruited a thematic advisor (Education in Emergencies) to join two existing technical advisors. This team has travelled at least once to all country offices to consult, collaborate and build the capacity of staff and partners. The team has also worked with the Programme Funding Unit to enhance funding proposals through improved data collection. This will boost War Child's profile and provide opportunities to increase institutional funding.
- ii. Accountability – We used the findings of the interagency Child Friendly Feedback Mechanisms report to improve child engagement in several country programmes. Work will continue to establish effective accountability mechanisms that encourage greater child participation.
- iii. Learning – We invested in learning throughout the year. One such effort included taking part in the DFID-funded Youth Consortium Knowledge Bank website. We also got involved with the Consortium Learning Festival. The team helped to produce the Child Vulnerability Study, Impact Report (2015) and Innovation Report (2016) to showcase our programmatic work. And we supported the self-assessment process for the Quality Framework, leading to investments in country programmes. Finally, we leveraged War Child as a key player in global, national and regional events by contributing at events including the Department for International Development Conference on Monitoring &Evaluation, ECHO Education in Emergencies Forum, Geneva Calls Children and Armed Conflict Conference, The European Development Days in Brussels and Law Society's Access to Justice conference.

5. To secure greater political and financial support, and influence policy change, for children affected by armed conflict at national and international levels.

2016 represented a step change in War Child's policy, advocacy and campaigning. We targeted three areas: education in emergencies, the humanitarian needs of children forced to flee and the conflict in Syria.

Our campaign towards the World Humanitarian Summit (May 2016) called on the UK government to prioritise child protection and education in the humanitarian system. This was spearheaded by a report, strong media coverage and a petition of over 20,000 signatures that was handed to Number 10 ahead of the summit. Our advocacy played an important role in building momentum for the 'Education Cannot Wait' fund, which was launched at a special session at the summit with initial pledges of around \$70 million.

The UN General Assembly (UNGA) in September was a significant moment for us. Two major global refugee summits took place: the UN High Level Event on Refugees and Migrants, and Barack Obama's Refugee Leaders' Summit. Ahead of the UNGA we released a major report entitled 'I've Moved, My Rights Haven't'. This report called for a 'global action plan' for children forced to flee. It secured strong coverage across UK and international press. We also hosted a high-level event, with keynote addresses by our global ambassador, Carey Mulligan, and UK ambassador to the UN, Matthew Rycroft, along with a panel of UN leaders.

Towards the end of the year, as the conflict in Syria worsened, especially in the city of Aleppo, War Child spoke out to condemn war crimes, demand humanitarian access and call for a more robust response from the international community. Our global ambassador, Carey Mulligan, joined the Rally for Aleppo outside 10 Downing Street at the end of October, delivering a powerful speech. War Child also called for humanitarian air drops.

Our advocacy throughout 2016 sought to put the

voices of children we work with front and centre. We brought the opinions, ideas and concerns of young advocates in the Central African Republic and Jordan to the corridors of the UN through our VoiceMore programme. And we mobilised our supporters at every stage through our online communications, petitions, emails to the Prime Minister, letter-writing and rallies.

6. To significantly raise War Child UK's media profile and brand awareness in the UK and internationally to enhance our reputation, credibility and impact.

In 2016 War Child's media profile was raised significantly. We generated a total of 2,389 pieces of coverage: 1,211 about the work we do and our policy lines; 1,175 about our fundraising products. War Child was prominent across top tier print and broadcast. We appeared in UK national newspapers over 130 times and on national/international television over 30 times.

At the World Humanitarian Summit in May, we focused on the needs of children, specifically on education in emergencies. Our 40 pieces included placements in Newsweek, Metro, The Guardian, Reuters and Middle East Eye.

Our work around the UN General Assembly and report achieved great pick up in national and international press. Interviews from the summit resulted in significant coverage across 200 outlets including Newsweek, Al Jazeera Online, Channel 4 News, The Wall Street Journal, Daily Mail, Daily Express, Huffington Post and The Sun.

Towards the end of the year, War Child spoke extensively on the Syrian crisis and was a major player in the Rally for Aleppo outside 10 Downing Street. This secured 887 media pieces with a reach of over 400 million across broadcasters such as BBC, Channel 4 News, ITV and Sky. War Child also appeared on the front page of The Observer and generated online coverage from national newspapers.

Our advocacy-related coverage was matched by significant media exposure for our fundraising initiatives. Passport to Brits Week in February

ACHIEVEMENTS AND PERFORMANCE (Cont.)

received over 100 pieces of coverage with a reach of over 300 million; more than triple the reach achieved in 2015. We generated exposure in publications for gig lovers (including Music Week, Digital Spy, NME and BBC 6 Music), mainstream national papers (including The Evening Standard, Metro, The Independent and The Sun) and listings press (including Londonist, Time Out and The Guardian Guide).

Finally, Help: The Game featured in 76 publications – both gaming and mainstream. These included MCV, PC Gamer, Eurogamer, Shortlist and Digital Spy. The Gaming Armistice's 135 pieces featured in key gaming publications and Fundraising Magazine. And UNILAD created a video that generated 280k views in three days.

7. To considerably enhance War Child's digital footprint to increase supporter mobilisation across fundraising and campaigns.

We completed a project to redevelop our website. The new fully-responsive website enriches user experiences and features immersive, emotive content. Its child-centred design reflects the fact that children are at the heart of what we do.

Digital remained a key platform to broadcast our work throughout 2016. This included the creation of original, child-led videos featuring our advocacy work in the Central African Republic and Jordan as well as footage from events in the Democratic Republic of Congo marking the Day of the African Child.

Our online campaigns inspired hundreds to take action in support of the people of Aleppo. War Child's digital output also played an important role in urging the UK Government to take a strong stance in support of children affected by conflict at the United Nations General Assembly.

8. To provide sustainable income to realise our vision by developing a diverse portfolio of long term quality relationships across the organisation.

The generous support from our donors, fundraisers and volunteers helped us raise

a wonderful £7,422,000 in income from fundraised activities, an increase of 84% since last year, in addition to the £5,832,000 raised from institutional donors and foundations. We continued to grow our fundraising by investing in successful activities and implementing creative fundraising ideas. Here are some of our 2016 highlights:

We were overwhelmed and excited by the growth in our support from the legal sector this year; our relationship with CMS raised over £500,000. We also launched our new global partnership with Allen & Overy at the end of this year.

Our continued partnership with People's Postcode Lottery has grown our unrestricted income significantly this year. We have developed the relationship to the point where People's Postcode Lottery is now our external lottery manager, running lotteries on our behalf. This development has almost quadrupled the value of this relationship to War Child. Meanwhile our innovation in corporate fundraising in 2016 was the introduction of a new gaming strategy. This saw us work with eleven different gaming studios to create a bundle of PC games entitled 'Help: The Game'.

Passport to BRITs Week was a huge success, featuring live concerts by Coldplay, Florence + the Machine, Jamie xx and many more. We also worked hard to enhance sponsorship and reach and utilised our partnerships with O2 and Evening Standard, to raise more money than ever before. With continued support from MAMACo and Soho House we were stewarding, campaigning and running face to face campaigns at festivals including Isle of Wight Festival, Wilderness, Lovebox, House Festival, and also started working with Ibiza Rocks. We also changed the scope of our music department this year to incorporate more entertainment streams such as film and the arts. Rockumentary was our first ever music film festival, which we ran in partnership with Everyman cinemas.

The Mosul response in Iraq gave us an urgent focus for our winter appeal. There was a lot of

media coverage of the retake of Mosul in the latter half of the year, which drove awareness and helped raise income to support children who were impacted. Our community donors and fundraisers continued to participate in activities such as fun runs and bake sales. Meanwhile our more active supporters competed in challenge events including the Virgin London Marathon, Ride London and the Royal Parks Half Marathon.

Our network of philanthropists continued to grow. And our Global Ambassadors opened more doors to influential supporters. The third War Child Winter Wassail, curated by Carey Mulligan and Marcus Mumford, raised over £1.5 million for children in conflict. Michael McIntyre hosted a spectacular event, with special guests including Sam Smith, Nicole Scherzinger, Jude Law, Benedict Cumberbatch and Michaela DePrince.

War Child has continued to deliver quality standards in all fundraising practices, building trust with donors, complying with the fundraising codes of practice and adhering to all legal requirements. Our challenge is to provide amazing experiences to War Child's supporters. Without them we wouldn't exist.

9. To embed quality and continuous improvement in the way we work, ensuring that processes and systems evolve and remain fit for purpose as the organisation scales.

During 2016 we made big improvements to our processes and systems – throughout the organisation. This was underpinned by our Quality Framework.

We upgraded our Country Finance and Procurement manuals to reflect the increased size of our operations and grants. Meanwhile the recruitment of our first on-site IT Coordinator resulted in an upgrade to Office 365 and vastly improved connectivity.

Finally, we began upgrading the HR policies that drive continuous improvements in the way we work.

10. To maintain financial health and an acceptable risk profile.

Our financial picture changes rapidly. New grants get awarded; fundraising initiatives outstrip expectations. During 2016, we introduced quarterly budgeting reviews. This enables us to stay nimble when reacting to budgetary changes. It ensures our resources are allocated to the areas they are needed most and can have most impact.

We ensure all activity is approached through a lens of risk management, both at an operational and strategic level. To encourage this, we have empowered team leaders to manage risk through regular discussion and updating of our operational risk register.

11. To maximise the fundraising and programme potential of closer working relationships across War Child agencies.

Our relationship with War Child Holland has deepened significantly. Firstly, we have merged our offices in the DRC to cut out duplicated expenditure. In addition, we have agreed a shared programme of integration that establishes a formal lead agency relationship between us. This lays down a pathway to full programme integration between us and War Child Holland over the next two years. This development is already bearing fruit. Major tablet learning programmes have been implemented in Lebanon (War Child Holland lead) and Jordan (War Child UK lead).

In advocacy, we collaborated with War Child Holland to stage a major event in New York in September to highlight the needs of Syrian refugees. The event was hosted by our Global Ambassador, Carey Mulligan. We also funded programme development work in Gaza carried out by War Child Holland, while they contributed funding to our work in Iraq, Afghanistan and the Central African Republic.

All three operational War Childs (Canada, Holland and UK) collaborated to deliver a major programme in the Middle East called Time to be a Child. The project was funded by the IKEA Foundation.



FINANCIAL REVIEW

Total income for 2016 was £13,254,000, an increase of 47% over 2015, deriving mainly from continued growth in our unrestricted income. This reflects our sustained focus on developing our fundraising capacity, with investments in earlier years coming to fruition, as well as new relationships being developed with both corporate and individual givers. We are grateful to all of our supporters, large or small, without whom we could not develop a stable platform for long term sustainable growth.

In 2016, we invested in our restricted fundraising, which has grown by 26% from £4,323,000 in 2015 to £5,453,000 in 2016, and we have been fortunate to attract support from key funders such as Comic Relief, the European Commission and a number of UN agencies over the past few years. We continue to build upon these relationships in all of our countries of operation.

During the year, we have also been able to respond quickly to the needs of children and their communities affected by rapidly escalating conflict in both Iraq and Central African Republic, thanks to the generosity of so many people in their support of War Child.

We will continue to invest in all of our fundraising streams over the next year, with a particular focus on both restricted grant income and unrestricted individual giving.

Total expenditure for 2016 amounted to £10,388,000, an increase of 23% on 2015, predominantly from year-on-year increases in spend across our overseas programmes. This was particularly the case in Central African Republic and Iraq, as we responded to the emerging humanitarian needs following upsurges in violence in both countries. War Child's unrestricted reserves are in a strong position at the end of 2016, thanks to the efforts of all of our supporters and fundraisers as well as a careful eye on value for money. The organisation is thus in a situation to invest further in the quality and reach of our programmes during 2017, as well as fundraising from all streams, as we continue to implement our ambitious five-year strategy.

RESERVES POLICY

War Child's reserves policy is to ensure that the charity holds sufficient free reserves (excluding tangible fixed assets and other designated funds but including investments) to address the significant risks posed to the organisation, its beneficiaries and its employees within the context of the often insecure environments in which it operates. The target for unrestricted free reserves is therefore calculated through a detailed assessment of the costs and likelihood of risks contained in War Child's risk register. The current reserves target, that is the minimum reserves requirement to address such risks, is £1,200,000 (2015: £900,000), subject to amendment as the organisation evolves.

In 2016, several designated funds were set aside to enable the organisation to respond quickly to so that important work on the ground was not delayed whilst funding was being sought from external sources.

£17,000 of War Child's Emergency Intervention Fund was utilised in the year in order to aid our response to the crises in the Central African Republic and £22,000 of War Child's Continuity Fund was utilised in the year to support the continuation of project activities during breaks in donor funding and in order to minimise the impact on our beneficiaries.

Finally, £397,000 was utilised to match fund commitments for project activities in Democratic Republic of Congo and Afghanistan.

As War Child's income and resources continue to grow the Trustees have decided that providing for specific risks through setting aside designated funds is no longer necessary. We have decided to cease designating funds for these risks. From 2017 onwards these amounts will be charged directly to the organisational budget and we consider our reserves policy sufficient to manage such eventualities.

War Child's total reserves at the year-end were £5,881,000 made up of surpluses of £1,425,000 in restricted funds and £4,456,000 in unrestricted

FINANCIAL REVIEW (Cont.)

funds. Excluding the fixed and intangible assets totalling £56,000, free reserves were £4,400,000 at the year end.

The timing of major fundraising events is often dictated by factors unrelated to War Child's financial year. Thus £1,500,000 of unrestricted income was generated in late November through the Winter Wassail. This amount was 50% higher than we had anticipated.

In 2016 War Child also raised income through lotteries which were run by People's Postcode Lottery on behalf of War Child. This is the first time that War Child has obtained a gambling licence and the timing of the lotteries was uncertain until late in the year. These lotteries were enormously successful and raised £2,639,000, all of which was received in December.

These two events boosted free reserves to this £4,400,000 which is £3,200,000 over the target of £1,200,000. We are pleased to enter 2017 with substantial reserves which will be utilised in 2017 to deliver the challenging objectives set out in the Plans for Future Periods section below and should result in a closing position at the end of 2017 in line with the target reserves.

INVESTMENT POLICY

War Child's investment policy is to protect its capital, particularly given the constraints of restricted project funding and the often high inflationary environments in which the Charity operates. Tolerance to capital volatility is low, and the Charity adopts a cautious attitude to risk. The Charity's assets should be held in cash or low risk government bonds, although certain investments are also held in art assets to protect against long term devaluation. Given the overseas nature of the majority of War Child's expenditure, and the risk posed to the Charity through foreign exchange movement, investments are focused towards the currency in which expenditure takes place. An amount equal to the Charity's reserves target (2016: £1,200,000) should be maintained in immediately accessible cash deposits at all times. Further investments may range from short

to long term, maturing in line with the planned expenditure cycle across War Child's projects.

During the year, the value of art investments was upheld to achieve a closing balance of £132,000. There was no impairment of cash assets in the year.

The Trustees of the Charity have delegated decision making on investment matters to the Audit and Risk Committee. The Charity manages its own investments and has a nominated list of authorised signatories, two of whom are required to make any investments on behalf of the Charity.

The investment policy is reviewed on an annual basis.

VOLUNTEER POLICY

Volunteers are key for the continued success of our fundraising events and are a major resource which contributes to achieving our objective of improving children's lives. The skill, time and energy contributed by volunteers helps War Child achieve its goals and in turn benefits volunteers by offering them the opportunity to gain experience and to 'try something new' while meeting like-minded people. There are volunteers who help on a regular basis throughout our offices and operations, as well those who help on a more ad hoc basis such as stewarding at fundraising events. We are enormously grateful to all those who offer their time for free to help support the children we work with.

FUNDRAISING REVIEW

Details of War Child's fundraising activities can be found on Page 16 of this report.

GOING CONCERN

The trustees have reviewed War Child's reserves and free reserves position in light of the reserves policy discussed above, and consider that there are sufficient reserves held at the year end to manage any foreseeable downturn in the UK and global economy. The trustees consider that there is a reasonable expectation that War Child has adequate resources to continue in operational

existence for the foreseeable future and for this reason, the trustees continue to adopt the 'going concern' basis in preparing the accounts.

AUDITORS

Crowe Clark Whitehill LLP have expressed their willingness to continue as auditors for the next financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

War Child splits risks into two separate categories: strategic risks and operational risks.

Strategic risks are those that present a significant threat to the achievement of our strategy. They demand the attention of both the senior management team and the Board of Trustees. Operational risks concern mainly internal processes and controls. They can be managed through effective systems and good practices.

Operational risks are identified by each department, under the leadership of the relevant Director and are collected in the operational risk

register. The senior management team reviews the register on a regular basis and considers whether it reveals anything that's severe enough to be escalated to the strategic risk register.

The strategic risk register is managed by the senior management team and reviewed annually by the Board of Trustees. The senior management team manages the risks identified in the register and discusses key risks at monthly meetings, or more frequently where risks are considered more urgent. The Audit and Risk Committee reviews these risks at each quarterly meeting.

Our strategic risk register categorises risks according to their threat to our five strategic principles. Our key strategic risks include:

Risk of a serious security incident

The safety of our staff and of the children we work with is a key concern because the nature of our work takes our teams to insecure locations which pose significant dangers. We have a well-developed security system which enables us to



Photo ©Marcia Chandra

FINANCIAL REVIEW (Cont.)

work in such volatile environments without taking on undue risks to ourselves or the children we work with. Our Global Security Adviser works with a team of in-country Security Officers to analyse the risks and implement mitigation strategies to enable us to continue to do our work. We invest in staff training to make sure the procedures are followed. We invest resources in making our compounds and project locations more secure and in confirming lock down and evacuation procedures in case situations change rapidly. We monitor security in country on a daily basis and have a weekly security evaluation meeting at Head Office. We also train our personnel in security management and carry out crisis management exercises to make sure that we are as prepared as possible for different scenarios.

This particular risk is also monitored by our Audit and Risk Committee and we keep the wider Board informed of developing security situations.

Risk of insufficient funding preventing us from reaching children quickly or forcing us to close projects earlier than we think we should

Our main approach to preventing this risk is energetic fundraising, which provides us with growing resources each year. We are driven by a fear of not having sufficient funds to respond to children who desperately need our help in the areas where we work and the knowledge that there are children in other places where we are yet to establish our programme. We have established an emergency response fund which enables us to release funds quickly to country programmes experiencing a spike in need. We also have a small continuity fund which we use to maintain projects after donor grants come to end to keep projects running until longer term institutional funding can be secured.

Risk of being unable to prove the impact of our work

It is simple enough to count how many children attend War Child centres or access our other services. However, because we are dealing with the psychological and educational impact of conflict, we need to go further and invest in studies and evaluations which can show the

impact of our work on the wellbeing of the children and families involved. We are investing in well designed research which will demonstrate (for example) the benefits over time of helping a child to overcome trauma by attending our DEALS programme over several weeks.

Risk of failing to prioritise the voices of children

We are ambitious about focusing our work on what children tell us they need rather than on what we assume that they want. In a fast moving emergency environment there is always a danger that corners might be cut and programmes might be designed and implemented without consulting with the children they are supposed to help. Our prevention of this risk starts at the top of our organisational theory – ‘being accountable to children’ is one of our four core values and informs all work which happens within War Child. Programmes are designed in consultation with children and children are involved in the evaluation of programme results. Projects have child feedback mechanisms built into them so that we can learn what children think of what we are providing and make changes in real time. Our annual impact report always includes surveys and focus group discussions with children across our programmes so that we can report on what they think of our work.

Risk of losing the trust of our supporters and beneficiaries

We can only grow our impact if we have the trust of our supporters and our beneficiaries. We have a well-developed child safeguarding framework, central to everything we do, to make sure that children are safe in our programmes. We are also thoughtful about the donors we work with. We have a screening process which helps us to avoid accepting funding from sources which are not compatible with our values. We take seriously our duty to look after any personal data that we hold and to fundraise responsibly and with care for our supporters’ wellbeing. Our budgeting and reporting framework ensures that our expenditure prioritises programme impact and reinforces the trust our supporters place in us.



PLANS FOR FUTURE PERIODS

IN ORDER TO ACHIEVE OUR AIMS FOR 2017, IN LINE WITH OUR FIVE-YEAR STRATEGY, WE HAVE CREATED A NUMBER OF KEY ACTIVITIES THAT RELATE TO EACH STRATEGIC OBJECTIVE.

1. To develop all our people and the support around them at a larger scale to achieve change for children affected by conflict.

We will continue to expand our HR capacity throughout our country offices. Updating HR policy manuals will promote good practice throughout our operations. Managers and leaders will receive training to ensure updated policies are adopted successfully.

In 2016, we introduced common pay systems throughout our country offices and increased pay to market rates. In 2017, we will extend this to UK contracted staff. We will also invest in pay systems appropriate for the size of organisation we have become. A global IT platform will increase connectivity and efficiency across administrative systems.

We intend to provide leadership development for all management teams. Induction materials will be standardised on a web-based system. We will also improve focus on staff wellbeing in our country offices and roll out psychological first aid training. In the UK we will find offices that support wellbeing and upgrade our Health & Safety capacity.

The success of our HR efforts will be measured through our annual staff survey as well as internal auditing and KPI tracking.

2. To build a country programme portfolio which is responsive to changing realities, drives growth for the organisation, and maximises cooperation with other War Child Partners.

During 2017 War Child aims to reach up to 150,000 people with its programmes, and to have raised up to £11 million in restricted funding for its operations. We envisage scale up of our education and child protection work in Iraq, Yemen and Uganda in response to continued

and growing conflict related insecurity and humanitarian crises. These programmes will work with a wide range of local partners to ensure maximum resource sharing with frontline civil society response agencies.

Co-operation with War Child Holland continues to build, and during 2017 we will consolidate our separate programmes in DRC under one country leadership, and we will also be investing directly in supporting War Child Holland child protection programmes in Burundi and Palestinian Territories.

In order to reach our ambitious 2017 grant fundraising targets we will continue to invest in the capacity of the Programme Funding Unit to develop and secure larger scale grant proposals.

3. To develop an appropriate and effective emergency response capacity in War Child, which allows the development of War Child interventions with vulnerable children across a wide range of contexts.

Security management remains a high priority under this objective, as War Child teams and partners continue to operate in some difficult contexts. We anticipate that security in Afghanistan will present a big challenge to our operations in 2017, and we will need to pay careful attention to the changing dynamics of conflict and insecurity in Iraq and CAR as well. Ensuring that head office and country offices are well drilled in crisis management will be a priority for the year.

Response capacity to emergencies relies on having a good network of partners who can deploy quickly and provide an effective local response. Across our country teams we will continue to build the relationships and skills with our partners that will allow War Child to reach children in crisis situations, including Southern Sudanese refugees in Uganda, and children fleeing conflict in and around Mosul. Our new



programme in Yemen will work with a range of partners to deliver our child protection and relief projects.

We will also continue to build the skills and opportunities for War Child team members to be deployed to other country programmes to provide surge support to operations when needed.

4. To develop and deliver quality programmes based on a creative and appropriate mix of child protection, education and livelihoods.

2017 sees some exciting investments in programme quality with our first ever Global Monitoring, Evaluation, Accountability and Learning (MEAL) Forum which brings together MEAL staff from both War Child and War Child Holland to align our approaches and build skills and capacity. We will also be undertaking some interesting new research projects, including into the experience of demobilisation, disarmament and reintegration of child soldiers in Central African Republic, the push and pull factors influencing the lives of children associated with armed conflict in DRC, and the planned evaluative research into the effectiveness of our psychosocial DEALS programme in Jordan.

We have also put aside resources to further enhance in-country technical support across the

country programmes, including planning for the development of a new livelihoods strategy for War Child, to accompany the Child Protection and Education in Emergencies strategies. War Child will chair the taskforce on Child Participation and Accountability within the Alliance for Child Protection in Humanitarian Action. War Child continues to Chair the Allocations Committee of the inter-agency multi-donor START Fund for emergency response.

5. To secure greater political and financial support, and influence policy change, for children affected by armed conflict at national and international levels.

In 2017 War Child's policy and advocacy will concentrate on two strands. Firstly, we aim to end the targeting of children in war through our Enough is Enough campaign. In particular, we will focus on the conflicts in Yemen and Syria. Secondly, we will sharpen our attention on the trauma that affects children in war. Our aim is to increase public and political understanding of this issue to encourage better support for children whose lives are affected by trauma.

The efficacy of our work on these two strands will be enhanced by the development of our VoiceMore programme, which will expand into a third country in 2017. The programme champions the ideas of children affected by conflict and uses these voices to influence others to take action.

PLANS FOR FUTURE PERIODS (Cont.)

Our aim throughout 2017 is to continue raising War Child's profile – both as a policy expert and an active advocate for the rights of children whose lives have been affected by war.

6. To significantly raise War Child UK's media profile and brand awareness in the UK and internationally to enhance our reputation, credibility and impact.

The press office has a growing team of specialised staff, focusing on both fundraising and advocacy.

We will strive to increase our media profile, developing metrics to measure how well we are doing. In particular the press office will seek to improve the responsiveness of our team – whether reacting to major political events or responding to opportunities within the news agenda.

We aim to expand our work with celebrities and high-profile supporters, recognising how they enhance our media reach. Developing high-profile relationships at multiple levels will enable us to leverage support across all fundraising and communication channels.

We will ensure that we promote the work we do with children as much as possible through the media, linking this to our advocacy and fundraising messages. That includes facilitating media trips to our country programmes to raise the profile of our field operations and impact.

Finally, we will make every effort to generate empowered media profile for the children and young people we work with. Meanwhile the press and PR team will promote communications excellence across the organisation by developing brand and communications guidelines.

7. To considerably enhance War Child's digital footprint to increase supporter mobilisation across fundraising and campaigns.

We will expand our reach this year by creating strong and emotive digital content that targets key, profiled audiences. This content will

have a strong brand identity and a tone that is distinctively War Child.

The increased investment in our digital team will enable us to improve the quality and quantity of the stories, images and videos we produce to showcase the best of War Child's impact. Our growing team will play an active role in producing content, insight and guidance to our communications, campaigns and marketing functions.

We are also investing in our data and systems processes to ensure a digital-first approach to content, user experience and supporter mobilisation.

8. To provide sustainable income to realise our vision by developing a diverse portfolio of long term quality relationships across the organisation.

We will continue to build and maintain a fresh prospect pipeline for major donor, corporate and sponsorship support. To do this we intend to utilise our track record of developing engaging fundraising techniques and strong cases for support. The aim is to drive fundraising innovation and uphold high standards of care to our donors, supporters and fundraisers.

In addition, we will be scaling up our regular giving base to ensure a sustainable flow of income. This will be used to plan for our future. We also intend to develop our activity in the entertainment industries to attract new opportunities and supplement existing support. In particular, we have ambitions to become leaders in engaging the gaming industry in corporate support – and will start to develop our global proposition.

Developing our relationship with War Child Holland presents exciting opportunities to expand our reach. To engage donors we will make the impact of their donations clear, reporting on the outcomes of our core work. We look forward to building our base of 'War Child Investors' – the key supporters whose regular contributions are vital to our long-term work.

9. To embed quality and continuous improvement in the way we work, ensuring that processes and systems evolve and remain fit for purpose as the organisation scales.

In 2017, we will begin to develop a cohesive global IT system through the appointment of a Head of IT. Their mandate will be to develop common approaches to IT throughout our country offices. We will work with War Child Holland to develop a joint IT strategy to support the vision of a shared platform.

Additionally we will introduce systems to ensure we are compliant with new data protection legislation, while reducing the risk of beneficiary data being compromised. Moving shared data to the cloud will streamline operations across our organisation.

10. To maintain financial health and an acceptable risk profile.

In 2017, we will expand our financial management capacity throughout our organisation to support good practice and reduce risk. We will move our UK banking to Lloyds, who will provide considerably improved financial services. We will invest in treasury management, reduce the impact of FX losses and explore ways to deposit surplus funds.

2016 saw us consult widely on an updated country finance manual. This will be implemented in 2017 and we will develop an internal audit function to support its use.

Finally we will explore improvements to our finance system. That includes looking at migration to the cloud and integration with income recognition systems. More granular aims are to bring enhanced efficiency to our quarterly financial reviews, improve VAT recoverability and tighten HMRC compliance to reduce the risk of disallowable expenditure.

11. To maximise the fundraising and programme potential of closer working relationships across War Child agencies.

2017 will see a significant intensification of our programme integration work with War Child Holland. We will be working within a formal lead agency structure. Across our countries of operation we have agreed which of us will lead programmes on behalf of both agencies.

We will also be integrating our monitoring and evaluation frameworks, creating a joint research agenda and agreeing a combined theory of change. On top of that we will be co-funding programmes and reporting to each other on the work we are delivering in each country.

Beyond this relationship, we will be investing in the fundraising capacity of our colleagues in War Child Australia. In the United States we will be working with a new partner organisation called Children in Conflict.

War Child and War Child Holland will be discussing with War Child Canada how far they want to be involved in the integration of programmes and how the War Child family as a whole can develop over the coming years.



Photo ©Richard Pohle

STRUCTURE, GOVERNANCE AND MANAGEMENT

War Child is a charitable company limited by guarantee. We were incorporated on 30 July 1998 and registered as a charity on 22 September 1998. The company was set up under a Memorandum of Association, which established the objects and powers of the charitable company, and is governed under its Articles of Association and amended on 14 July 2015. In the event of the company being wound up, members are required to contribute an amount not exceeding £1 each.

The Board of Trustees agrees that the Chief Executive Officer and senior staff are authorised to represent the charity and act on its behalf on all matters of day to day management, substantive work, external relations and staff. Control over these powers is exercised by the Board of Trustees through regular Board meetings, reporting, and consultation on organisational strategy and budget. A Delegation of Authority document sets out this arrangement and is regularly reviewed.

TRUSTEE RECRUITMENT AND TRAINING

War Child's Trustees are recruited based on particular key skills to ensure effective governance. Key positions amongst Trustees are Chair and Treasurer. Skills are also sought in programmes, management, legal, media and fundraising. During the application process, all trustees screen CVs. Interviews are then conducted by the Chair, another trustee and the Chief Executive Officer. War Child operates an equal opportunities policy and encourages applications from diverse backgrounds.

As part of their induction, new trustees receive War Child's governance document as well as relevant publications from the Charity Commission. They are also briefed on child protection, our organisational strategy and the key issues facing us. Training is provided where necessary.

MANAGEMENT

War Child is organised into four departments, led by Directors reporting to the Chief Executive Officer.

Chief Executive Officer:	Rob Williams
Director of Programmes:	Dan Collison
Director of Finance & Operations:	Sarah Welsh (until 2 May 2017)
Director of Fundraising:	Nina Saffuri
Director of Advocacy & Communications:	Helen Morton (from August 17 2015 until 26 February 2016) Hannah Stoddart (from 21 March 2016) Alistair Martin (maternity cover from 5 June 2017)

KEY MANAGEMENT REMUNERATION

The CEO and the four directors form War Child's senior management team and are considered key management. Their salaries are subject to the same approach as used for employees. The salary of the CEO is approved annually at the April meeting of War Child's Board of Directors.

Every three years a salary scale review is undertaken by the senior management team to ensure that War Child is paying salaries that are commensurate with comparable organisations in the charity sector.

WAR CHILD'S INTERNATIONAL FAMILY

War Child is a family of three independent organisations: War Child, War Child Holland and War Child Canada. Together we help children affected by conflict in a total of 14 countries. Our collaboration ensures we benefit from cost-sharing office space, the submission of joint proposals, shared learning, pooled knowledge and joint fundraising initiatives. War Child is often known as War Child UK to distinguish itself from other members of the War Child family.

War Child has two affiliates: War Child Australia and War Child Ireland. Both work closely with War Child to raise money for projects delivered by the UK. War Child Australia and War Child Ireland were formed in 2002 and are staffed entirely by volunteers, meaning their administration costs are very low. War Child also works with a partner organisation in the United States called Children in Conflict.

War Child Music Limited is a wholly owned subsidiary of War Child. During 2016 War Child Music Ltd made a profit of £472,000, which was donated to War Child in its entirety. War Child Music Ltd changed its name to War Child Trading Ltd on 13 April 2017, in order to better reflect the activities of the organisation.

War Child US is an affiliate of War Child Canada.

CONSIDERATION OF PUBLIC BENEFIT

War Child trustees ensure that War Child carries out its aims and objectives and that these benefit the public. In doing so the trustees have had regard to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011. War Child's public benefit includes our work with children marginalised by war in Afghanistan, Central African Republic, Democratic Republic of Congo, Iraq, Syria and Uganda as well as our work educating young people in the UK about the wider issues of poverty-related conflict.



REFERENCE AND ADMINISTRATIVE DETAILS

KEY MANAGEMENT REMUNERATION

Sacha Deshmukh	(Chair of Trustees)
Neil Fenton	(Treasurer) (resigned 15 June 2016)
Heather Francis	(Treasurer) (appointed 27 April 2016)
Guy Gibson	(appointed 3 February 2016)
Nabila Jiwaji	
Lydia Lee	(resigned 27 April 2016)
Ray Longbottom	
Penny Richards	
Tom Scourfield	(appointed 7 December 2016)
Jacob Tas	
Julie Weston	

REGISTERED OFFICE AND PRINCIPAL ADDRESS

Linton House,
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London
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AUDITOR

Crowe Clark Whitehill LLP,
St Bride's House,
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London,
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BANKERS

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80 Cornhill,
London,
EC4M 6YH

Lloyds Bank.
39 Threadneedle Street,
London,
EC2R 8AU

SOLICITORS

Bates Wells Braithwaite,
10 Queen Street Place,
London
EC4R 1BE

COMMITTEES

Audit and Risk Committee

Heather Francis (Chair)
Nabila Jiwaji
Sacha Deshmukh
Julie Weston
Guy Gibson

Programme Quality Committee

Ray Longbottom (Chair)
Sacha Deshmukh
Penny Richards
Jacob Tas
Veronique Barbelet (co-opted member)
Mark Jordans (co-opted member)

COMPANY SECRETARY

Sarah Welsh (until 26 April 2017)
Rob Williams (from 26 April 2017)

COMPANY NUMBER

3610100

CHIEF EXECUTIVE

Rob Williams

CHARITY NUMBER

1071659

THANK YOU

IN 2016 WE REACHED SOME OF THE MOST VULNERABLE CHILDREN COPING IN ENVIRONMENTS THAT NO CHILD SHOULD HAVE TO ENDURE, PROVIDING INVALUABLE HELP AND HOPE FOR THE FUTURE.

But we couldn't have done it without the backing, commitment and generosity of everyone who has donated, fundraised or offered their support and collaboration in many ways during the year.

We would also like to thank all War Child employees, both in the UK and overseas for their hard work and dedication during the year. In particular, we express our special thanks to the interns and volunteers who help in the office in London and who are unpaid but dedicated, enthusiastic and highly competent. We could not do it without you.

Our Global Ambassadors

Carey Mulligan
Marcus Mumford

Thom Hoffman

Tina and Anthony Hene
Simon Welfare

Michaela DePrince

Nemone
Nicole Sherzinger

Our key donors and supporters

Alan McGee

Andrea and Iain Mackay

Andy Madeley & Matt McDonald

Andy Willsher

Balthazar Fabricius

Calum Adams and Ben Iles

Caroline Evans

Charlotte Nimmo

Christopher Mills

Clint Boon

Dan Dennison

Danny O'Connor

Debbie Smith

Eleanor and David Holloway

Elizabeth and Adam Knight

GedDoherty

Joe Barton

Julie Robbins

Jonny Grant

Kit Hawkins

Lisa and Andrew Billett

Louise Byrne

Lucy and Adam Tudhope

Miles Jacobson

Oscar Kashemwa

Randall Work

Roger Goodgroves

Ruth and David Joseph CBE

Simon Moran

Tina and Anthony Hene

Susan and Charles Rusbasan

Steve Hearn

Artists & performers

Above & Beyond

Alfie Holloway

Benedict Cumberbatch

Billy Talent

Bloc Party

Brandi Carlile

Bring Me the Horizon

Caleb Femi

Chelou

Chris Moyles

Circa Waves

Coldplay

Dan O'Connell

Dawn French

DJ IQ

Euan Garratt

Florence + The Machine

Frank Turner

Jack Garratt

James Bay

Jamie xx

Jon Holmes

Josh Gabriel

Jude Law

Lianne La Havas

Liv Dawson

Matt Everitt

Michael McIntyre

Nemone

Nicole Sherzinger

Olivia Dein

Professor Green

Public Service Broadcasting

Ross Buchanan

Sam Smith

Shlomo

The Baron 4

The Masonics

Tinie Tempah

Tokyo Myers

Trapper Joel

URI

Ye Nuns

Zak Abel

Corporate partners

AEG Presents

Allen & Overy

Beavertown

BDO

Car Finance 247

CMS

Core Creative

Disaronno

Evening Standard

Everyman

Five Guys

FRUKT

HMV

House Festival

Humble Bundle

THANK YOU (Cont.)

IME Training	Torn Banner	KATI, Uganda
Ibiza Rocks	Twitch	Kurdish Regional Government, Iraq
Indigo at The O2	UKie	Last Night a DJ Saved My Life Foundation
Isle of Wight Festival	Unity	MIDEFEHOPS, DRC
MAMACo	Valve	Ministry of Education, Afghanistan
Nosy Crow	Wargaming.net	Ministry of Education, Iraq
O2	XSplit	Ministry of Education, Jordan
People's Postcode Lottery		Ministry of Justice, DRC
Plus 1		Ministry of Planning and International Cooperation (MOPIC), Jordan
Quintessentially		Ministry of Social Affairs, DRC
Radio X		NDA, CAR
Sass and Belle		Office for the Coordination of Humanitarian Affairs (OCHA)
Sofar Sounds		Rehabilitation Association and Agriculture Development for Afghanistan (RAADA)
Solo		Restless Development
Standon Calling		SDO (Sanayee Development Organisation), Afghanistan
Tape London		Stanley Thomas Johnson Foundation
William Morris		Stephen Clark Charitable 1965 Trust
Yahoo Employee Foundation		The Band Aid Charitable Trust
Zeitgeist PR		The Bernard Lewis Family Trust
Gaming partners		
11 Bit Studios		The BEST Trust
BFI		The Blyth Watson Charitable Trust
BlackMill/M2M		The Linda Norgrove Foundation
Bossa Studios		The Lucky One Foundation
Creative Assembly		The Parker Foundation
Curve		The Pelham Court Charity
Gamer Network		The Sulney Fields Charitable Trust
Hardlight		The Welland Charitable Trust
Indigo Pearl		Transcultural Psychosocial Organisation (TPO), Uganda
iNK Studios		Usborne Foundation
Loading Bar		Vitol Foundation
Mode7		Youth Business International
Modern Dream		
Oculus		
Poistech		
Rovio		
SEGA		
Silverlight QA		
Spilt Milk		
Sports Interactive		
Studio Diva		
Sumo Digital		
Swipe Right PR		
Team17		
Our programme partners:		
	AFEB, CAR	
	AFEPPAB, CAR	
	Afghan Educational Children's Circus	
	Afghan Human Rights Organisation	
	Afghanistan Independent Human Rights Commission	
	Afkar, Iraq	
	Al-Habaka Association, Jordan	
	Al-Kitim Association, Jordan	
	Al-Sareeh Association, Jordan	
	Association des Femmes Rurales de Batangafo pour le development, CAR	
	Association Nationale des Educateurs Sociaux (ANES), DRC	
	Child Protection Action Network (CPAN), Afghanistan	
	Clifford Chance	
	Department of Justice, Afghanistan	
	Department of Labour and Social Affairs, Afghanistan	
	Department of Refugees and Repatriations, Afghanistan	
	Emergencia, CAR	
	Empowerment Centre for Women (ECW), Afghanistan	
	Enfants san Frontieres (ESF), CAR	
	Femmes Hommes Action Plus (FHAP), CAR	
	Fonds Social de la Republique du Congo	
	Geoff Herrington Foundation	
	George Oliver Foundation	
	Goldman Sachs	
	Herat Juvenile Rehabilitation Centre, Afghanistan	
And all institutional, trust, foundation and private donors named in note 14 (pages 52 to 56) of the financial statements.		

TRUSTEES' RESPONSIBILITIES

The Board of Trustees agrees that the Chief Executive Officer and senior staff are authorised to represent the charity and act on its behalf on all matters of day to day management, substantive work, external relations and staff. Control over these powers is exercised by the Board of Trustees through regular board meetings, reporting, and consultation on organisational strategy and budget. The trustees remain collectively responsible for the charity. All powers delegated under this policy are exercised in good faith based on the understanding of the final authority of the Board of Trustees.

The trustees who are also directors for the purposes of company law are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have done so in accordance with FRS 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the consolidated group and of the profit or loss of the company and consolidated group for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping accounting records that are sufficient to:

- show and explain the company's transactions
- disclose with reasonable accuracy at any time the financial position of the company
- ensure that the financial statements comply with the Companies Act 2006

The directors are also responsible for safeguarding the assets of the company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors has taken the steps necessary to make themselves aware of any information needed by the company's auditors and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The Trustees' Annual Report, which includes the Strategic Report, was approved on behalf of the board by Sacha Deshmukh on 12 July 2017.



INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of War Child for the year ended 31 December 2016 set out pages 36 to 58.

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free

from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Trustees' Annual Report and Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the trustees' annual report.

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

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Naziar Hashemi
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

21 July 2017

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING THE INCOME & EXPENSE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Unrestricted funds £000	Restricted funds £000	2016 Total £000	2015 Total £000
INCOME					
Income from other trading activities					
Donations		3,921	69	3,990	3,481
Events		814	-	814	560
Lotteries	3	2,639	-	2,639	-
		7,374	69	7,443	4,041
Income from Charitable Activities					
Grants	14	426	5,384	5,810	4,956
Other income					
Bank interest		1	-	1	-
		-----	-----	-----	-----
Total income		7,801	5,453	13,254	8,997
		-----	-----	-----	-----
EXPENDITURE					
Expenditure on raising funds					
Fundraising costs	4	1,639	2	1,641	1,318
Expenditure on charitable activities					
Project costs	4				
- Afghanistan		326	707	1,033	1,007
- Central African Republic		297	1,616	1,913	838
- Democratic Republic of Congo		449	543	992	1,232
- Iraq		238	1,252	1,490	1,595
- Syria response		165	439	604	368
- Uganda		21	435	456	438
- Yemen		48	-	48	37
- UK overseas support		1,576	-	1,576	1,306
Information & Campaigns		635	-	635	300
		-----	-----	-----	-----
Total expenditure	4,14	5,394	4,994	10,388	8,439
		-----	-----	-----	-----
Net income		2,407	459	2,866	558
		-----	-----	-----	-----
Funds brought forward		2,049	966	3,015	2,457
		-----	-----	-----	-----
Funds carried forward 31 December 2016	12	4,456	1,425	5,881	3,015
		-----	-----	-----	-----

There are no other unrealised gains or losses which do not appear on the statement of financial activities. All of the above results are derived from continuing activities. The notes on pages 39 to 58 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2016

		Group		Charity	
	Note	2016 £000	2015 £000	2016 £000	2015 £000
Fixed assets					
Tangible assets	6	36	50	36	50
Intangible assets	7	20	66	20	66
Investments	8	132	144	132	144
		-----	-----	-----	-----
		188	260	188	260
		-----	-----	-----	-----
Current assets					
Debtors	9	2,008	1,859	2,447	2,059
Cash at bank		4,360	1,633	3,905	1,426
		-----	-----	-----	-----
		6,368	3,492	6,352	3,485
Creditors: falling due within one year	10	(675)	(737)	(659)	(730)
	w	-----	-----	-----	-----
Net current assets		5,693	2,755	5,693	2,755
		-----	-----	-----	-----
Net assets	12	5,881	3,015	5,881	3,015
		-----	-----	-----	-----
INCOME FUNDS					
Non-designated reserves		4,456	1,627	4,456	1,627
Designated reserves	12	-	422	-	422
		-----	-----	-----	-----
Unrestricted funds	12	4,456	2,049	4,456	2,049
Restricted funds	14	1,425	966	1,425	966
		-----	-----	-----	-----
		5,881	3,015	5,881	3,015
		-----	-----	-----	-----

BALANCE SHEET AS AT 31 DECEMBER 2016 (CONT.)

The profit for the financial year dealt with in the financial statements of the parent Company was £2,393,000 (2015: £338,000)

These financial statements were approved by the Trustees, authorised for issue on 12 July 2017 and signed on their behalf by

Sacha Deshmukh – Trustee

The notes on pages 39 to 58 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Notes	£000	£000
Cash flows from operating activities:			
Net cash inflow/(outflow) from operating activities	A	2,792	39
Cash flows from investing activities:			
Purchase of fixed assets		(77)	(118)
Proceeds from sale of investments		12	12
Cash flows from financing activities:			
Net increase/(decrease) in cash:		<hr/> 2,727	<hr/> (67)
Cash at bank and in hand at the beginning of the year		1,633	1,700
Cash at bank and in hand at the end of the year	B	<hr/> 4,360	<hr/> 1,633

NOTES TO THE CASHFLOW STATEMENT

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

	2016	2015
	£000	£000
Net incoming resources	2,866	558
Depreciation & amortisation	137	135
Decrease / (increase) in debtors	(149)	(722)
Increase/ (decrease) in creditors falling due within one year	(62)	68
Net cash outflow from operating activities	<hr/> 2,792	<hr/> 39

B. Analysis of cash and cash equivalents

	2016	2015
	£000	£000
Cash in hand and at bank	4,360	1,633
Total cash and cash equivalents	<hr/> 4,360	<hr/> 1,633

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

Charity and Company information

War Child is a Public Benefit Entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 30 July 1998 (company number: 3610100) and registered as a charity on 22 September 1998 (charity number: 1071659).

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association (amended 14 July 2015).

In the event of the company being wound up members are required to contribute an amount not exceeding £1 each.

The registered address is Linton House, 39-51 Highgate Road, London, NW5 1RT.

Basis of accounting

The consolidated Financial Statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015.

The Financial Statements have been prepared consolidating the results of the Charity and its subsidiary War Child Music Limited (Company number: 05100189). Registered address: Linton House, 39-51 Highgate Road, NW5 1RT). War Child Music Ltd changed its name to War Child Trading Ltd on 13th April 2017, in order to better reflect the activities of the organisation.

The functional currency of War Child and its subsidiary is considered to be GBP because that is the currency of the primary economic environment in which the group operates.

The consolidated financial statements are also presented in GBP.

The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments. As permitted by Section 408 of the Companies Act 2006, a separate income and expenditure account for the results of the charitable company only has not been presented.

After reviewing the group's forecasts and projections, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

The principle accounting policies adopted, judgements and key sources of estimation uncertainty in the presentation of the financial statements are as follows:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)

Income

All income is accounted for when War Child has entitlement, there is probability of receipt and the amount is measurable.

- Grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance. Where the grant is received in advance of performance, its recognition is deferred and included in creditors. Where entitlement occurs before the grant is received, it is accrued in debtors
- Donations are recognised when War Child becomes entitled to the funds, when the amount can be measured reliably and receipt is probable.

Donated Goods and Services

Donated services and facilities are included as income (with an equivalent amount in expenditure) at the estimated value to the charity where this is reasonably quantifiable, measurable and material.

War Child receives a huge amount support from the music industry at various levels to deliver one-of-a-kind events in order to raise funds and raise awareness in support of its mission. In line with War Child's fundraising model, we source support from high-profile artists in the music industry to volunteer their time to provide a performance at a War Child music event, thus raising significant income through ticket sales and other sources. It would not be practical or appropriate for War Child to pay an artist to perform at an event and the value to the charity is captured in the income raised from ticket sales. Therefore, no value has been attributed to these services in the accounts.

Expenditure

All expenditure, other than that which has been capitalised, is included in the Statement of Financial Activities. Expenses are accounted for on an accruals basis.

Payments are made to local partner organisations in the countries in which War Child works in

order that they may assist in carrying out a part of War Child's charitable activities alongside the Charity itself. War Child determines the activities to be carried out and monitors the activities and expenditure on such activities closely. Payments made to the local partner organisations are accounted for as receivables in the accounts of War Child until expenditure under these "partner advances" is justified fully, at which point the expenditure is recognised as a direct Project Cost in the Statement of Financial Activities of War Child.

Expenditure is allocated to relevant activity categories on the following basis:

- Expenditure on raising funds includes all costs relating to activities where the primary aim is to raise funds along with an apportionment of support costs.
- Charitable expenditure includes all costs relating to activities where the primary aim is part of the objects of the charity along with an apportionment of support costs.
- Support & Governance costs are allocated to the SOFA expenditure headings, based on the level of expenditure dedicated to the generation of funds and charitable expenditure, and to overseas projects as this is deemed to be an accurate reflection of the level of activity supported by these functions of the organisation. Support costs include office costs such as rent and rates as well as support staff costs including finance and HR teams. Governance costs include audit and tax fees for the year.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at a rate of exchange fixed for the month of the transaction.

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term and charges to support costs which have been reallocated

within note 4 below, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Depreciation & Amortisation

Assets acquired with unrestricted funds are capitalised at cost and depreciation is provided to write off the cost over their expected useful lives. It is calculated on a straight line basis at the following rates:

Leasehold improvements:	Over the life of the lease
Motor vehicle:	5 years
Fixtures and fittings:	5 years
IT software & equipment:	3 years

Assets acquired specifically for overseas projects are capitalised and are written off in the year of acquisition.

Assets acquired with restricted funds are not capitalised as they will be either returned to the donor or gifted to local partners or beneficiaries at the end of the projects to which they relate.

Intangible fixed assets represent software costs capitalised in accordance with FRS102. These are stated at historical cost and amortised on a straight line basis over the period which revenue is expected to be generated (3 years).

Amortisation is recognised in the statement of financial activities as part of expenditure and is allocated across the expenditure headings on the same basis as Support & Governance costs.

Micro Loans

Small loans issued to beneficiaries are recognised in Debtors to the extent they are deemed recoverable at the balance sheet date.

Retirement Benefits

The charity makes fixed contributions into the individual defined contribution pension plans

of its employees. Obligations for contributions to defined contribution pension plans are recognised as an expense when due.

Funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor or by the terms of the appeal.

Unrestricted funds are funds available to the charity for its general purposes. The trustees, at their discretion, may set aside funds to cover specific future costs. Such funds are shown as designated funds within unrestricted funds. Where the trustees decide such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds.

Financial Instruments

War Child has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Financial assets and financial liabilities are recognised when War Child becomes a party to the contractual provisions of the instrument. Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets, comprised of cash, other debtors and accrued income, and financial liabilities, comprised of other creditors and accruals, are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost except for investments which are measured at fair value with gains and losses recognised in the statement of financial activities

Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONT.)**

2. Prior year consolidated statement of financial activities

	Unrestricted funds £000	Restricted funds £000	2015 Total £000
INCOME			
Income from other trading activities			
Donations	3,412	69	3,481
Events	560	-	560
	3,972	69	4,041
Income from Charitable Activities			
Grants	702	4,254	4,956
	702	4,254	4,956
Total income	4,674	4,323	8,997
	4,674	4,323	8,997
EXPENDITURE			
Expenditure on raising funds			
Fundraising costs	1,318	-	1,318
Expenditure on charitable activities			
Project costs			
- Afghanistan	195	812	1,007
- Central African Republic	106	732	838
- Democratic Republic of Congo	230	1,002	1,232
- Iraq	547	1,048	1,595
- Syria response	68	300	368
- Uganda	15	423	438
- Yemen	37	-	37
- UK overseas support	1,306	-	1,306
Information & Campaigns	300	-	300
	300	-	300
Total expenditure	4,122	4,317	8,439
	4,122	4,317	8,439
Net income	552	6	558
	552	6	558
Funds brought forward	1,497	960	2,457
	1,497	960	2,457
Funds carried forward 31 December 2015	2,049	966	3,015
	2,049	966	3,015

3. Analysis of Income

Lottery

The People's Postcode Lottery was appointed as War Child's External Lottery Manager to run lotteries on our behalf. Only the net proceeds of these lotteries are included in the statutory accounts as income and this better reflects the impact of this income on our operations.

The breakdown of the lottery income during the year is as follows:

	£000
Total raised through the People's Postcode Lottery for War Child	8,797
Less: prizes	(3,506)
Less: operating costs	(2,652)
Net proceeds	2,639

Donated services and facilities

Donated services and facilities are included as income (with an equivalent amount in expenditure) at the estimated value to the charity where this is reasonably quantifiable, measurable and material. In 2016 this totalled:

	Unrestricted	Restricted	2016
	funds	funds	Total
	£000	£000	£000
Professional fees	8	-	8
Assets	22	-	22
Events	22	-	22
Project inputs	-	237	237
	-----	-----	-----
	52	237	289

War Child receives a huge amount support from the music industry at various levels to deliver one-of-a-kind events in order to raise funds and raise awareness in support of its mission. In line with War Child's fundraising model, we source support from high-profile artists in the music industry to volunteer their time to provide a performance at

a War Child music event, thus raising significant income through ticket sales and other sources. It would not be practical or appropriate for War Child to pay an artist to perform at an event and the value to the charity is captured in the income raised from ticket sales. Therefore, no value has been attributed to these services in the accounts.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONT.)**

4. Analysis of expenditure

	Staff	Support	Governance	Other Direct Costs	2016	2015
	£000	£000	£000	£000	£000	£000
Expenditure on raising funds	836	105	3	697	1,641	1,318
Charitable expenditure						
Project costs						
- Afghanistan	362	52	-	619	1,033	1,007
- Central African Republic	464	102	-	1,347	1,913	838
- Democratic Republic of Congo	450	48	-	494	992	1,232
- Iraq	549	72	-	869	1,490	1,595
- Syria response	329	10	-	265	604	368
- Uganda	38	10	-	408	456	438
- Yemen	8	-	-	40	48	37
- UK overseas support	652	516	15	393	1,576	1,306
	-----	-----	-----	-----	-----	-----
	2,852	810	15	4,435	8,112	6,821
Information and campaigns	304	41	1	289	635	300
	-----	-----	-----	-----	-----	-----
	3,992	956	19	5,421	10,388	8,439
	-----	-----	-----	-----	-----	-----

Support costs include employment costs totalling £555,000 relating to the Chief Executive Officer, Finance, HR, IT and Administration personnel, as well as the costs of property and asset management, liability insurance and communications in the UK headquarters.

Group governance costs include audit fees of £19,000 and costs relating to non-audit services such as the company tax return which amounted to £2,000. Part of the audit cost and the full amount of the non-audit services are charged directly to War Child Music Ltd.

Support and Governance costs are reallocated based on levels of expenditure in Fundraising, Information and Campaigns, and Programmes as this is assumed to be an accurate indicator of levels of activity in each of these areas which are supported by the costs incurred in Finance, HR and Governance.

Other Direct Costs include all costs relating to the implementation of our projects are described in more detail in note 14 of these accounts.

5. Employee emoluments

	2016 £000	2015 £000
UK Staff costs include the following:		
- Wages and salaries	2,065	1,497
- Social security costs	249	161
- Pension contributions (defined contribution pension schemes)	27	15
Overseas Aid workers		
- Wages and salaries	704	723
- Pension contributions (defined contribution pension schemes)	8	7
Overseas National Staff costs	1,228	1,241
	-----	-----
	4,281	3,644
	-----	-----

The number of higher-paid employees with emoluments falling within the following ranges is as shown:

	2016 Number	2015 Number
£60,000 - £69,999	-	3
£70,000 - £79,999	3	-
£90,000 - £99,999	1	1

A total of £382,000 (2015: £378,000) was paid to key management in emoluments in the year.

A total of £9,372 (2015: £6,984) was paid by War Child into a defined contribution pension scheme for 3 (2015: 2) higher-paid employees.

£nil (2015: £42,000) was paid by War Child in redundancy costs during the year.

None of the trustees received any emoluments. No expenses were reimbursed to any of the trustees in the year (2015: £nil).

Volunteers are key for the continued success

of our fundraising events to deliver our a major resource and contribute to achieving our objective of improving children's lives. The skill, time and energy contributed by volunteers helps War Child achieve its goals and in turn benefits volunteers by offering them the opportunity to gain experience and to 'try something new' while meeting like-minded people. There are volunteers who help on a regular basis throughout our offices and operations, as well those who help on a more ad hoc basis such as stewarding at fundraising events.

We are enormously grateful to all those who offer their time for free to help support the children we work with.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONT.)**

5. Employee emoluments (cont.)

The average number of persons employed by War Child during the year was as follows:	2016 Number	2015 Number
UK		
- Charitable expenditure	19	14
- Fundraising	21	15
- Management and administration	12	9
	-----	-----
	52	38
Overseas		
- International aid workers	16	16
- National staff	144	137
	-----	-----
	160	153
	-----	-----
	212	191
	-----	-----

6. Tangible fixed assets – Group and Charity

	Leasehold Improvements £000	Motor Vehicles £000	IT equipment £000	Fixture & Fittings £000	Total £000
Cost or valuation					
At 1 January 2016	82	117	100	60	359
Additions	-	16	49	12	77
Disposals	-	-	(30)	(14)	(44)
	-----	-----	-----	-----	-----
At 31 December 2016	82	133	119	58	392
Accumulated depreciation					
At 1 January 2016	42	117	99	51	309
Charge for the year	14	16	49	15	94
Disposals	-	-	(30)	(17)	(47)
	-----	-----	-----	-----	-----
At 31 December 2016	56	133	118	49	356
Net book value					
At 31 December 2016	26	-	1	9	36
At 31 December 2015	40	-	1	9	50
	-----	-----	-----	-----	-----

7. Intangible Assets

	IT Software £000
Cost or valuation	
At 1 January 2016	158
Additions	0
Disposals	(27)

At 31 December 2016	131

Accumulated depreciation	
At 1 January 2016	92
Charge for the year	45
Disposals	(26)

At 31 December 2016	111

Net book value	
At 31 December 2016	20

At 31 December 2015	66

8. Investments

	Works of art £000	Investment in subsidiary companies £000	Total £000
Valuation			
At 1 January 2016	144	-	144
Disposals	(12)	-	(12)
	-----	-----	-----
At 31 December 2016	132	-	132
	-----	-----	-----

Investment in works of art:

Certain works of art have been donated to War Child. These investments are held primarily to provide capital appreciation for the charity, and are all held within the UK. All items have been valued by an external art valuations expert, and are recognised in the accounts at the Trustees' best estimate of their likely sale value.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONT.)**

8. Investments (cont.)

Investment in subsidiary company

Name	Country of incorporation	Class of shares	% held	Nature of business	Year end
War Child Music Limited	UK	Ordinary	100%	Music events & other trading activities	31 December

Details of the net assets and profit for the year of the subsidiary company are as follows:

	Net assets		Turnover		Profit/(loss) for the year	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
War Child Music Limited	-	-	870	583	-	-
	—	—	—	—	—	—

The principal activity of War Child Music Limited (Company number: 5100189) is the organisation of music events and the sale of music in order to raise funds for the War Child registered charity. All profits are transferred to War Child by Gift Aid. War Child Music Limited's registered office is Linton House, 39-51 Highgate Road, London, NW5 1RT. War Child Music Ltd changed its name to War Child Trading Ltd on 13th April 2017, in order to better reflect the activities of the organisation.

Amounts owed from War Child Music Limited as at the balance sheet date totalled £603,000 (2015: £255,000). War Child Music Limited donated its full profit of £472,920 (2015: £219,586) to War Child. A total of £182,000 (2015: £164,000) was recharged from War Child to War Child Music Limited in the year in relation to management charges.

9. Debtors

	Group		Charity	
	2016 £000	2015 £000	2016 £000	2015 £000
Due within one year				
Other debtors	1,870	1,784	1,706	1,729
Inter group balances	-	-	603	255
Prepayments	138	75	138	75
	—	—	—	—
	2,008	1,859	2,447	2,059
	—	—	—	—

10. Creditors: amounts falling due within one year

	Group		Charity	
	2016	2015	2016	2015
	£000	£000	£000	£000
Taxation and social security	91	51	91	51
Other creditors	326	187	326	187
Accruals and deferred income	258	499	242	492
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	675	737	659	730
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As at 31 December 2016, War Child has £nil deferred income (2015: £350,000). The full balance carried forward from 2015 was released in the year.

11. Operating Leases

The amounts payable under operating leases during the year were £99,000 (2015: £98,000). Total commitments under operating leases at the year end were:

	Land and buildings		Plant and machinery	
	2016	2015	2016	2015
	£000	£000	£000	£000
Within 1 year	66	88	8	8
2 to 5 years	-	66	5	12
After 5 years	-	-	-	-
	-----	-----	-----	-----
	66	154	13	20
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12. Analysis of group net assets between funds

Fund balances at 31 December 2016 are represented by:

	Unrestricted	Restricted	2016	2015
	Funds	Funds	Total	Total
	£000	£000	£000	£000
Fixed assets	36	-	36	50
Intangible assets	20	-	20	66
Investments	132	-	132	144
Net current assets/(liabilities)	4,268	1,425	5,693	2,755
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Total net assets	4,456	1,425	5,881	3,015
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONT.)**

12. Analysis of group net assets between funds (cont.)

War Child's reserves policy is to ensure that the charity holds sufficient free reserves (excluding tangible fixed assets) to address the significant risks posed to the organisation, its beneficiaries and its employees within the context of the often insecure environments in which it operates.

In 2016 War Child made use of several designated funds:

Emergency Intervention funds are set aside to enable the organisation to respond quickly to rapidly evolving emergency situations so that important work on the ground is not delayed whilst funding is being sought from external sources. £17,000 of this fund was utilised in the year, being transferred to restricted funds and fully spent, in order to aid our response to the crises in the Central African Republic.

The "Programme Continuity Fund" minimises the impact of fluctuations in restricted funding on existing projects. In 2016 £22,000 was utilised to cover project implementation costs when there

was a gap in grant funding for a short period of time.

Finally, the organisation fully utilised the £247,000 it had designed in prior financial years to meet commitments on match funding for two projects which ended in 2016. In 2016, a further £150,000 was added to the fund to fully meet all commitments.

As War Child's income and resources continues to grow the trustees have decided that the need to provide for these risks through setting aside designated funds is no longer necessary. We have decided to cease designating funds for these risks and therefore all funds were fully closed down in 2016. From 2017 onwards these amounts will be charged directly to the organisational budget and we consider our reserves policy sufficient to manage such eventualities.

Unrestricted Funds at 31 December were therefore made up as follows:

	At 1 January 2016	Movement during the year		Transfers	At 31 December 2016
		Income £000	Expense £000		
		£000	£000		
General reserves	1,627	7,801	(4,958)	(14)	4,456
Emergency intervention fund – designated	100	-	(17)	(83)	-
Programme continuity fund - designated	75	-	(22)	(53)	-
Programme match fund - designated	247	-	(397)	150	-
<hr/>					
Total net assets	2,049	7,801	(5,394)	-	4,456
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13. Prior year analysis of group net assets between funds

Fund balances at 31 December 2015 are represented by:

	Unrestricted Funds £000	Restricted Funds £000	2015 Total £000	2014 Total £000
Fixed assets	60	-	60	80
Intangible assets	56	-	56	52
Investments	144	-	144	156
Net current assets/(liabilities)	1,789	966	2,755	2,169
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Total net assets	2,049	966	3,015	2,457
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Unrestricted funds at 31 December 2015 are represented by:

	At 1 January	Movement during the year		Transfers	At 31 December
	2015	Income £000	Expense £000	£000	2015 £000
	£000				
General reserves	997	4,674	(3,882)	(362)	1,627
Emergency intervention fund – designated	100		(40)	40	100
Programme continuity fund - designated	-	-	-	75	75
Programme match fund - designated	-	-	-	247	247
Capacity development fund – designated	400	-	(400)	-	-
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Total net assets	1,497	4,674	(4,122)	-	2,049
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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONT.)**

14. Restricted Funds

	2015 £000	Income £000	Expenditure £000	2016 £000
Afghanistan - European Commission	-	224	(224)	-
Afghanistan - Other grants & donations	16	16	(31)	1
Afghanistan - Stanley Thomas Johnson Foundation	-	20	(20)	-
Afghanistan - Start Network	-	65	(65)	-
Afghanistan - UNICEF	23	178	(201)	-
Afghanistan - War Child affiliates	-	157	(157)	-
Central African Republic - CHF	8	59	(67)	-
Central African Republic - Comic Relief	183	8	(191)	-
Central African Republic - FCO	-	34	(34)	-
Central African Republic - Other grants & donations	73	86	(159)	-
Central African Republic - Plan International	-	146	(146)	-
Central African Republic - UNICEF	93	820	(759)	154
Central African Republic - War Child affiliates	-	353	(258)	95
Democratic Republic of Congo - European Commission	86	213	(299)	-
Democratic Republic of Congo - Other grants & donations	60	103	(120)	43
Democratic Republic of Congo - Promundo	-	62	(53)	9
Democratic Republic of Congo - Sunley Field Charitable Trust	-	20	(20)	-
Democratic Republic of Congo - UNICEF	4	-	(4)	-
Democratic Republic of Congo - World Bank	-	126	(47)	79
Democratic Republic of Congo - Yahoo	-	56	-	56
Iraq - OCHA	-	410	(195)	215
Iraq - Other grants & donations	-	39	(39)	-
Iraq - UNICEF	48	730	(549)	229
Iraq - War Child affiliates	-	469	(469)	-
Multi-country - The Body Shop	24	-	(22)	2
Syria response - Allen & Overy	-	6	(6)	-
Syria response - Other grants & donations	37	28	(52)	13
Syria response - UNESCO	-	12	(12)	-
Syria response - Vitol	100	-	-	100
Syria response - War Child affiliates	-	729	(356)	373
Uganda - Band Aid Charitable Trust	21	50	(50)	21
Uganda - Clifford Chance	25	100	(125)	-
Uganda - Comic Relief	144	141	(250)	35
Uganda - European Commission	-	(9)	9	-
Uganda - Other grants & donations	10	-	(10)	-
Uganda - The Barnes Femto Charitable Trust	11	-	(11)	-
UK - Other grants & donations	-	2	(2)	-
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	966	5,453	(4,994)	1,425
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AFGHANISTAN

- The European Commission (EC) supported a three-year programme that contributed to efforts to prevent violence against children through community sensitisation and by working with children who are in conflict with the law in Herat Province, including those living in the Juvenile Rehabilitation Centre (JRC) and young children in prison with their mothers. This programme was also supported by the **Stanley Thomas Johnson Foundation**.
- Support from the **Lewis Family Trust, Linda Norgrove Foundation and The Body Shop** funded a series of Early Childhood Care and Development (ECCD) Centres in rural areas of Herat Province, Afghanistan. The centres provided vital early years education for vulnerable 4-6 year olds, offering a safe place to learn and preparing them for enrolment in formal school. Their mothers attended classes on health, hygiene and the importance of education, and are being supported to maintain community greenhouses.
- The **Start Network** fund supported an emergency response to displaced families from Kunduz in Baghlan Province. The project provided emergency food and hygiene kits, as well as offering semi-structured recreational activities and psychosocial life-skills lessons at child friendly spaces to improve the resilience and coping mechanisms of children.
- **UNICEF** in Afghanistan also supported the establishment of an accelerated learning programme to support street-working children access education and support to attend formal schools. The project also provides income generating activities and vocational training support to the parents of street-working children.
- **UNICEF** in Afghanistan is supporting a project to assist unaccompanied and separated returnee children on the Afghanistan/Iran border. Working with border police and staff at transit camps to improve the protection of children, the project also seeks to reunite children with their families and provide

tailored vocational training to support long-term reintegration.

- **War Child Holland** provided funding to support access to educational opportunities for vulnerable children in urban and rural areas in Kabul. The project provides an Accelerated Learning Programme to street working children and supports them to reintegrate to formal schooling, and runs ECCD for children aged 4-6 years old, whilst also working with parents and community members to increase their involvement and ownership in their children's education, and by improving access to educational and vocational opportunities for the parents.

CENTRAL AFRICAN REPUBLIC

- The **Common Humanitarian Fund (CHF)** supported a capacity strengthening project for civil society organisations in northern CAR. The project supported local child protection organisations to better support the most vulnerable children and their mothers through awareness raising on child protection and child wellbeing issues as well as capacity building on livelihoods, and income generating activities in particular.
- War Child received two years of funding from **Comic Relief** to support the enrolment of vulnerable children into twenty schools across Bangui and the set-up of child rights clubs as child protection and education interventions. The parents of children involved in the project were also involved in child protection through community-based networks, trainings, and livelihoods activities.
- **The Foreign & Commonwealth Office** has been supporting War Child to ensure that women and girls in Paoua who have survived sexual and gender-based violence (SGBV), and those who are at risk, are protected and have improved wellbeing. It has been complementing War Child's existing work in the region, supporting the reconstruction of community-based structures for sustained prevention of and response to SGBV.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)

14. Restricted Funds (cont.)

- War Child also benefited from the support of **Plan USA** towards the reintegration of children formerly associated with armed forces and groups (CAAFAGs) in Bossangoa, northern CAR. The project covered reintegration aspects from family tracing, to back-to-school activities, and economic reintegration through vocational training or income-generating activities.
- A Monitoring and Reporting System (MRM) was established by War Child with the support of **UNICEF** in CAR to protect vulnerable children, including young mothers, internally displaced children and those enrolled in or associated with armed groups in Bossangoa, Nangha Boguila, Markounda and Paoua in the Prefecture de l'Ouham in the northern part of the country. The project also focused on the early detection of grave violations against children's rights to ensure a better protection and prevention within the community.
- War Child started an intervention in Ndélé, in north-eastern CAR, with **UNICEF** to support the reintegration of children formerly associated with armed forces and armed groups. The project provided support in both social and economic of reintegration of children in their community (family tracing and foster care families) and at school, and economically through vocational training or income-generating activities.
- Another new project location has been opened in Bambari, as part of the implementation of **UNICEF**-funded child protection project. Targeting CAAFAGs, separated and unaccompanied children in Ouaka, Basse-Koto and Ouham Pende Provinces in CAR, the project has been focusing on psychosocial support for vulnerable children, reintegration of children in their families/communities and in the society (school, economic activities), and prevention against the violation of child rights through child friendly spaces.
- **War Child Holland** has been supporting War Child's programme in CAR (through Dutch Relief Alliance funding) towards the social and economic reintegration of CAAFAGs in the towns of Batangafo and Markounda, northern CAR. The project has mainly been implemented through mobile child friendly spaces, prevention, and protection activities such as information campaigns towards the reintegration and protection of children affected by the conflict.

DEMOCRATIC REPUBLIC OF CONGO

- A **European Commission** funded project has helped to support the juvenile justice system and improve the prospects for children in conflict with the law. The project has focused on detecting, addressing and preventing violence against children, with a particular focus on children in conflict with the law. Through this project, War Child has also been supporting capacity strengthening activities on child rights and protection for local and national civil society and governmental bodies. In addition, it has helped to create and strengthen the Child Helpline (117) across both areas, giving a voice to children and an access point to child protection services. Part of the project has been supported by the **Sulney Fields Charitable Trust**.
- **Promundo** and War Child have been working side by side through sharing office space and administrative staff costs in Kinshasa. Promundo works towards the promotion of Gender focused projects, introducing in particular the concept of positive masculinity with men at the forefront of gender-sensitive project implementation and delivery.
- **A World Bank** (through the Fonds Social de la République Démocratique du Congo) project in DRC has been supporting survivors of Sexual and Gender Based Violence (SGBV) in Rutshuru region, North Kivu, in partnership with the American Bar Association (ABA). The project has been focusing on the expansion of

provision of services to mitigate the short and medium-term outcome of sexual and gender-based violence; increase the use of health interventions targeting poor and vulnerable women. The project has been implemented through holistic support to survivors of Sexual and gender-based violence and violence prevention; strengthening the high-impact of basic health services; and sharing knowledge, research and capacity building on SGBV at the regional and national levels.

IRAQ

- Funding from **OCHA** is facilitating the provision of lifesaving, specialized Child Protection services to extremely vulnerable children in hard to reach and underserved locations in Anbar. The project is building the capacity of NGO staff, service providers, and duty-bearers to provide specialised services, as well as providing targeted psychosocial support, case management, emergency referrals, and identification, documentation, tracing and reunification services to vulnerable children.
- **OCHA** is also funding the provision of immediate access to inclusive, safe, and protected learning environments that promote psychosocial wellbeing of affected boys and girls fleeing from Mosul in Ninewa Governorate. The project is running Temporary Learning Spaces with lessons on basic numeracy and literacy classes drawn from UNICEF Self Learning Package in addition to incorporating key messaging and sensitisation (e.g. protection, hygiene) and life skills education.
- **UNICEF** funding in Iraq is supporting a Child Protection Response in Anbar Governorate. The project is providing life skills and psychosocial support in child friendly spaces and specialized case management for children affected by conflict in Fallujah.
- **UNICEF** in Iraq supported a project in Kabarto 1 and 2 camps in Dohuk to stabilise

and improve social cohesion through the provision of access to social, recreation, and sports activities. The project established Peace Education Committees, Youth groups, and Student groups, and ran social awareness and community dialogue sessions.

- **UNICEF** funding in Iraq allowed us to provide safe and inclusive education for primary and secondary level IDP and host community children in Baghdad and Anbar Governorates. The project supported children who had been forced to drop out of school to re-enrol in formal education, in schools that the project supported with furnishings to improve the learning environment.
- With support via **War Child Holland** internally displaced children were able to access child friendly spaces, referral services, and life skills training in camps across Dohuk governorate. Parents of these children also attended our Parents DEALS programme. The project was extended to Ninewa governorate to respond to the humanitarian needs of those who had fled Mosul.

SYRIA RESPONSE

- In **Jordan, Allen and Overy** are supporting us to expand our services to the Emirati Jordanian Camp.
- Multiple **smaller donations** supported the youth participation project in Za'atari camp, Express Yourself. In this project groups of boys and girls participated in theatre, poetry, film making and self-expression to build their confidence and support their wellbeing.
- A **UNESCO** funded project supported children in Za'atari camp with non-formal education and psychosocial support. Further recreational activities were offered at a child friendly space and parents buy-in was ensure through Education Engagement Groups.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2016 (CONT.)**

14. Restricted Funds (cont.)

- The project, Time to be a Child, is funded via **War Child Holland** and is implemented in Za'atari, Mafraq, Zarqa, and Amman. The project provides early childhood care and development classes to pre-school children, as well as psychosocial support and structured recreational activities for different ages of children through the DEALs methodology.
- In Can't Wait to Learn, we are implementing an innovative education project, funded via **War Child Holland**. In 2016, the activities focussed on the development of tablet-based learning programmes, including strong levels of child participation in the design process.

UGANDA

- KATI, an innovative social venture supporting young entrepreneurs' initiatives and livelihoods in northern Uganda (Pader, Lira, Gulu) has been scaled-up in 2016 thanks to a **Clifford Chance** grant, and a total of 200

grants have been disbursed to support young entrepreneurs set up their own business. KATI also benefited from further financial support and small grants from **Band Aid Charitable Trust** and **The Barnes Femto Charitable Trust** for the development of the organisation and to support the young entrepreneurs benefiting from loans in the most qualitative, innovative and efficient way.

- A child protection project funded by **Comic Relief** in Uganda, was implemented through our partner TPO, to reach the most affected South-Sudanese children affected by war, young people and their communities in Adjumani and Kiryandongo refugee settlements, northern Uganda. In its second year of implementation in 2016, the project successfully reached more than 2,000 South Sudanese refugee children with psychosocial support, education and livelihoods.

15. Prior year restricted funds

	2014 £000	Income £000	Expenditure £000	£2015 £000
Afghanistan – European Commission	9	365	(374)	-
Afghanistan – Stanley Thomas Johnson Foundation	1	-	(1)	-
Afghanistan – UNICEF	68	205	(250)	23
Afghanistan – US Government	-	10	(10)	-
Afghanistan – War Child affiliates	-	146	(146)	-
Afghanistan – other grants and donations	-	45	(29)	16
Central African Republic – UNICEF	-	264	(171)	93
Central African Republic – Comic Relief	268	173	(258)	183
Central African Republic – Core Humanitarian Fund	-	229	(221)	8
Central African Republic – other grants & donations	34	73	(34)	73
Central African Republic – WCUK Emergency Fund	10	-	(10)	-
DRC – Department for International Development	-	164	(164)	-
DRC – War Child affiliates	-	18	(18)	-
DRC – Guernsey Overseas Aid Commission	20	20	(40)	-
DRC – European Commission	52	545	(511)	86
DRC – UNICEF	24	-	(20)	4
DRC – World Bank	22	35	(57)	-

	2014 £000	Income £000	Expenditure £000	£2015 £000
DRC – other grants & donations	36	112	(88)	60
Iraq – UNESCO	-	25	(25)	-
Iraq – UNICEF	-	581	(533)	48
Iraq – Foreign & Commonwealth Service	-	124	(124)	-
Iraq – War Child Affiliates	-	335	(335)	-
Iraq – other grants & donations	-	8	(8)	-
Iraq – War Child Emergency Fund	25	-	(25)	-
Syria – Department for International Development	-	77	(77)	-
Syria – VITOL	-	100	-	100
Syria – UNESCO	-	61	(61)	-
Syria – other grants & donations	32	86	(81)	37
Uganda – Band Aid Charitable Trust	10	-	-	10
Uganda – Comic Relief	80	351	(287)	144
Uganda – War Child affiliates	-	5	(5)	-
Uganda – Maurice & Hilda Laing Charitable Trust	5	-	(5)	-
Uganda – The Barnes Femto Charitable Trust	7	15	(11)	11
Uganda – Clifford Chance	-	100	(75)	25
Uganda – other grants & donations	46	15	(40)	21
Multi-country – The Body Shop	211	4	(191)	24
UK – other grants & donations	-	32	(32)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	960	4,323	(4,317)	966
	<hr/>	<hr/>	<hr/>	<hr/>

16. Financial instruments

	Group		Charity	
	2016	2015	2016	2015
	£000	£000	£000	£000
Financial assets measured at amortised cost (a)	6,230	3,417	5,611	3,150
Financial assets measured at fair value (b)	132	144	132	144
Financial liabilities measured at amortised cost (c)	(583)	(337)	(567)	(329)

- a. Financial assets include cash, other debtors and accrued income
- b. Financial assets held at fair value include art assets held as investments
- c. Financial liabilities include other creditors and accruals but exclude tax and social security and deferred income

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016)

17. Connected Charities

War Child has close relationships with other organisations overseas which use the War Child name, some independent and some under a licence agreement. These organisations are considered separate from War Child as they have their own constitution, their own Board of Trustees and are subject to the laws of their respective countries.

18. Related Parties

Sacha Deshmukh, Chair of the Board of Trustees, is a director of Children in Conflict and in March 2017 Rob Williams, CEO, became Treasurer of Children in Conflict. Children in Conflict is an independent non-profit organisation based in the United States.

Sarah Welsh, former Director of Finance & Operations, is a Trustee of KATI. KATI is an independent youth social venture and formerly War Child Uganda. War Child fundraises jointly with KATI and during 2016 raised £150,000 of restricted income for programmes. In addition, War Child granted £30,000 to KATI in 2016.

Trustees and senior management donated a total of £31,108 during the year (2015: £10,000).





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