



ANNUAL REPORT AND FINANCIAL STATEMENTS

Year Ended 31 December 2017



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FOREWORD FROM THE CHAIR OF TRUSTEES

A report from United Nations global programme UNICEF summarised 2017 as a year in which children in conflict zones around the world have come under attack at a shocking scale. It went so far as to question whether a “new normal” in wars now involves the wilful and deliberate targeting of children in schools, playgrounds and in their homes.

Against this backdrop, War Child teams continued to deliver vital support to children and families affected by war. The conflict in Afghanistan saw growing numbers of civilian casualties. Combatants increasingly target aid workers trying to support local communities. Central Africa remained unstable. Regional powers and the proxies fought with vicious force across the towns and cities of Yemen. And, the military campaign to recapture Mosul in Iraq from ISIS control resulted in the deadliest urban battles seen anywhere since the Second World War.

IMPROVING THROUGH INNOVATION AND OVERSIGHT

Despite the increasing difficulty of operating in many countries, we continued to focus on improving the quality of our services. In particular, we committed to using innovation to improve our impact and effectiveness. This stretched across our activities, from our Can't Wait to Learn programme using tablet technology and digital games to deliver education to children whose families have fled from the Syrian war, to our VoiceMore youth advocacy programmes which are transforming the ability of children to influence global and local leadership and be a part of community decision making.

Since late 2017, the international NGO sector has been increasingly scrutinised for both the quality of its delivery and the behaviour of its people. It is an important debate. The trust placed in charities by our beneficiaries and our supporters is only deserved if we act and police ourselves to the highest standards. Throughout 2017, War Child continued to invest in internal oversight, audit processes and systems. These are more important than ever if we are to keep proving to the world that we practice the values that we espouse. So, continuing to develop and improve

these areas will be an important focus for our managers and trustees.

THANK YOU TO OUR DEDICATED SUPPORTERS

In 2017 we continued to benefit from incredible support. I am more grateful than I can express to all our donors, to the thousands of individuals who have supported War Child's campaigns, and especially to the artists and musicians who donated their time and talent in support of our cause. Excitingly, in 2017 Children in Conflict – a new charity partner for War Child based in the USA – was established. Even in its first months Children in Conflict mobilised significant support from the USA for War Child programmes, and we want to thank the Children in Conflict team for all their work.

The energy of War Child's long-standing global ambassadors, Carey Mulligan and Marcus Mumford, never ceases to amaze and inspire me. I was thrilled that Sam Smith also joined Carey and Marcus as a War Child global ambassador in 2017. Sam, whose own voice is recognised and loved by millions around the world, has now also become a powerful voice for children.

Thank you to all our ambassadors and all our supporters. Your commitment makes our work possible. Your endless energy and passion drives all of us at War Child to work harder every day for every child whose life has been torn apart by war, and whose future depends on the support that we give them today.



Sacha Deshmukh
Chair of Trustees





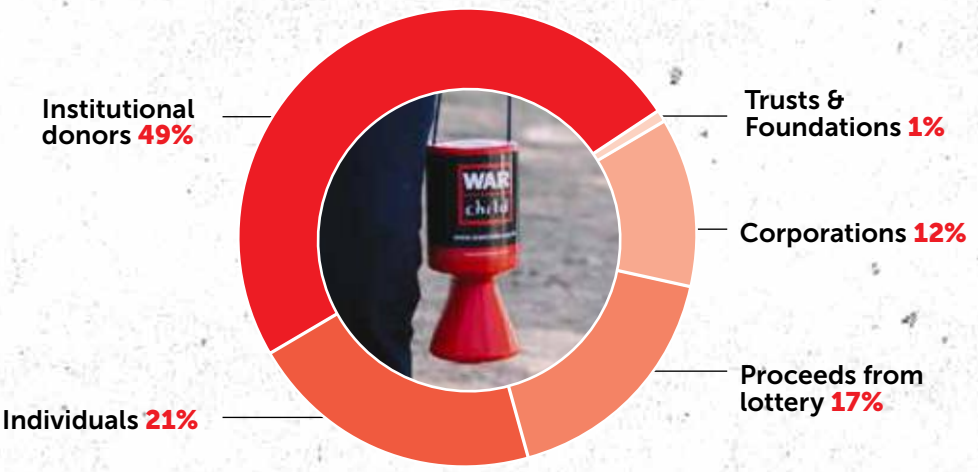
OUR YEAR IN NUMBERS

NUMBER OF DIRECT BENEFICIARIES

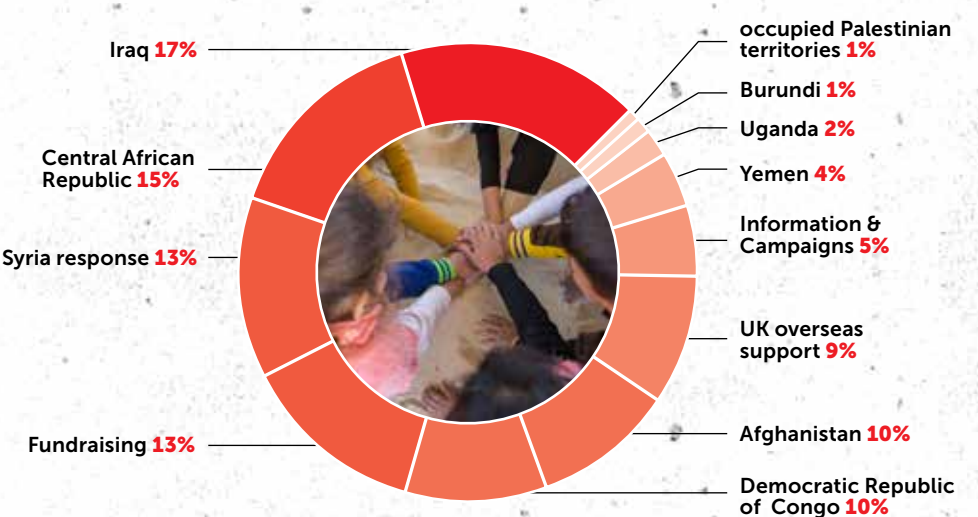
165,231

51%
WERE GIRLS
AND WOMEN

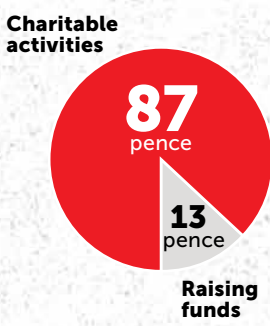
INCOME £13,868,031



EXPENDITURE £16,052,950



FOR EVERY £1 WE SPENT



OBJECTS AND ACTIVITIES

The objects in our 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.

OUR VISION AND STRATEGIC PRINCIPLES

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:

- 1** We reach children early in the conflict cycle and we stay to support them through their recovery
- 2** We are a specialist organisation focused on high impact and sustainable interventions
- 3** We champion the voices of children and mobilise others to take action in support of them
- 4** Our values define our actions and drive us to continually improve our work and our systems
- 5** 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.

OUR IMPACT IN 2017

REACHING MORE CHILDREN

In 2017 War Child directly reached 165,237 children, young people and adults – beating our annual target of 160,000.

Some 125,000 were children (under 18), 7,850 were young people (aged 18-24) and 32,359 were adults (aged 25+). Children and young people represented 80% of our reach – slightly lower than our 2016 figure of 86%. Adults are increasingly engaged in our programmes where it is clear that children's wellbeing is constrained by trauma and emotional distress carried by their parents or carers. Over half (51%) of the people we reached were girls and women.

36% were from the Central African Republic and 28% from Iraq (see Figure 1). Both countries saw significant internal displacement in 2017 with a subsequent large scale response from War Child UK.

Our 2017 direct beneficiary reach figure represents a 150% increase compared with 2016, and 1,100% compared with 2010.

We estimate that a further 108,000 people may have benefitted indirectly from our programmes; for example, by being members of households that received support or attended training sessions.

EMERGENCY RESPONSE

This year, the War Child teams have responded swiftly to sudden crises in the Central African Republic, northern Uganda, Kasai in the Democratic Republic of Congo, and Mosul in Iraq, using our emergency response funds. Having this flexible pot of funds allows us to move teams and support to new areas of displacement much quicker than would be possible if we were entirely dependent on institutional donor funding.

For example, when children and families started to escape from Mosul, after two years of ISIS occupation, emergency funds allowed us to set up the first War Child Centres in the new camps and make sure that children got immediate psychosocial support.

In Yemen, our team and partners were initially covered by unrestricted funds enabling them to start a programme which went on to reach over 14,000 people with desperately needed food vouchers once we had secured larger institutional funding.

STRENGTHENING OUR PROGRAMMES

We have continued to strengthen the quality of our programmes based on new strategies focussing on core areas of our work. Our joint theory of change which we have developed with War Child Holland now lays out clearly how our 21 interventions help increase resilience among children and young people, including working towards an integrated approach of child protection, education, and food security and livelihoods programmes.

This year we have invested in improving the way we track our beneficiary reach. Working closely with monitoring, evaluation and learning officers in the countries where we work, we are ensuring that we have robust methods for monitoring how many individuals we reach, to avoid the risk of double-counting.

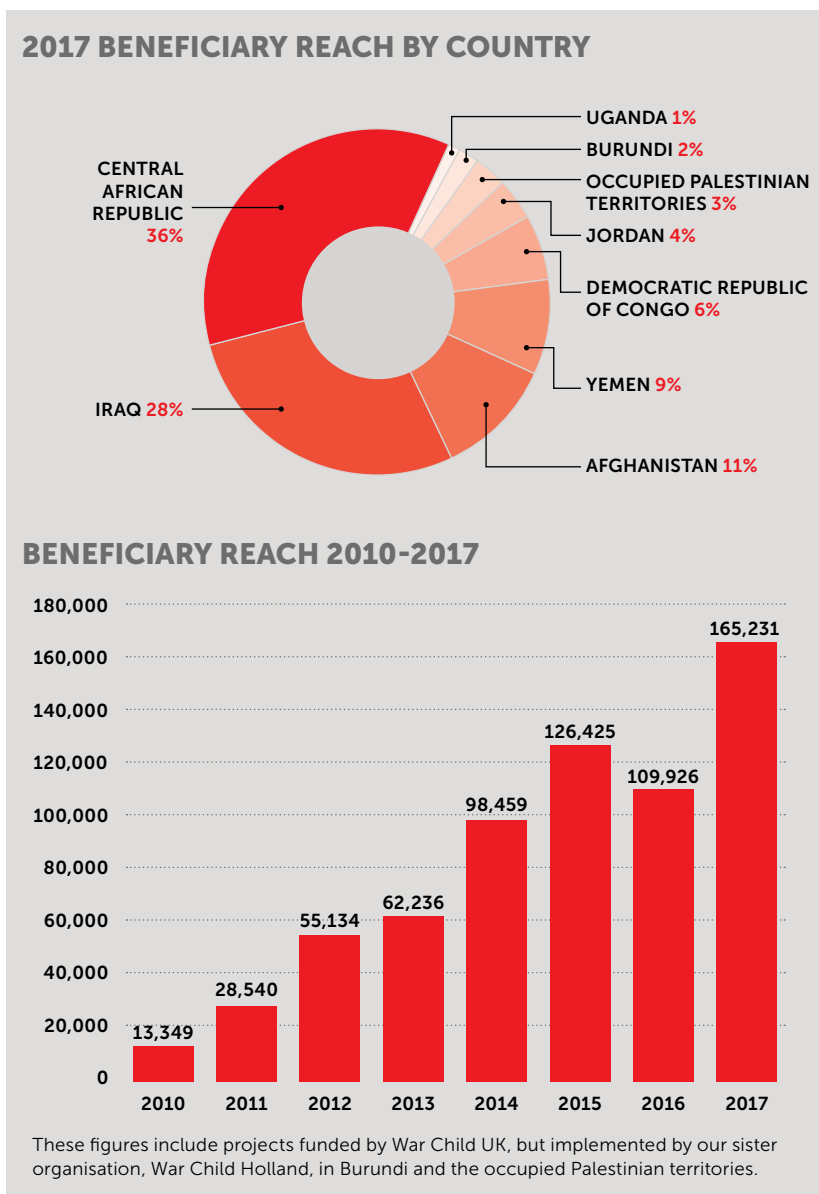
We have developed a global monitoring framework, aligned to the theory of change. This will enable us to document our outcomes and contributions to impact in a coherent and consistent way, allowing us

to aggregate, summarise and compare data across our country programmes.

We have also recently revised our evaluation policy to align with the Core Humanitarian Standard (CHS). The CHS is a set of commitments that organisations and individuals involved in humanitarian response can use to improve the quality and effectiveness of the assistance they provide. This will support us to build up the evidence base and capture actionable learning against our theory of change.

Beyond tracking our impact through monitoring and evaluation, we are increasingly investing in research to understand the root causes of problems. For example, in the Central African Republic, we helped almost 4,000 children who had formerly been associated with armed groups to reintegrate back into their communities. However, we also carried out research into why the children joined the militia in the first place and used this to develop a new model for reintegration which will address longer term drivers of child soldier recruitment. We hope to pilot this more robust programme framework in 2018 and beyond.

In 2017, we improved our health and safety policies, developing more robust and comprehensive child safety checklists. These provide more support to our teams to identify and mitigate against risks that may occur in spaces accessed by children and families that are within the control of War Child or our partners. In 2018 we will be investing further in child safety and safeguarding as well as revising our Child Safeguarding Policy and Code of Conduct.



AFGHANISTAN



Afghanistan remains one of the most crisis-stricken countries in the world. Over the past year, the conflict has deepened and spread further across the country. The number of people needing humanitarian assistance has increased by 13% to 9.3 million. Over half (57%) of them are children. With increasing numbers of people being displaced or forced to return from neighbouring countries, weak child protection systems and limited economic opportunity, children's prospects are bleak.



Despite these challenges, War Child has continued to support young children's early cognitive and social development through our services. We equip children with the skills they need to succeed in primary school and throughout life. In Kabul, the 300 children in our programme have an almost perfect attendance record.

We made a long-term commitment to make sure street-working children can have an education. In 2017, 180 girls and boys attended our accelerated learning classes, 30 are now ready to re-enrol in formal schools.

A surge in violence in Faryab province caused

hundreds of people to be displaced short term. We distributed food parcels, hygiene kits, and other daily essential to 150 families. We provided critical incident stress debriefing and psychosocial support to children and their families to help them overcome the trauma of witnessing violence and to support them in restarting their daily activities.

Children and family members with signs of post-traumatic stress disorder were identified through screening and provided with psychological first aid. Severe cases were referred for specialist care/services. This work was carried out with our local partners

the Norwegian Project Office/Rural Rehabilitation Association of Afghanistan.

The number of people returning or being forced to return to the south and east of the country increased in 2017. We responded to the immediate needs of children and their families in this situation in several border provinces including Kandahar, Nangarhar and Laghman. Here, we are providing vital child protection services to at risk children. This includes establishing and managing safes spaces, case management, and deploying roving teams of child protection specialists to ensure we reach the most vulnerable.

As part of our long-term work on the western border of Afghanistan with Iran, we identified more than 3,700 unaccompanied children who had been deported from Iran. Our team of social workers has tirelessly worked to trace their families, reunite them, and put in place plans to prevent them moving unsafely in the future. Lack of labour opportunities, especially for the more rural and isolated provinces, continues to be a challenge. However, we've successfully helped children reintegrate into their families and get physical and psychological support, their parents/carers get employment and skills training, as well as helping some children to re-enrol in school.

CENTRAL AFRICAN REPUBLIC



In 2017, the situation in the Central African Republic remained volatile. Control was contested by rebel groups across much of the country. A ceasefire was signed between the government and armed groups in June and October, but violence persisted and impunity for abuses continued. Some progress was made on establishing a Special Criminal Court, entirely within the national legal system, but with national and international judges and support from the peacekeeping mission in the Central African Republic (MINUSCA) and the United Nations Development Programme as last resort to fighting impunity.



According to the United Nations Office for the Co-ordination of Humanitarian Affairs (UN OCHA) there were 688,000 internally displaced people and 546,000 refugees in neighbouring countries in 2017 (UN OCHA report, January 2018). Over 2.5 million people, out of a population of 4.6 million, need humanitarian assistance (2018 Humanitarian Needs Overview). Only 39% of the 2017 UN Humanitarian Response Plan was funded last year. This highlights a very serious lack of funding to meet people's basic needs.

Many security incidents have affected areas where War Child works, and we've needed to quickly shift our activities and

evacuate staff. Between May and August, the Union for Peace in the Central African Republic carried out some of the worst attacks in and around Alindao killing at least 188 people. War Child responded to the massive displacement, supporting 8,819 children and parents. We provided psychosocial support, temporary learning spaces, recreational activities, and services to help trace and reunite families.

In July, rebels attacked a camp for displaced people in Batangafo, burning houses and killing at least 15. We had to stop our activities in the area for three months until the rebels had left.

In October, the armed group "Return,

Reclamation, Rehabilitation," took control of Bocaranga for several days. The UN mission forced them out after several civilians were killed. We had to suspend some activities and put in place remote monitoring to ensure that cases were followed up and managed through community-based institutions and local partners.

Despite the complex situation, we managed to continue working in the north-west and south-east of the country. We supported 47,929 children associated with armed groups and other vulnerable children in all our project locations. We expanded our reach, raised the quality of the programme and

enhanced our partnerships with both national and international stakeholders through increased technical support, training, mentoring and sound programme cycle management.

As well as our integrated programming in the whole country, War Child UK is now running a transit centre for children associated with armed groups in the Basse Kotto Province and providing life-saving support to other vulnerable children in the area. The VoiceMore children's advocacy group has also had great results, with a campaign in Bangui which they presented to the government.

DEMOCRATIC REPUBLIC OF CONGO



Political tension continued in the Democratic Republic of Congo in 2017. There were killings and arrests in the country's main cities, as police confronted protesters from opposition and religious groups.

The crisis has an impact on national Ministries, including War Child UK partners from the Ministry of Social Affairs. The state's resources are being concentrated on short-term management rather than on lasting reforms that will benefit children.



A political stalemate in the capital city of Kinshasa has substantial repercussions on the rest of the country. In the east, there has been a resurgence of armed groups. North Kivu hosts close to 1 million internally displaced people, the largest number in the country.

In some areas, such as Kasai province, the crisis is specifically affecting and targeting children. Around 75% of militia members are reported to be under 18. Militias see education as a threat to their recruitment. As a result, 600 schools have been attacked and

destroyed since the beginning of the conflict. The crisis has left 1.4 million people displaced, including 850,000 children. Around 42% of households in the three Kasai provinces now don't have enough food and only 40% of the international humanitarian appeal for Kasai has been funded so far.

War Child extended our Child Helpline to Kinshasa, thanks to the support from institutional and private donors. We set up a new number which allows children to call free to get safe information, counselling and emergency

support. Children in conflict with the law and street-connected children have also been the focus of our work in Kinshasa.

Our Eastern DRC Child Helpline continues to operate in Goma and Rutshuru. To date, 12,300 people have called the helpline, and 2,215 have received support. At the same time, War Child is collaborating with the American Bar Association to support training of local legal organisations in the defence and support of sexual and gender-based violence survivors accessing legal and

psychosocial support. War Child delivered training to all partners on child protection and safeguarding, the role of legal clinics and fighting impunity.

In response to the Kasai crisis, War Child UK started a community-based protection programme, supporting 100 unaccompanied and separated children in Tshikapa, through a national partner with expertise in the field of child protection and community-driven projects.

IRAQ



Iraq remains one of the most difficult places in the world to be a child. Millions are still displaced across the country, education systems are disrupted and the psychological trauma of conflict haunts young and old. The campaign to defeat ISIS reached its formal end in 2017. The military operations to retake Mosul alone displaced a further 1 million people.



War Child was at the forefront of the humanitarian response to this displacement, providing access to education for children who had lived in Mosul under ISIS. In 2017, we directly supported more than 41,000 children. Through our temporary learning spaces in camps to the south of Mosul, more than 3,000 children were able to maintain, and in many cases restart their education in a safe and child-friendly environment. As access to Mosul increased, we were also able to begin supporting those returning to ordinary life in the city.

In west Mosul, we helped 12 schools to reopen, refurbished them and providing the equipment they needed. Our training for teachers and head teachers has helped them understand how to better support children who have faced severe psychosocial distress.

Throughout this time, our mobile child protection teams have operated in the camps across the Duhok and Ninewa areas, identifying those children most in need of specialist care and support. We've referred people for psychosocial support, medical care and legal

aid. We've also found and supported unaccompanied children and young people, including helping to trace and reunite two young boys with their families, after they spent four years in captivity with ISIS.

Although more and more families are returning to their homes, many displaced people remain in camps with limited capacity and services. Throughout 2017, we have continued to support thousands of children who have been living in camps for several years, providing child-friendly spaces where they can play safely, access life skills

and psychosocial support, and simply be children.

We also supported 74 young men and young women displaced by the conflict to start micro businesses so they can earn money both during their displacement and in the future. The youth entrepreneurs completed vocational training courses as well as business development plan training, before receiving start-up grants to help launch their business.

SYRIA



In 2017 the Syrian conflict entered its 7th violent year. More than 5.5 million Syrian refugees are living in neighbouring countries – a situation that has aggravated political and social concerns. Jordan is hosting some 1.3 million Syrians, 657,628 of whom are officially registered as refugees with the UN refugee agency UNHCR and receiving some form of humanitarian assistance.



Jordan's government has introduced inclusive education policies to encourage children to enrol in school. However, these policies have failed to include a specific focus on early childhood care and development – something that's vital in emergencies, where children's health, wellbeing and learning will be affected throughout their lives. Responding to this need is a key part of our Jordan strategy.

In 2017, War Child's early childhood care and development work in Jordan achieved sector

recognition as a promising practice in refugee education. We were also approached by the Ministry of Education to lead a national effort to improve government kindergarten services through teacher training and support in refurbishing buildings.

We continue to support refugee and host communities in Amman, Mafraq and Zarqa, as well as in Za'atari Camp. We have piloted a new early childhood care and development programme for parents and caregivers to help them support their

children's education after they've been through our programme. This builds on our existing experience of positive parenting.

We have also expanded our work in early childhood care and development by supporting Syrian refugee children in the Emirati Jordanian Camp for the first time.

Developing tablet-based educational games for children was a significant priority in 2017. As part of this programme, called Can't Wait to Learn, we produced storytelling

videos, audio voice recordings and levelled reading books. We are now ready to test the project. It's possible we will be able to roll it out across the country thanks to potential support from the Jordanian Ministry of Education and larger UN donors.

We continued to use established War Child methodologies to improve psychosocial wellbeing and the ability to cope with stress. We are currently providing this support for children and their parents or caregivers.

UGANDA



War Child UK closed its offices in Uganda in 2015, in recognition of long-term peace and stability in the north of the country. In a forward-thinking effort to leave a sustainable legacy after almost a decade working in the country, War Child established KATI – a youth-focused social enterprise that delivers microcredit and supports young people to become successful entrepreneurs. KATI provides business training, access to capital and ongoing mentoring to promote innovation and to support aspiring young entrepreneurs to enter new markets.



Almost 80% of young people in Uganda aged between 18 and 32 years are out of work. The employment situation is even more acute for the young people we work with in the conflict-affected rural areas of the north. KATI is based in northern Uganda, a region that has only recently come out of a more than 20-year civil war, which has had a significant impact on the local economy. The young people in this region were born during this time, some

may have been abducted by rebels and many grew up in displacement camps. They have all been impacted by the conflict in some way and they now attempt to make a living as young adults.

KATI has experienced a steady increase in capacity and the number of loans it paid out in 2017. The organisation ran 840 business innovation camps, followed by 390 business development camps. Over 300 people

who attended the camps subsequently applied for a loan; 163 were successful.

The whole KATI team and board have gone through a set of trainings to enhance and reinforce their capacity in managing the business, but also to identify key steps needed to make the systems for credit recovery and group loans more efficient.

KATI has also developed a three-year business plan, which they will use to

assess business monitoring, growth and investment needs during this period. They will base their annual funding requests to War Child on that core document and the main policies developed in 2017.

YEMEN



The situation for children living in Yemen continues to deteriorate. In spring 2017, the country experienced the world's worst outbreak of cholera, with over 800,000 people infected and more than 2,000 people dying from the disease. The ongoing conflict, airstrikes and blockade of Yemen's ports brought the country to the brink of famine and more than 75% of the population needed humanitarian aid.



Humanitarian access within Yemen remains difficult. We were approved to independently operate in Yemen at the end of 2016. Throughout 2017 we have established our country team and implemented and successfully completed a life-saving food assistance programme. We distributed vouchers which allowed

15,589 vulnerable children and their family members to receive food baskets containing flour, sugar, rice, beans and salt.

We also trained 20 community health volunteers in Hajjah and Sana'a to identify cases of malnutrition. They carried out 'middle upper

arm circumference' measurements, gave out information on positive health and hygiene practices, and referral mechanisms. The community health volunteers worked in the same communities that were given food vouchers, sharing information on food hygiene, how to

prevent cholera, and basic hygiene practices with all households. They also identified cases of acute severe malnutrition in children and referred them to nearby health facilities.



L'AGRESSION SEXUELLE SUR MINORITÉS EN AFRIQUE

OUR ACHIEVEMENTS IN 2017

At War Child we have 11 strategic objectives. Here's how we performed against those objectives in 2017 and what we plan to do next year.

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 know that War Child staff and managers need to work effectively in difficult and challenging places under stressful conditions. As we grow, and our projects grow in scale and complexity, we need to invest in the people who plan, deliver and monitor our work.

In 2017 we rolled out leadership training to future managers; and introduced a new two-day induction programme for all new-starters held once a month. To respond to potential stress, we established a stronger focus on staff wellbeing – providing a network of councillors that staff can contact for

support. We also provided psychological first aid training; and improved guidance on our organisational policies and values – including provision of child safeguarding and equality, diversity and inclusion training in London and our country offices.

Our annual staff survey, carried out by research consultancy Great Place to Work, showed that 'trust' (76%) and 'engagement' (85%) in our organisation have improved since last year. We continued to make significant progress throughout 2017 in a range of areas that we are confident will improve these results still further.

OUR PLANS FOR 2018

War Child is growing. And we have to make sure our systems, processes and technological solutions develop at pace. In 2018 we will invest in a human resources information system (HRIS). This will provide more accurate HR data, helping us to have a better understanding and overview of our workforce, the training staff are receiving, as well as the skills our organisation needs.

In 2018 we will also continue to build on the successes of 2017 – emphasising training, learning and development, with dedicated personnel ready to develop an organisational programme and e-learning platform;

further rolling out of our wellbeing programme and psychological first aid training. Our compensation, benefit and grading structure review for London based and international staff will be completed next year.



STRATEGIC OBJECTIVE 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 we continued to build our grant funding portfolio. We secured £7.4 million in restricted grant funding, a 36% increase on 2016. We diversified our funding base to include new donors, such as the Dutch government and Dubai Cares, and we secured registration to apply for European Civil Protection and Humanitarian Aid Operations (ECHO) funding. We formed some new collaborations, including with Terre des Hommes in Afghanistan.

We continued to work across a range of contexts, from acute emergencies such as the Yemen crisis, where our newest country programme has focused, to the protracted

crisis in Democratic Republic of Congo where we have both responded to short-term displacement and continued to invest in building longer term child protection systems.

Innovation has continued to drive our work. Collaborating with War Child Holland, we progressed our education programme in Jordan which uses tablet computers. We also maintained our investment in the child helpline in the Democratic Republic of Congo.

OUR PLANS FOR 2018

Over the next year, we will invest more money and resources in our ability to raise income from restricted grants, increasing the size and capacity of our teams focused on programme funding. We have some ambitious plans to further develop our consortium work, including a scaled-up protection response in Kasai, southern Democratic Republic of Congo.

We will continue to invest in War Child Holland programmes in Burundi and the occupied Palestinian territories. Together we are developing a new 'sports for development' model called War Child Football Club (FC), which will combine football with our psychosocial programming. We will pilot it in the Central African Republic and in Gaza.

We have been running research projects on children associated with armed groups in the Democratic Republic of Congo and the Central African Republic. In 2018 we will use the findings to help us develop a new set of interventions around reintegrating children released from armed groups back into their home communities.

We anticipate that Brexit is going to make it difficult for UK-based charities to access European Union funding, so we will be working with War Child Holland and other European partners to find solutions to this challenge.

STRATEGIC OBJECTIVE 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.

To make sure we can respond quickly and effectively to new and rapid onset crises, War Child will often need to draw on our unrestricted funding sources. During 2017 we allocated funding for the Kasai crisis in southern Democratic Republic of Congo. The conflict resulted in rapid and large-scale displacement and we were able to provide care and education for separated children. In Iraq, our teams and partners used unrestricted emergency funding to set up temporary learning spaces for children in the displaced camps around Mosul. We funded partner work in northern Uganda to support education and psychosocial activities for South Sudanese refugees, and we also used our own funds to finance the initial phases of our food security response in Yemen.

War Child is an active member of the START Network and in 2017 we secured START funding for response to displacement caused by conflict in the Central African Republic and Afghanistan.

OUR PLANS FOR 2018

Our initial emergency programming in Mosul, Kasai and Yemen will provide a strong foundation for expanding our work in 2018. We see great opportunity to scale up our education, protection and livelihoods work in these settings, in particular in collaboration with new consortium partners.

There will be a very clear institutional focus on safety and safeguarding, with all teams expected to comply with the safety monitoring standards. Our new safety and

We continued to prioritise security management, recruiting a new global security advisor and six country programme security officers. We faced multiple security challenges in 2017, most notably in the Central African Republic and Afghanistan where conditions for aid agencies deteriorated significantly. But our robust security procedures and experienced country directors kept our teams safe.

We improved our capacity to manage, respond to and report on child safeguarding incidents, by training our country-based safeguarding staff and developing better induction and reporting systems. We put a particular focus on child safety in War Child and partner projects, and we are recruiting a child safety and safeguarding advisor to strengthen this part of the organisation.

safeguarding advisor will help develop our systems for preventing, reporting and taking action. We will develop a shared safeguarding policy with War Child Holland and finalise the revisions to our code of conduct. We will also participate in sector-wide initiatives to confront the challenges of exploitation and the abuse of power.



STRATEGIC OBJECTIVE 4

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

We continued to invest in improving technical capacity in our priority thematic areas. We recruited a new livelihoods advisor to work alongside the existing child protection and education advisors. As a result, we have started to explore more seriously how we can develop cash distribution components within War Child programming and we have joined both the Cash Learning Project (CaLP) and the global Food Security Cluster. We decided which direction our programmes would take by developing new strategies for both Education in Emergencies and Livelihoods.

We improved the way we calculate the number of people we reach with our services, which means our statistics are now more accurate. We invested

in bringing together the country-based monitoring and evaluation officers for a global training event.

Another big milestone was the joint development of a new theory of change for War Child and War Child Holland. The theory of change emphasises the importance of taking tested models to scale. We invested in research projects in the Democratic Republic of Congo and the Central African Republic to explore the reasons children are recruited into armed groups. We also looked at the effectiveness of approaches aimed at helping children from armed groups reintegrate into their home communities.

OUR PLANS FOR 2018

We aim to be certified against the Core Humanitarian Standards, a sector benchmark, in 2018. We have laid the groundwork for this already by developing our new set of essential standards. We will also revise our evaluation policy and develop a shared global monitoring framework with War Child Holland. Having built our global capacity in our main areas of work, in 2018 we will re-focus our attention and resources on our country teams, making sure they have the technical capacity they need for our programmes to be of the highest possible quality.

Using research, we will develop some new ways of working. This means we will be able to document our experience and identify evidence-based approaches in early years child care, demobilising children associated with armed groups and reintegrating them into their home communities and developing War Child FC. In Iraq, we plan to work with the UN Child Protection coordination body to roll out the War Child psychosocial support programme as a common approach for aid agencies.



STRATEGIC OBJECTIVE 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 we successfully increased both the quantity and quality of our policy analysis. This allowed us to produce a series of impactful reports focusing on our advocacy priorities – grave violations and international humanitarian law, and mental health and psychosocial support. These included:

- **6 Years On: A War On Syria's Children**, which marked the sixth anniversary of the conflict in Syria and highlighted breaches of international humanitarian law and grave violations against children.
- **'I Want To Go Home But I Am Afraid'**. This report highlighted the impact of the ISIS occupation and conflict in northern Iraq on children's psychosocial wellbeing.
- **A Deal Worth Defending**, a report challenging the UK government to suspend arms sales to Saudi Arabia whilst the Saudi Coalition continues to breach international humanitarian law in the Yemen conflict.

Alongside these reports, we also developed advocacy strategies and public-facing campaigns to influence decision-makers to adopt our policy recommendations. Our 'Enough is Enough' campaign called for an end to the targeting of children in war. We launched it on the sixth anniversary of the Syrian conflict with a high-profile celebrity video that has been viewed over 100,000 times. Our 'Stop Arming Saudi' campaign led to thousands of petition signatures. It also resulted in a partnership with Vivienne Westwood who designed a t-shirt for the campaign, which a range of celebrities promoted across their social media channels.

Alongside our public-facing campaigning, we also prioritised building strong relationships with key decision-makers.

OUR PLANS FOR 2018

Our 2017 mental health and psychosocial support advocacy campaign, and the relationships we have nurtured with parliamentarians and civil servants, have laid the groundwork for even greater impact in 2018. In the UK, we will launch our Reclaiming Dreams report to parliamentarians and our BRITs Week music events. Our advocacy on grave violations of children's rights in both Syria and Yemen – and the associated high profile, celebrity-led campaigns – have positioned us as a leading commentator on the conflicts, and a respected ally with other agencies advocating on the issues. This lays the groundwork for continued joint advocacy this year, marking the third and seventh year anniversaries of the Yemen and Syria conflicts respectively.

For example, War Child developed excellent collaborations with Stephen Twigg MP and Anne Clwyd MP to promote psychosocial support for children in conflict and highlight these needs in the reconstruction of Iraq.

Through these contacts, questions were raised in Parliament on the government's commitment to mental health and psychosocial support. The government has vocally committed to the social reconstruction agenda in Iraq. We built strong relationships with the Department for International Development's Children's Hub and Iraq and Yemen teams, as well as developing positive dialogue with the Foreign and Commonwealth Office Stabilisation Unit. We are working closely and collaboratively with the United Nations' Special Representative on Children and Armed Conflict, Virginia Gamba. This relationship will be central to delivering our advocacy to tackle grave violations against children and promote better reintegration for children formerly associated with armed groups.

We continued to make every effort to ensure that the voices of children and young people are at the heart of our advocacy. We have ensured that their stories and testimonies have come through in all our campaign reports. Our 'VoiceMore' programme – focusing on youth participation and advocacy – has enabled children to become powerful advocates in the countries where we work. Our VoiceMore group in the Central African Republic has developed their own impactful campaign, highlighting sexual abuse in schools. In Jordan, our VoiceMore youth advocates shared their stories to mark the sixth anniversary of the Syrian conflict.

We have also worked actively with our Youth Engagement Panel in the UK – a group of young people who have a background in conflict.

Our consistency in speaking out on grave violations will also position us to continue our collaboration with United Nations Special Representative Virginia Gamba.

In 2018 we will build on our VoiceMore programme and aim to increase the quality and frequency of youth participation in our advocacy work. We will support children and young people to become advocates in their communities and speak out globally.

STRATEGIC OBJECTIVE 6

To significantly raise War Child UK's media profile and brand awareness to enhance our reputation, income and political impact.

War Child's media coverage increased significantly in 2017 – to 3,310 pieces of coverage, compared to 2,350 in 2016. News articles and features appeared everywhere from music and fashion press to gaming, politics and news media.

We secured widespread media coverage for our various advocacy campaigns. Our 'Enough is Enough' campaign – launched on the sixth anniversary of the start of the Syrian conflict, secured 92 pieces of coverage. A Deal Worth Defending, exposed the true cost of the UK arms trade with Saudi Arabia and secured 47 pieces of coverage, sparking a campaign with Vivienne Westwood which achieved 277 pieces of coverage across the UK.

This put War Child in a strong position to react to the outcome of the judicial review on UK arms sales to Saudi Arabia – generating 58 pieces of coverage

Our music and entertainment highlights include: War Child BRITs Week together with O2, which resulted in 182 pieces of coverage; the launch of singer-songwriter Brandi Carlile's album in support of War Child, achieving 275 pieces of coverage, including Rolling Stone magazine; the announcement of our new global ambassador Sam Smith – timed to coincide with our campaign report on mental health and psychosocial support – leading to 400 pieces of coverage across the UK.

OUR PLANS FOR 2018

We will continue to focus on improving the volume and quality of War Child's exposure to the press. Building on the success of communications efforts such as the Stop Arming Saudi Vivienne Westwood campaign and the launch of the Reclaiming Dreams report – which meet a wide range of organisational objectives

from fundraising to advocacy – we will focus on increasing cross-departmental collaborations. We will also work on building more partnerships that help increase our exposure and reputation across a variety of sectors from fashion, music, art and business.

STRATEGIC OBJECTIVE 7

To considerably enhance War Child's digital footprint to increase supporter mobilisation across fundraising and campaigns and raise brand profile and awareness.

2017 saw a significant leap forward in the quality of our digital content and communications. This was achieved firstly through investing in the sourcing and gathering of communications content from our country programmes, using professional videographers and photographers; secondly through creating an in-house studio for design and video production, achieving a greater consistency and quality of all our creative content, and thirdly through further developing our use of digital channels – from pioneering new features on our own website, to partnering with social media platforms to promote our content.

Highlights include: our 2017 Winter Appeal video of global ambassador Sam Smith's visit to Jordan – the most watched War Child appeal video ever; the broadcast of our first live video streams from the London Marathon and the Biffy Clyro BRITs Week gig; the development of 'long-form' dynamic web pages to present complex issues such as mental health and psychosocial support; the development of a 'content bank' of high quality visuals to use across our campaigns.

OUR PLANS FOR 2018

In 2018 we will continue to invest further in gathering quality content, dedicating more resources to our creative studio and further enhancing our website features and digital marketing strategies to drive more online traffic to War Child. As part of this continued drive to improve quality, we will also strive to ensure that the content we produce is led by the voices and creativity of children wherever possible. To achieve this, we will set ourselves minimum targets for child-led content.

We will also lead a strategy to enhance the organisation's digital maturity across a range of key areas – from user experience, to data management and online campaigns. This strategy will identify priority areas for investment with a clear timeframe for delivery.

STRATEGIC OBJECTIVE 8

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

Our total income for 2017 was £13.868m which is an increase of 4.6% over 2016. We had budgeted to raise £17.2m, which means that our results were below original expectations. Our experience in 2017 was that we continued to make good progress in raising money from private donors and members of the public, but that the growth in restricted grants income was slower than we had planned for. We are investing more in this area in 2018 and building the relationships we will need to hit our strategic goals around restricted funding by 2019.

By the end of 2017 private donors, fundraisers and volunteers helped us raise £6,454,000 of unrestricted income. Restricted grants from institutional donors and foundations totalled £7,414,000. This restricted income represented 53% of our total income, against a long term strategic target of 60% to 65%.

Some highlights in our supporter fundraising successes include: investing in a new in-house street fundraising team covering London and the South East to expand our database of monthly donors – acquiring and retaining these very important supporters is vital to our long-term strategy; launching an emergency Summer Appeal for our work in Yemen and a Winter Appeal which focused on our mental health and psychosocial support work. We were also privileged to benefit from the continued, committed support of all our donors and fundraisers who donate their birthdays, bake cakes, run half marathons, cycle around the world and much more. Our incredible London Marathon team raised more than £50,000 last year – our best year yet.

OUR PLANS FOR 2018

Throughout 2018, we will continue to embed our in-house street fundraising team and grow our digital marketing. These are key channels for attracting new donors. We will also turn our efforts and attention to reviewing our supporter care and donor experience to make sure we are meeting their needs and expectations. Everything we do will meet the standards set in the Institute of Fundraising and Fundraising Regulator Fundraising Code and we will scrutinise all our fundraising agencies to make sure they do the same.

Our portfolio of work is expanding with the launch of a programme which centres around football. This provides a unique opportunity to engage with a new pool of prospective donors, as well as the opportunity to fundraise for programmes delivered by War Child Holland.

Music and entertainment fundraising successes include: our gaming fundraising campaign, Armistice, being recognised by the Institute of Fundraising as, 'the most innovative fundraising campaign of the year and generating twice as much income as the previous year. BRITs Week together with O2 featured performances from some of the best artists in the world in 2017, including Biffy Clyro, Craig David, Paul Weller, Basement Jaxx and Jack Savoretti to name a few.

Our global ambassadors and high-profile supporters remained an incredible force, helping us promote events and raise awareness of our work. Carey Mulligan and Marcus Mumford continued to amplify our voice and maximise our impact by introducing us to many new friends in 2017 – one of whom we were very proud to launch as our newest global ambassador in 2017, the Oscar-winning singer Sam Smith. All three ambassadors worked tirelessly for War Child in 2017.

Retaining and strengthening our relationships with our existing corporate partners was a focus in 2017, with a noticeable increase in skills-based volunteering and employee fundraising, especially through our global charity partnership with law firm Allen & Overy. The players of the People's Postcode Lottery raised more than £2 million for our work in 2017 – an amazing contribution for which we are very grateful.

In 2018, we will add three new events to our portfolio, providing opportunities for us to reach new audiences. Encouraged by the success of our gaming partnerships, we will increase our investment in this area and get involved in new gaming events. The War Child online shop will also launch in 2018. We will focus on finding sponsorship opportunities provided by these new events and activities. We expect our total income in 2018 to be £18 million with high growth potential to reach £21 million.

STRATEGIC OBJECTIVE 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.

A major piece of work for War Child this year was beginning our ambitious internal audit programme. It included carrying out internal audits for all our country offices (except Yemen, which recently opened) and the UK office.

Our review of organisational policies continued, and we updated and rolled out our hiring, achievement and development, and leave policies, as well as an updated international finance and procurement manuals and grant management manual.

To improve the consistency of our programme quality and monitoring across the War Child family, we agree joint essential standards with War Child Holland and we completed self-assessment for all locations and departments. We ensured that the Core Humanitarian Standards (CHS) were incorporated into our standards, so by monitoring ours we are ensuring compliance to CHS.

The UK team moved office this year and this allowed for a complete upgrade of all IT and communication systems.

OUR PLANS FOR 2018

In 2018 we plan to build a comprehensive compliance framework allocating a member of management responsible for each policy area and making clear what's expected from all War Child staff and partners. Alongside this we will be working with War Child Holland

to better embed learning across both organisations – building dedicated e-learning platforms and training programmes to improve knowledge and understanding among all staff of our policies, procedures and culture.



STRATEGIC OBJECTIVE 10

To maintain financial health and an acceptable risk profile.

In 2017 we improved the way we budget, and produced quarterly management accounts, which were reviewed by our managers and trustees, and reforecast quarterly to keep the picture relevant.

The Board of Trustees reviewed and approved our reserves policy, emphasising the need to hold unrestricted reserves in cash throughout the year (not just as a year-end target) so they are available immediately if needed.

Systems are being developed to improve the way we manage debtors and make sure we receive funds as quickly as possible to help manage our cash flow.

The senior management team overhauled the strategic risk register. The management team began a similar process with the operational risk register and will have a revised register for 2018.

OUR PLANS FOR 2018

We will continue to use our current financial system in 2018 but will plan for an upgrade in 2019, to allow for a cloud-based system with closer to real time data. This will help us manage our finances as our organisation grows.

Receiving financial data from across the organisation on a timely basis will remain a priority, as will improving cash

flow forecasting and strong debtor management.

A significant amount of our funding is based around events, so our income isn't spread evenly through the year. This is why we will need to look to build an even source of regular funding through individual giving and to build our reserves to smooth out our availability of cash throughout the year.

STRATEGIC OBJECTIVE 11

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

In 2017 we saved time, money and resources by working more closely with our colleagues in War Child Holland. We each take a lead in delivering programmes in different countries in a 'lead agency' system designed to ensure that we have no overlap of costs or wasted efforts. Milestones of our deeper collaboration included a shared theory of change which will underpin all programmes carried out by our two agencies in the future, and the sharing of costs for research and programme development in several areas.

We are able to raise money in our home countries to fund each other's work in several countries including Iraq, Jordan, the occupied Palestinian territories, Afghanistan,

Burundi and the Central African Republic. This has allowed us to expand our impact without duplicating costs.

Children in Conflict is a new organisation in the USA which was registered in 2016. The charity opened its first office in New York in 2017 and raised money across the USA which is granted to War Child UK to support work in our field programmes. This is a new and strong relationship which we hope will continue to develop.

OUR PLANS FOR 2018

We will continue to develop our close collaboration with War Child Holland and the organisations affiliated with them. This includes a greater level of cross-funding of field programmes – in particular War Child Football Club, and a new shared programmatic model for the reintegration of children formerly associated with armed groups. We aim to agree a combined approach to the needs of children in and around Syria in the light of changing circumstances within the country.

Our longer-term goal is to see all War Child national agencies combined under a formal structure which enables us to work together to increase all of our impact. Currently the partnership between War Child Holland, War Child UK, and the War Child organisations affiliated with these two core members (War Child Australia, War Child Sweden, and Children in Conflict in the USA) are working together closely.

9-13

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FINANCIAL REVIEW

INCOME

Our income continues to grow. In 2017, we raised £13.9m, up 5% on 2016.

There was a slight shift in the balance of unrestricted versus restricted funding, with the majority of all funds being used to achieve War Child's charitable objectives. Restricted income grew by 36% compared with 2016, at £7.41m. This reflects our sustained focus on developing our restricted fundraising capacity, with investments made in previous years coming to fruition.

We are fortunate to attract support from a variety of key donors such as United Nations agencies, Common Humanitarian Fund and others. We are also implementing several projects in conjunction with War Child Holland, which is a growing source of income for us, especially through the Dutch Relief Alliance, IKEA Foundation and Dream Fund.

This year we raised £6.45m in unrestricted income – a 17% reduction compared with 2016. Unrestricted income levels remain in line with our strategy and account for 47% of our overall income. In 2017 for the first time our US partners Children in Conflict worked with Carey Mulligan and Marcus Mumford to host a Winter Wassail in New York, and so War Child UK did not host a similar event in London. This was a new market for the event and the results were impressive, although because this was year one for the Wassail in New York it raised less money than the previous 2016 Wassail in London. However, it shows that the unique appeal of the Wassail is powerful in New York as well as in London. In 2018 Carey and Marcus are planning two Wassails – one in London with War Child UK and one in New York with Children in Conflict.

Lottery funding continued to be another major source of unrestricted income. In 2017, we held three lottery draws. Each on its own raised more money than the individual draws in 2016. However, there were four draws that year so overall income generated from the lottery was higher in 2016 when compared with 2017.

EXPENDITURE

In 2017 we spent £16.1m, an increase of 55% when compared with 2016. This increase directly correlates to an increase in securing restricted funding.

The majority of expenditure, 87%, was spent on achieving our charitable objectives, with most spent in our country programmes. We started 2017 with unrestricted reserves exceeding our target reserves. This enabled us to invest in our country programmes, responding quickly to a number of humanitarian crises which unfolded during 2017, including liberation of Mosul in Iraq from ISIS, Kasai emergency in DRC, and

a number of crises in CAR. These additional funds also allowed us to invest in War Child Holland's programmes in Burundi and the occupied Palestinian territories. (See page 6 for our achievements in the areas).

This year, while continuing to increase our investment in raising funds, our actual expenditure on raising funds decreased as a percentage of our overall expenditure. This is due to the significant increase in spending on charitable activities.

In 2017 we continued to invest in key support services, such as HR, finance and IT to help us deliver on our ambitious five-year strategy.

RESERVES POLICY

War Child's reserves policy is to ensure that the charity holds sufficient free reserves at any point in the financial year (excluding tangible fixed assets and other designated funds but including investments) to address the significant risks posed to the organisation, our beneficiaries and our employees within the context of the insecure environments in which we operate. 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 £1,600,000 (2016: £1,200,000) subject to amendment as the organisation evolves. This amount needs to be available as cash throughout the year and is not a year-end target reserve. At the end of 2017 we held a total of £3,696,000 in reserves: £2,532,000 of which was unrestricted and £1,164,000 was restricted.

UNRESTRICTED RESERVES

Unrestricted reserves are not restricted or designated for a specific purpose. With significant fundraising events taking place later in the year, we expect to end the year with more than the target reserves. This money would then be used to cover costs in the beginning part of the following year. General reserves at the end of 2017 were £2.53m, £0.93m above the target reserves level of £1.6m. This is a decrease of £1.92m compared with the 2016 year-end position, as there was a plan to spend the additional reserves on investments throughout the year.

RESTRICTED RESERVES

Restricted funds are tied to a particular purpose which has been specified by the donor. Restricted reserves reflect the unspent balance of any of these funds. Restricted reserves at the end 2017 were £1.2m, a reduction of £261,000 compared with the 2016 year-end position, as we continued to implement projects throughout 2017.

GRANT MAKING POLICY

In some circumstances, grants may be made to third party non-governmental organisations or other charities where this enables us to further pursue our charitable objectives.

War Child will make a grant only if the non-governmental organisation or other charity meets the following criteria:

- It has registered with the relevant government authorities

- The objectives of the proposal are compatible with the War Child mission statement and objectives

- The last financial annual report is produced with full accounts

- A formal agreement is signed with War Child.

INVESTMENT POLICY

War Child's investment policy is to protect our capital, particularly given the constraints of restricted project funding and the often high-inflationary environments in which we operate. Tolerance to capital volatility is low, and the charity adopts a cautious attitude to risk. War Child'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 much of War Child's expenditure, and the risk posed to the charity through foreign exchange movement, we limit the exchange between currencies where possible. An amount equal to our reserves target (2017: £1,600,000) should be maintained in cash deposits that are always immediately accessible. 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 £126,000.

War Child trustees have delegated decision making on investment matters to the Audit and Risk Committee. The charity manages our 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 annually.

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 us achieve our 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 regularly 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 22.

GOING CONCERN

The trustees have reviewed War Child's reserves and free reserves position in light of the reserves policy discussed above. They 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, they continue to adopt the 'going concern' basis in preparing the accounts.

PRINCIPAL RISKS AND UNCERTAINTIES

War Child divides risks into two separate categories: strategic risks and operational risks. Strategic risks are those that present a significant threat to us achieving our strategy. They are monitored closely by 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 and are monitored closely by the management team.

There is some fluidity between the registers, with severe operational risks being elevated to the strategic risks register if felt appropriate or they need specific attention. Risks are scored according to how likely they are to occur and the impact they would have on the organisation. The Board of Trustees weighs up the appetite of the risk to the organisation and the management looks at ways to mitigate the risks.

The strategic risk register was given an overhaul during 2017. All risks were considered again to ensure the register remains up-to-date and relevant. The operational risk register will undergo the same treatment at the beginning of the following year. Our strategic risk register categorises risks according to their threat to our five strategic principles and the operational risk register aligns risks to each of the 11 objectives highlighted in our strategy. A deep dive into the strategic risks is done on a rotational basis at the Audit and Risk Committee. This committee meets every quarter and at each meeting it takes a specific risk and reviews it in detail, working through the register, so over a period of time a deep dive is done of all risks.

Risk that children experience accident, attack or abuse during or because of their association with War Child

Keeping children safe is always our key priority. We have a comprehensive child safeguarding policy and code of conduct which all staff must sign up to and we are committed to training staff in this area. Child safeguarding focal points are identified in each office and incidences are reported to a central child safeguarding email address, which is monitored by two child safeguarding officers in the London office, so they can be followed up and investigated.

We carry out risk assessments of all War Child and partner project sites and have developed a comprehensive health and safety checklist. Any serious incidents are reported to the Board of Trustees and to the Charity Commission. We have identified the need for more resources in this area and plan to recruit a child safety and safeguarding advisor who will produce regular reports to the Audit and Risk Committee.

Risk that our security management fails to provide adequate levels of risk management for the environments in which we work

The safety of our staff and the children we work with is of paramount importance to us, especially given that our work takes our teams to insecure locations which can pose significant threats to security. Our global security advisor works closely with a team of in-country security officers to analyse the risks and implement mitigation strategies, so we can work in potentially volatile environments, without undue risks to our staff or the children we work with.

All staff working in or travelling to our country programmes must complete hostile environment awareness training (HEAT) and we employ country directors who are experienced in security management and are able to comply with security regulations. 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 engage actively in the relevant country level security networks and the global security advisor meets weekly to update senior leaders on the current situation in our working environments. The global security advisor reports in to the quarterly Audit and Risk Committee meetings and we have a Crisis Management Plan and a Committee ready to convene as needed.

Risk that we are unable to deliver our programmes to the required quality standards, or fail to understand or explain our impact

To be able to deliver high quality programmes, War Child has invested in the specific technical skills of Child Protection, Education in Emergencies and Food Security and Livelihoods in both our country programmes and in the London office. It is not enough to simply count how many children attend War Child centres or access our other services, but it is important for us to measure the impact of the programmes we run. We therefore invest in studies and evaluations which can show the impact of our work on the wellbeing of the children and families involved. We have integrated the Core Humanitarian Standards into our own programme of essential standards for us to be able to assess our work against agreed common standards and have undertaken a comprehensive self-assessment against these standards. We produce an annual results report to be able to fully assess our global achievements.

Risk that we do not effectively listen to or amplify children's voices

We are keen that our work is focused 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 aimed to help. Championing the voices of children is one of our five strategic principles and we believe that children and young people are the best advocates for their own safety, education and opportunities. Programmes are designed in consultation with children and children are involved in evaluating 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 insufficient funding preventing us from continuing to grow our impact and support more children

To mitigate this risk, we develop robust fundraising strategies and plans and continue to look for innovative ways to raise funds in support of our cause. We work to build our supporters trust in War Child and strong relationships with our organisation. We cultivate strategic relationships across our institutional donors to build our reputation and credibility with decision makers.

We aim to have a diverse portfolio of donors, so that we are not overly reliant on one source of funding. We are thoughtful about the donors we work with and have a comprehensive screening process which helps us to avoid accepting funding from sources which are not compatible with our values. Our fundraising teams work energetically to grow our funds to respond to children who desperately need our help – both in the areas where we already work and with the knowledge that there are children in other places where we are yet to establish our programmes. We look to invest in the right capacity at head office and country office level to ensure that War Child can produce high quality proposals and manage donor relationships and opportunities in a planned rather than reactive way.



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. This was amended on 14 July 2015.

The directors of War Child are the trustees, collectively known as War Child's Board. The Board, War Child's governing body, comprised of nine trustees. Trustees serve an initial term of three years that can be extended up to a maximum of six years. The Board has guaranteed the liabilities of the company up to £1 each.

The Board is responsible for overseeing the management of all War Child's work and delegates the day-to-day management, substantive work, external relations and staff to the Chief Executive Officer (CEO) and senior management team. This arrangement is set out in a Delegation of Authority document, which is regularly reviewed.

In 2017, the Board met quarterly. At each meeting it reviewed the charity's overall progress on the basis of reports from the CEO and the senior management team and reviewed our financial position and organisational risks. It reviewed War Child's achievements in delivering against our objectives for 2017, revised priorities for 2018-19 and approved the budget for 2018.

The Board has delegated specific responsibilities to two sub-committees, as detailed below, whose membership is appointed by the Board and who meet quarterly.

The Audit and Risk Committee oversaw preparation of the 2016 Annual Report. The committee is responsible for ensuring we manage our risks and have strong internal controls. It also reviews our internal and external audits.

In the last quarter of 2017 we began our first global internal audit, which covered all War Child operations, except Yemen due to security and operational constraints. The Audit and Risk Committee oversaw this work. All field work was completed in 2017; reports will be produced and reviewed in 2018.

The Committee received updates on key risks affecting War Child's operations, including security, fundraising, GDPR and major incidents. The Committee considered War Child's approach to foreign exchange risks, investments and reserves.

We strengthened our Programme Quality Committee in 2017 by including two co-optees from academia and practice. The Committee has analysed in depth various themes and strategies, innovative approaches, findings and

learnings from evaluations and fed back extensively on the publications War Child UK Innovation Report: Meeting the Rights of Children affected by Conflict and Impact Report, 2017: Building the Quality of our Programmes Globally.

TRUSTEE RECRUITMENT AND TRAINING

To make sure our governance is as effective as possible, we draw on skills and expertise in a range of areas including financial management, programmes, media, fundraising and legal. We review the skills and expertise of our board members to identify any gaps.

War Child operates an equal opportunities policy and encourages applications from diverse backgrounds. Trustees are appointed following open advertising including specialist publications or on specialist websites, where appropriate. Interviews are then conducted by the Chair and CEO, with input from other trustees.

All new trustees receive a structured induction programme, covering all aspects of the role and the organisation. As part of this they are given copies of War Child's Memorandum and Articles of Association, governance document, strategy, business plan, the previous year's annual accounts, the current year's budget, child safeguarding policy, any relevant committees' terms of reference and a copy of the Charity Commission's Charity Governance Code. New trustees must complete and sign a declaration of interest, anti-bribery policy, fit and proper person's declaration and War Child's code of conduct and statement of commitment. We provide training where necessary.

The latest version of the Charity Commission's Governance Code has been shared with all trustees who are undertaking a self-assessment against the seven principles of leadership; integrity; decision making, risk and control; board effectiveness; diversity; openness and accountability as laid out in the code. Questions have been developed around each principle and the Board are assessing our governance against the criteria of apply or explain. The Board will develop an action plan for any areas that they feel need improvement.

MANAGEMENT

War Child is organised into four departments, led by directors reporting to the Chief Executive Officer (CEO).

Chief Executive Officer: Rob Williams

Director of Advocacy and Communications:

Hannah Stoddart (on maternity leave from 5 June 2017 until 17 December 2017)

Alistair Martin (maternity cover from 5 June 2017 until 19 January 2018)

Director of Fundraising: Nina Saffuri (until 31 March 2018)

Director of Programmes: Dan Collison

Director of Resources: Sarah Welsh (until 2 May 2017)

Tracey Deal (from 8 August 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 CEO's salary is approved annually by War Child's Board of Directors. A comprehensive compensation and benefits review is being undertaken in 2017/18.

Following this, a salary scale review will be carried out by the senior management team every other year to ensure that War Child is paying salaries that are commensurate with comparable organisations in the charity sector.

WAR CHILD'S INTERNATIONAL PARTNERSHIPS

War Child UK is one of three independent War Child organisations who run programmes in conflict affected countries – the other two are War Child Holland and War Child Canada. Between us, we help children affected by conflict in a total of 15 countries. We collaborate whenever possible to ensure we benefit from cost sharing office space, submitting joint proposals, shared learning, pooled knowledge and joint fundraising initiatives.

War Child UK has two affiliates: War Child Australia and War Child Ireland. Both work closely with War Child UK to raise money for projects delivered by War

Child 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 2017 War Child Music Ltd made a profit of £95,758, which will be donated to War Child in its entirety. War Child Music Ltd changed its name to War Child Trading Ltd on 13 April 2017, 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 our aims and objectives and that these benefit the public. In doing so, the trustees have taken into account the Charity Commission's published guidance on the public benefit requirement under the Charities Act 2011. War Child's public benefit involves our work with children marginalised by war in Afghanistan, Central African Republic, Democratic Republic of Congo, Iraq, Syria, Uganda and Yemen.

REFERENCE AND ADMINISTRATIVE DETAILS

BOARD OF TRUSTEES

Sacha Deshmukh (Chair of Trustees)
Heather Francis (Treasurer)
Guy Gibson
Nabila Jiwaji
Ray Longbottom (resigned 13 December 2017)
Rod MacLeod (appointed 13 December 2017)
Penny Richards
Tom Scourfield
Jacob Tas
Julie Weston

COMMITTEES

Audit and Risk Committee

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

Programme Quality Committee

Ray Longbottom (Chair until 13 December 2017)
Rod MacLeod (Chair from 13 December 2017)
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 – 8 August 2017)
Tracey Deal (from 8 August 2017)

CHIEF EXECUTIVE OFFICER

Rob Williams

REGISTERED OFFICE AND PRINCIPAL ADDRESS

Linton House, 39-51 Highgate Road, London, NW5 1RT (until 15 September 2017)
Studio 320 Highgate Studios, 53-79 Highgate Road, London, NW5 1TL (from 15 September 2017)

AUDITOR

Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH

BANKERS

The Co-operative Bank Plc, 80 Cornhill, London, EC4M 6YH
Lloyds Bank, 39 Threadneedle Street, London, EC2R 8AU

SOLICITORS

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

COMPANY NUMBER 3610100

CHARITY NUMBER 1071659

THANK YOU

In 2017 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 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
 Sam Smith

Darline
 Dave McAlmont
 David Kapur
 Ellie Evans
 Frank Turner
 Georgina Gibson
 Gizmo Varillas
 Hannah Peel
 Harrison Kipner
 Henry Mullin
 Highgate Pre-Prep
 and Junior School
 Parents' Association

Mike Myers
 Mike Walsh
 Milly Olykan
 Nadia Rose
 New Gen
 Nick Jones
 O2 Shepherds
 Bush Empire
 Omeara
 Patrick Jordan
 Patrick Nation
 Patrick Nazemi
 Paul Shulver
 Paul Weller
 Philippine Mignot
 Placebo
 Plan B
 Rag'n'Bone Man
 Richard Hawley
 Rick Astley
 Rob Challice
 Rob Lee
 Rob Silver
 Roger Goodgroves
 Ryan Miller
 Sam Evitt
 Sarah Warburton
 Sienna Miller
 Simon Jones
 Sophie Evans
 Sophie Misrahi
 Steve Jansen
 The 1975
 Tinie Tempah,
 Tom Ranger
 Toni Phillips
 Walking on Cars

Wiff
 Wild Beasts
 Zoe More O'Ferrall

Our key donors and supporters

Adam Ryan
 Adam Tudhope
 Alex Trenchard
 Ami Lord
 Amy Smith
 Andy Willsher
 Anne Marie
 Basement Jaxx
 Ben Lowe
 Benjamin Iles and
 Calum Adams –
 Bartend Against Bombs
 Biffy Clyro
 Brandi Carlile
 Bruce Dickinson
 Caroline Drummond-Chew
 Caroline Evans
 Carolyn Bates
 Catherine Carlile
 Charles Pitt
 Chris Moyles
 Colin Davies
 Corinne Bailey Rae
 Craig David
 Craig McLean
 Curzon Cinemas
 Damon Peirce
 Dan Dennison
 Dan O'Connell
 Darcey Wise

Hilden Grange
 Preparatory School
 Hoss Ghounie
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 Jack Saunders
 Jack Savoretti
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 Jools Butterfield
 Justin Long
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 Louise Stevens
 Luke Dyson
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 Mario Batali
 Matt Deverson
 Matt McDonald
 Max Gerrans
 Melanie C

Patrick Nazemi
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 Paul Weller
 Philippine Mignot
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 Sam Evitt
 Sarah Warburton
 Sienna Miller
 Simon Jones
 Sophie Evans
 Sophie Misrahi
 Steve Jansen
 The 1975
 Tinie Tempah,
 Tom Ranger
 Toni Phillips
 Walking on Cars

Our corporate partners

Allen & Overy
 Aspinall of London
 Audemars Piguet
 Dropbox Foundation
 Lonely Planet
 Ninety Percent
 RPM
 Sass & Belle
 Smokestak
 TeeMill
 The Bear Garden
 TTEC
 Vivienne Westwood

Our gaming partners

2K Games
 11 bit studios
 Blackmill
 Creative Assembly
 Crows Crows Crows
 Double Fine
 Focus Home Interactive
 Gameloft
 Gearbox
 Inkle
 Poistech Games
 Revolution Software
 Sam Barlow
 Social Point / Take-
 Two Interactive
 Sam Barlow – Her Story
 Team17
 Wargaming.net

Our programme partners

Abnaa Watan, Jordan

Afkar, Iraq

Alasayel, Jordan

ALMORTAQA, Iraq

American Bar Association (ABA)

Association des Femmes Rurales de Batangafo pour le developement, (AFRBD) CAR

Association des Ressortissants de Ngaoundaye pour le Développement (ARND), CAR

Association Nationale des Educateurs Sociaux (ANES), DRC

Association pour le Bien-Etre Communautaire (ASBEC)

Australian Embassy, Jordan

Band Aid Charitable Trust

Bureau National Catholique pour l'Enfance (BNCE)

Bureau pour le Volontariat au service de l'Enfance et de la Santé (BVES), DRC

Butterfly Works

Centre de Sauvetage de Kinshasa (CSK), DRC

Centre Tulizeni, DRC

Community-based Child Protection Networks (RECOPE), DRC

Dropbox Foundation

Dubai Cares

Dynamique des Femmes Juristes (DFJ), DRC

Emergencia, CAR

Empowerment Centre for Women (ECW), Afghanistan

Enfants sans Frontières (ESF), CAR

Esperance, CAR

Femmes Hommes Action Plus (FHAP), CAR

Flavor

Fonds Social de la Republique Démocratique du Congo

Halcrow Trust

Herat Juvenile

Rehabilitation Centre, Afghanistan

International Organisation for Migration

Islamic Charity Centre Society (ICCS)

KATI Youth Social Venture, Uganda

Khawla beit Al Azwar, Jordan

Kurdish Regional Government, Iraq

Ministry of Education, Afghanistan

Ministry of Education, CAR

Ministry of Education, Iraq

Ministry of Education, Jordan

Ministry of Gender, Family and Children, DRC

Ministry of Justice, Afghanistan

Ministry of Justice, DRC

Ministry of Labor, Social Affairs, Martyrs and Disabled, Afghanistan

Ministry of Planning and International Cooperation, Jordan

Ministry of Planning and International Cooperation, Yemen

Ministry of Refugees and Repatriation, Afghanistan

Ministry of Social Affairs, Humanitarian Action, and National Solidarity, DRC

Ministry of Social Development, Jordan

Mouvement International des Droits de l'Enfant, de la Femme, de l'Homme veuf et de leur Promotion Sociale MIDEFEHOPS, DRC NDA, CAR

NPO/RRAA (Norwegian Project Office/Rural

Rehabilitation Association for Afghanistan)

Office for the Coordination of Humanitarian Affairs (OCHA)

People's Postcode Lottery

Peter Storrs Trust

Promundo

Relief International

RNVDO, Iraq

Sanayee Development Organisation (SDO), Afghanistan

Solidarité pour la Promotion Sociale et la Paix (SOPROP), DRC

Stanley Thomas Johnson Foundation

Stanley Thomas Johnson Foundation

Start Network

Sulney Fields Charitable Trust

Terre des Hommes

The Band Aid Charitable Trust

The George Oliver Foundation

The Noel Buxton Trust

The Penelope Martin Charitable Trust

TNO

Transcultural Psychosocial Organisation (TPO), Uganda

UNICEF

Walter Guinness Charitable Trust

War Child Canada

War Child Holland

Yahoo Employee Foundation

Youth and Children's Parliaments, DRC

Finally, thanks to all the people who work with us to advocate for children in conflict areas including UN Special Representative to the Secretary General on Children and Armed Conflict, Virginia Gamba, Stephen Twigg MP and Ann Clwyd MP

FUNDRAISING STATEMENT

We respect all our donors and their decisions, and we pride ourselves on achieving a high standard of supporter care and fundraising activities. We are registered members of the Fundraising Regulator and are committed to operating in a transparent and accountable way. Our Supporter Promise and details to provide feedback or make a complaint can be found on our website here: We received 5 complaints in 2017 all of which were resolved. None were escalated to the Fundraising Regulator.

We understand the importance of keeping our donors' data safe and secure. Our dedicated supporter care team are on hand to respond to supporter queries, update details and contact preferences. We have established a data protection working group to lead on the revision of our data protection policy and preparations for GDPR. In June we recruited a Compliance Manager.

As well as our in-house fundraising team, we rely on trusted partners to fundraise on our behalf. All third-party fundraising organisations go through a robust procurement process and are expected to sign up to our child safeguarding policy.

Formal, regular training is undertaken to ensure that War Child is represented in a way that reflects our values and mission. Fundraising activities are monitored through call recordings and mystery shops. All activity is planned and budgeted at the start of the financial year. Performance is monitored on an on-going basis by the campaign manager.

We are committed to ensuring that all donors are treated fairly. Our fundraisers and fundraising partners are trained on the IOF Code of Conduct and Vulnerable Persons Policy.

We aim to make every one of our supporters feel inspired and in control of their experience with us and encourage and welcome their feedback and involvement to help us improve. Without them, we couldn't continue to make a difference to children's lives.



TRUSTEES' RESPONSIBILITIES

The Board of Trustees agrees that the CEO 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 United Kingdom Generally Accepted Accounting Practice.

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 charitable company and the group and of the income and expenditure of the charitable group for that period.

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

- select suitable accounting policies and apply them consistently;

- observe the methods and principles in the Charities SORP;

- 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 charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company; and ensure that the financial statements comply with the Companies Act 2006 and the provision of the charity's constitution.

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.

Insofar as each of the directors of the charity at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each director has taken all of the steps that he/she should have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees' Annual Report, which includes the Strategic Report, was approved on behalf of the board by Sacha Deshmukh on 6 August 2018.



INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of War Child for the year ended 31 December 2017 which comprise consolidated Statement of Financial Activity, Balance Sheet, consolidated Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 and of the group's incoming resources and application of resources for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the trustees' 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 the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 35, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

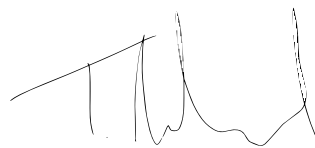
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

14 August 2018

FINANCIAL STATEMENTS

Consolidated statement of financial activities (including the Income & Expense account)

	Note	Unrestricted funds £000	Restricted funds £000	2017 Total £000	2016 Total £000
INCOME FROM:					
Donations and legacies		3,047	467	3,514	3,990
Other Trading Activities					
Events		691	-	691	814
Lotteries	3	2,432	-	2,432	2,639
		6,170	467	6,637	7,443
Charitable Activities					
Grants		284	6,947	7,231	5,810
Investment income		-	-	-	1
Total income		6,454	7,414	13,868	13,254
EXPENDITURE ON:					
Raising funds					
Fundraising costs for donations and legacies	4	2,029	41	2,070	1,641
Charitable activities					
Project costs	4,14				
- Afghanistan		484	1,098	1,582	1,033
- Burundi		189	-	189	-
- Central African Republic		646	1,792	2,438	1,913
- Democratic Republic of Congo		1,005	589	1,594	992
- Iraq		741	1,948	2,689	1,490
- occupied Palestinian territories		200	-	200	-
- Syria response		420	1,675	2,095	604
- Uganda		214	76	290	456
- Yemen		109	456	565	48
- UK overseas support		1,523	-	1,523	1,576
Information & Campaigns	4	818	-	818	635
Total expenditure		8,378	7,675	16,053	10,388
Net (expenditure) / income		(1,924)	(261)	(2,185)	2,866
Reconciliation of funds:					
Total funds brought forward		4,456	1,425	5,881	3,015
Total funds carried forward	12	2,532	1,164	3,696	5,881

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 41 to 60 form part of these financial statements.

Balance sheet

	Note	Group		Charity	
		2017 £000	2016 £000	2017 £000	2016 £000
Fixed assets					
Tangible assets	6	275	36	275	36
Intangible assets	7	13	20	13	20
Investments	8	126	132	126	132
		414	188	414	188
Current assets					
Debtors	9	3,883	2,008	3,883	2,447
Cash at bank		959	4,360	954	3,905
		4,842	6,368	4,837	6,352
Creditors: falling due within one year	10	(1,560)	(675)	(1,652)	(659)
Net current assets		3,282	5,693	3,185	5,693
Net assets	12	3,696	5,881	3,599	5,881
The funds of the charity					
Unrestricted funds	12	2,532	4,456	2,435	4,456
Restricted funds	14	1,164	1,425	1,164	1,425
		3,696	5,881	3,599	5,881

The deficit for the financial year for the Parent Charity only was £2,281,000 (2016: surplus of £2,866,000), which excludes the surplus of £96,000 from the subsidiary.

These financial statements were approved by the Trustees, authorised for issue on 6 August 2018 and signed on their behalf by



Sacha Deshmukh
Trustee

The notes on pages 41 to 60 form part of these financial statements.

Consolidated statement of cash flow

	Notes	2017 £000	2016 £000
Cash flows from operating activities:			
Net cash (outflow) / inflow from operating activities	A	(3,149)	2,792
Cash flows from investing activities:			
Purchase of fixed assets		(258)	(77)
Proceeds from sale of investments		6	12
Cash flows from financing activities:			
Net (decrease) / increase in cash:		(3,401)	2,727
<hr/>			
Cash at bank and in hand at the beginning of the year		4,360	1,633
<hr/>			
Cash at bank and in hand at the end of the year	B	959	4,360

Notes to the cashflow statement

	2017 £000	2016 £000
A. Reconciliation of net (expenditure) / income to net cash flow from operating activities		
Net (expenditure) / income	(2,185)	2,866
Depreciation & amortisation	26	137
Increase) in debtors	(1,875)	(149)
Increase/ (decrease) in creditors falling due within one year	885	(62)
<hr/>		
Net cash (outflow) / inflow from operating activities	(3,149)	2,792
<hr/>		
B. Analysis of cash and cash equivalents		
Cash in hand and at bank	959	4,360
<hr/>		
Total cash and cash equivalents	959	4,360

The notes on pages 41 to 60 form part of these financial statements.

Notes forming part of the financial statements

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.

On 15th September 2017 War Child changed its registered address to Studio 320, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL.

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 Trading Limited (Company number: 05100189). War Child Trading Limited changed its registered address on 15th September 2017 to: Studio 320, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL. War Child Trading Ltd changed its name from War Child Music 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:

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 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 charged to support costs, 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.

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 a defined contribution personal group pension plan for 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.



2 PRIOR YEAR CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £000	Restricted funds £000	2016 Total £000
Income from:			
Donations and legacies	3,921	69	3,990
Other trading activities			
Events	814	-	814
Lotteries	2,639	-	2,639
	7,374	69	7,443
Charitable Activities			
Grants	426	5,384	5,810
Investment income			
	1		1
Total income	7,801	5,453	13,254
Expenditure on:			
Raising funds			
Fundraising costs for donations and legacies	1,639	2	1,641
Charitable activities			
Project costs			
- Afghanistan	326	707	1,033
- Central African Republic	297	1,616	1,913
- Democratic Republic of Congo	449	543	992
- Iraq	238	1,252	1,490
- Syria response	165	439	604
- Uganda	21	435	456
- Yemen	48	-	48
- UK overseas support	1,576	-	1,576
Information & Campaigns	635	-	635
Total expenditure	5,394	4,994	10,388
Net income	2,407	459	2,866
Total funds brought forward	2,049	966	3,015
Total funds carried forward	4,456	1,425	5,881

3 ANALYSIS OF INCOME

Lottery

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

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

	£000
Total raised through People's Postcode Lottery for War Child	7,845
Less: Prizes	(3,118)
Less: Operating costs	(2,295)
Net proceeds	2,432

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 2017 this totalled:

	Unrestricted funds £000	Restricted funds £000	2017 Total £000
Professional fees	9	-	9
Events	9	-	9
Project inputs		33	33
	18	33	51

War Child receives a huge amount of 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.

4 ANALYSIS OF EXPENDITURE

	Staff	Support	Governance	Other Direct	2017	2016
	£000	£000	£000	Costs £000	£000	£000
Raising funds	1,179	192	12	687	2,070	1,641
Charitable activities						
Project costs						
- Afghanistan	653	153	10	766	1,582	1,033
- Burundi	-	18	1	170	189	-
- Central African Republic	630	237	15	1,556	2,438	1,913
- Democratic Republic of Congo	599	151	10	834	1,594	992
- Iraq	645	261	16	1,767	2,689	1,490
- occupied Palestinian territories	-	19	1	180	200	-
- Syria response	676	200	13	1,206	2,095	604
- Uganda	6	27	2	255	290	456
- Yemen	80	55	3	427	565	48
- UK overseas support	1,022	142	9	350	1,523	1,576
	4,311	1,263	80	7,511	13,165	8,112
Information and campaigns	541	76	5	196	818	635
	6,031	1,531	97	8,394	16,053	10,388

Total support costs were £1,531,000. The support function consists of the executive office as well as finance, HR, IT and administration. Support costs include employee emoluments totalling £687,000 as well as the costs of property and asset management, liability insurance and communications in the UK headquarters.

Group governance costs include external audit fees and associated costs of £27,000, internal audit fees and associated costs of £68,000 and costs relating to non-audit services such as the company tax return which amounted to £2,000.

Support and Governance costs are reallocated based on levels of expenditure in Fundraising, Information and Campaigns, and Projects 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.

Within Other Direct Costs is grants to partners of £2.58m for projects to protect, educate and stand up for the rights of children caught up in war. Grant expenditure by geography for the year was as follows: Afghanistan (£209k), Burundi (£170k), Central African Republic

(£428k), Democratic Republic of Congo (£343k), Iraq (£694k), occupied Palestinian territories (£180k), Syria response (£566k), Uganda (£226k), and Yemen (£112k). The following grants were material in the context of the charity's total charitable expenditure: Afkar (£464k), War Child Canada (£321k) and RNVDO (£210k).

£162k was advanced to partner organisations at 31 December 2017 (2016: £74k) which was subject to performance conditions that were required to be fulfilled prior to the partner having unconditional entitlement to the funds. Monies advanced to partners are shown in debtors. A total of £530k (2016: £124k) is recorded in creditors in respect of grants to partners where performance conditions had been fulfilled at 31 December and the amount is due to be distributed to partners. All partner advances at 31 December 2016 were utilised during 2017 and all partner creditors at 31 December 2016 were paid to partners during 2017.

The charity has commitments of £488k not recognised as a liability in respect of the material grants disclosed above. These commitments are covered entirely by future restricted income not recognised as an asset. It is expected that these commitments will be discharged fully in 2018.

5 EMPLOYEE EMOLUMENTS

	2017 £000	2016 £000
UK Staff costs include the following:		
- Wages and salaries	2,870	2,065
- Social security costs	284	249
- Pension contributions (defined contribution pension schemes)	134	27
Overseas Aid workers		
- Wages and salaries	776	704
- Pension contributions (defined contribution pension schemes)	15	8
Overseas National Staff costs	2,220	1,228
	6,299	4,281

In addition to the amounts listed above, staff received benefits totalling £419,000 (£18,000 for UK staff and £401,000 for Overseas Aid workers) which do not constitute emoluments.

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

	2017 Number	2016 Number
£60,000 - £69,999	1	-
£70,000 - £79,999	1	3
£80,000 - £89,000	1	-
£90,000 - £99,999	-	1
£100,000 - £109,999	1	-

A total of £439,000 (2016: £382,000) was paid to key management in emoluments in the year.

A total of £18,241 (2016: £9,372) was paid by War Child into a defined contribution pension scheme for 4 (2016: 3) higher-paid employees.

£nil (2016: £nil) was paid by War Child in redundancy costs during the year.

None of the trustees received any emoluments. Travel expenses of £92 were reimbursed to one trustee in the year (2016: £nil).

Volunteers

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.

The average number of persons employed by War Child during the year was as follows:

	2017 Number	2016 Number
UK		
- Charitable expenditure	33	19
- Fundraising	27	21
- Management and administration	13	12
	73	52
Overseas		
- International aid workers	18	16
- National staff	215	144
	233	160
	306	212

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 2017	82	133	119	58	392
Additions	-	12	81	260	353
Disposals	(82)	-	(1)	(12)	(95)
At 31 December 2017	-	145	199	306	650
Accumulated depreciation					
At 1 January 2017	56	133	118	49	356
Charge for the year	-	12	35	34	81
Disposals	(56)	-	-	(6)	(62)
At 31 December 2017	-	145	153	77	375
Net book value					
At 31 December 2017	-	-	46	229	275
At 31 December 2016	26	-	1	9	36

All fixed assets are used for charitable purposes.

7 INTANGIBLE ASSETS

	IT Software £000
Cost or valuation	
At 1 January 2017	131
Additions	-
Disposals	-
At 31 December 2017	131
Accumulated depreciation	
At 1 January 2017	111
Charge for the year	7
Disposals	-
At 31 December 2017	118
Net book value	
At 31 December 2017	13
At 31 December 2016	20

All intangible assets are used for charitable purposes

8 INVESTMENTS

Investments	Works of art £000	Investment in subsidiary companies £000	Total £000
Valuation			
At 1 January 2017	132	-	132
Disposals	(6)	-	(6)
At 31 December 2017	126	-	126

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 valuation expert and are recognised in the accounts at the Trustees' best estimate of their likely sale value.

Investment in subsidiary company:

Name	Country of Incorporation	Class of shares	% held	Nature of business	Year end
War Child Trading 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 is as follows:

	Net assets	Turnover	Profit/(loss) for the year			
	2017 £000	2016 £000	2017 £000	2016 £000		
War Child Trading Limited	96	-	116	870	96	-

The principal activity of War Child Trading Limited (Company number: 5100189) is the organisation of events and the sale of goods in order to raise funds for the War Child registered charity. All profits will be transferred to War Child by Gift Aid. War Child Trading Limited changed its registered address on 15th September 2017 to: Studio 320, Highgate Studios, 53-79 Highgate Road, London, NW5 1TL. War Child Trading Ltd changed its name from War Child Music Ltd on 13th April 2017, in order to better reflect the activities of the organisation.

Amounts owed to War Child Trading Limited as at the balance sheet date totalled £94,000 (2016: £603,000, owed from War Child Trading). War Child Music Limited will donate its full profit of £95,758 (2016: £472,920) to War Child. A total of £20,000 (2016: £182,000) was recharged from War Child to War Child Trading Limited in the year in relation to management charges.

9 DEBTORS

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Due within one year				
Other debtors	86	48	86	48
Accrued income	3,253	1,748	3,253	1,584
Advances to partners	162	74	162	74
Loans to third parties	143	-	143	-
Inter group balances	-	-	-	603
Prepayments	239	138	239	138
	3,883	2,008	3,883	2,447

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Taxation and social security	127	91	127	91
Other creditors	459	202	459	202
Amounts committed to partners	530	124	530	124
Accruals and deferred income	444	258	442	242
Inter group balances	-	-	94	-
	1,560	675	1,652	659

As at 31 December 2017, War Child has £nil deferred income (2016: £nil).

11 OPERATING LEASES

The amounts payable under operating leases during the year were £240,000 (2016: £99,000). Operating leases increased in 2017 as we moved office during the year and signed a new lease.

Total commitments under operating leases at the year end were:

	Land and buildings		Plant and machinery	
	2017 £000	2016 £000	2017 £000	2016 £000
Within 1 year	250	66	7	8
2 to 5 years	1,014	-	1	5
After 5 years	-	-	-	-
	1,264	66	8	13

12 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances at 31 December 2017 are represented by:

	Unrestricted Funds £000	Restricted Funds £000	2017 Total £000	2016 Total £000
Fixed assets	275	-	275	36
Intangible assets	13	-	13	20
Investments	126	-	126	132
Net current assets/(liabilities)	2,118	1,164	3,282	5,693
Total net assets	2,532	1,164	3,696	5,881

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.

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

	At 1 January 2017 £000	Movement during the year		At 31 December 2017 £000
		Income £000	Expense £000	
General reserves	4,456	6,454	(8,378)	2,532
Total net assets	4,456	6,454	(8,378)	2,532

13 PRIOR YEAR ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances at 31 December 2016 are represented by:

	Unrestricted Funds £000	Restricted Funds £000	2016 Total £000	2015 Total £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
Total net assets	4,456	1,425	5,881	3,015

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

	At 1 January 2016	Movement during the year		Transfers	At 31 December 2016
	£000	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	-
Total net assets	2,049	7,801	(5,394)	-	4,456

14 RESTRICTED FUNDS

	2016 £000	Income £000	Expenditure £000	2017 £000
Afghanistan - Other grants & donations	1	14	(15)	-
Afghanistan - Start Network	-	49	(49)	-
Afghanistan - Terre des Hommes	-	74	(69)	5
Afghanistan - UNICEF	-	613	(427)	186
Afghanistan - War Child affiliates	-	536	(536)	-
Central African Republic - CHF	-	285	(270)	15
Central African Republic - Children in Conflict	-	93	(93)	-
Central African Republic - Comic Relief	-	3	(3)	-
Central African Republic - FCO	-	116	(116)	-
Central African Republic - Other grants & donations	-	109	(109)	-
Central African Republic - Plan USA	-	(1)	1	-
Central African Republic - Stanley Thomas Foundation	-	22	-	22
Central African Republic - Start Network	-	70	(70)	-
Central African Republic - UNICEF	154	380	(534)	-
Central African Republic - War Child affiliates	95	504	(599)	-
Democratic Republic of Congo - Children in Conflict	-	37	(37)	-
Democratic Republic of Congo - Other grants & donations	43	105	(110)	38
Democratic Republic of Congo - Promundo	9	65	(74)	-
Democratic Republic of Congo - World Bank	79	278	(312)	45
Democratic Republic of Congo - Yahoo	56	-	(56)	-
Iraq - Children in Conflict	-	93	(93)	-
Iraq - Dubai Cares	-	271	(99)	172
Iraq - OCHA	215	485	(657)	43
Iraq - Other grants & donations	-	25	(25)	-
Iraq - UNICEF	229	160	(389)	-
Iraq - War Child affiliates	-	705	(685)	20
Multi-country - The Body Shop	2	-	(2)	-
Syria response - Allen & Overy	-	302	(111)	191
Syria response - DFAT	-	34	(1)	33
Syria response - George Oliver Foundation	-	8	(8)	-
Syria response - Other grants & donations	13	99	(82)	30
Syria response - Vitol	100	-	-	100
Syria response - War Child affiliates	373	1,294	(1,472)	195
Uganda - Band Aid Charitable Trust	21	-	(21)	-
Uganda - Comic Relief	35	15	(50)	-
Uganda - Other grants & donations	-	5	(5)	-
UK - Other grants & donations	-	41	(41)	-
Yemen - Children in Conflict	-	56	(56)	-
Yemen - Other grants & donations	-	18	(18)	-
Yemen - War Child affiliates	-	451	(382)	69
	1,425	7,414	(7,675)	1,164

AFGHANISTAN

- **Terre des Hommes**, funded through the European Commission, supported a 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 and young children in prison with their mothers. This project was also supported by the **Stanley Thomas Johnson Foundation**. This project started in 2017 and will continue to support children in contact with the law through to December 2019.

- Support from **multiple donations**, including 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. The centres provided vital early years education for vulnerable four to six 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** 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 children's resilience and coping mechanisms.

- **UNICEF** in Afghanistan supported a project over six months, in which 28,000 girls, boys, men, in Eastern provinces will have access to protection services that will help protect their human rights and improve their wellbeing. The project will also support the livelihoods coping mechanisms of vulnerable families of reunified unaccompanied minor separated children and the creation of an environment where we can protect them from abuse and recruitment into armed groups, as well as facilitate an effective community response to violations of these protections.

- **UNICEF** in Afghanistan funded a recent project assisting seven to eighteen year old children of returnees, people who been internally displaced and host communities. It offers improved access to basic education, provides teaching and learning materials, encourages more girls to enrol in schools, recruits new teachers, trains existing and newly recruited teachers, and raises awareness on how to enrol in school without documentation. The project also plans to set up temporary learning spaces, run a catch-up programme for children who have missed school, and make some schools user-friendly for children with special education needs and disabilities.

- **UNICEF** in Afghanistan is still 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 into formal schooling. It also runs early childhood care and development for children aged four to six, while working with parents and community members to increase their involvement and ownership in their children's education and improve access to education and vocational opportunities for the parents.

- Via **War Child Holland**, War Child UK ran a livelihoods project funded by the Dutch Relief Alliance, supporting vulnerable internally displaced people with food, shelter and multi-purpose cash in Eastern and Western Afghanistan through the Afghanistan Joint Response 2 mechanism.

CENTRAL AFRICAN REPUBLIC

- The **Common Humanitarian Fund (CHF)** supported a capacity strengthening project for civil society organisations in northern Central African Republic. The project helped 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.

- **Children in Conflict** has supported all areas of our work in Central African Republic, from building capacity of our country team, to directly enabling and scaling up services for vulnerable children

- War Child received two years of funding from **Comic Relief** to support a child protection and education project helping vulnerable children to enrol into 20 schools across Bangui and the set-up of set-up of child rights clubs. The parents of children involved in the project were also involved in child protection through community-based networks, trainings, and livelihoods activities. The grant ended on 25 June 2016 and the final instalment was received in 2017.

■ **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, and those who are at risk, are protected and have improved wellbeing. The grant has been used to complement existing work in the region to prevent sexual and gender-based violence and provide lasting support for those who have experienced it through the reconstruction of community-based structures.

■ War Child also benefited from the support of **Plan USA** towards the reintegration of children formerly associated with armed forces and groups in Bossangoa. The project covered reintegration aspects from family tracing, to back-to-school activities, and economic reintegration through vocational training or income-generating activities. The grant ended in December 2016 and its final balance disbursed in 2017.

■ The **Stanley Thomas Johnson Foundation** will support War Child reintegration work in northern Central African Republic, by providing 60 children with access to specialised services, Education, psychosocial support PSS and recreational activities in Safe Spaces.

■ War Child UK initiated the alert to the **START Network** as a response to the conflict in Alindao and were subsequently allocated a grant to deliver a 45-day humanitarian response project. The response provided emergency child protection, education in emergencies and basic psychosocial support for children displaced by the conflict. War Child UK established fixed and mobile Child Friendly Spaces and Temporary Learning Spaces in order to deliver the project activities and support the targeted vulnerable children. The project also identified foster families who were able to support the most vulnerable children unaccompanied or separated from their families.

■ War Child started an intervention in Ndélé, in the north-east of the region, 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.

■ The **UNICEF**-funded child protection project in Bambari started in 2016 and continued for all 2017. Targeting children associated with armed forces and groups, separated and unaccompanied children in Ouaka, Basse-Koto and Ouham Pende Provinces, the project has been focusing on psychosocial support for vulnerable children, reintegration of children in their families, communities and 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 children associated with armed forces and groups in the northern towns of Batangafo and Markounda. 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

■ **Children in Conflict** has supported on all areas of our work in DRC, from building capacity of our country team, to directly enabling and scaling up services for vulnerable children.

■ **Promundo** and War Child have been working side by side through sharing office space and administrative staff costs in Kinshasa. Promundo runs gender focused projects, particularly introducing the concept of positive masculinity. They work with men across the world at the forefront of gender-sensitive project implementation and delivery.

■ A **World Bank** project (funded through the Fonds Social de la République Démocratique du Congo) has been supporting survivors of sexual and gender-based violence in Rutshuru region, North Kivu, in partnership with the American Bar Association (ABA). The project has been focusing on expanding services to mitigate the short and medium-term outcome of sexual and gender-based violence and increase the use of health and legal support 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 legal services; and sharing knowledge, research and capacity building on the issue at regional and national levels.

■ The **Yahoo Employee Foundation** has supported the Child Helpline (117) across both Goma and Kinshasa. It ensured a wider scale-up of the Helpline into areas of North Kivu with dire child protection needs and extremely vulnerable populations. This funding also came to support the opening of a second call centre in Kinshasa, based on the success of the first child helpline centre in Goma. The Yahoo Employee Foundation funding also supported awareness-raising campaigns on the child helpline and the referral of child protection cases identified through its services.

IRAQ

- **Children in Conflict** has supported on all areas of our work in Iraq, from building capacity of our country team, to directly enabling and scaling up services for vulnerable children.
- **Dubai Cares** funded an education project in West Mosul. This is centered around the rehabilitation of seven schools in the city. To compliment this work and to start to build the capacity of the damaged education infrastructure in the area, we are training teachers in education in emergencies school management (head teachers etc.) and establishing and training Parent Teacher Associations.
- **OCHA** is funding specialised child protection services targeting hard to reach areas in East and West Mosul. The project is reaching children through mobile teams of case management and referral specialists.
- **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, as well as incorporating key messaging and sensitisation (for example, protection and hygiene) and life skills education.
- Funding from **OCHA** is facilitating the provision of life-saving, specialised child protection services to extremely vulnerable children in hard to reach and underserved locations in Anbar. The project is building the capacity of 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.
- **UNICEF** funding in Iraq is supporting a child protection response in Anbar province. The project is providing life skills and psychosocial support in child friendly spaces and specialised case management for children affected by conflict in Baghdad. UNICEF also contributed in-kind support to vulnerable internally displaced children through War Child UK's Mosul emergency response.
- **War Child Holland**, funded through the DOB Foundation, funded a project in Kabarto 1 and 2 camps in Dohuk to support at risk internally displaced children.
- **War Child Holland**, funded through The Dutch Relief Alliance, has continued to fund War Child UK activities in Northern Iraq. Through both the Iraq Joint Response 2 and Iraq Joint Response 3 mechanism. The third phase of this consortium targets internally displaced people

and those who remained in Mosul and Hawija, along with long-term vulnerable internally displaced people in Duhok Governorate.

- **War Child Holland** has supported a technical and vocational training project targeting vulnerable youth and adolescents in Duhok Governorate. This project has stimulated the local economy and trained youth on skills that were identified as in-demand through market assessment.

SYRIA RESPONSE

- Corporate partner **Allen & Overy** funded a new War Child centre in Emirati camp Jordan which was launched in 2017. The first early childhood care and development classes and Little Fellows sessions started at the end of the year and activities will be scaled up in 2018.
- The **Australian Department of Foreign Affairs and Trade** is funding a youth project in Emirati camp through their Direct Aid Program at the Australian Embassy in Amman. The project includes three cycles of youth clubs in the camp offering artistic and self-expression activities, such as theatre, photography, creative writing and other group-based exercises that participants' want to take part in.
- Multiple **smaller donations**, including from the **George Oliver Foundation**, supported work in Za'atari camp and Emirati camp, such as the construction of the new War Child UK Child Friendly Space in Za'atari, which was opened in July 2017. These donations also allowed the further development of early childhood care and development (ECCD) curricula, including the ECCD 2 curriculum and the new condensed ECCD curriculum.
- The Time to be a Child project is funded via **War Child Holland** and is implemented in Za'atari, Mafrqa, 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.
- Can't Wait to Learn is an innovative education project, funded via **War Child Holland**. In 2017, the activities focused on the development of tablet-based learning programmes, including strong levels of child participation in the design process. Towards the end of 2017 the game was completed and went through the sign-off process by the Ministry of Education. The proof of concept was prepared with other education stakeholders and 98 out-of-school children were identified to take part in testing the game.

UGANDA

- KATI, an innovative social venture supporting young entrepreneurs' initiatives and livelihoods in northern Uganda - Pader, Lira, Gulu - has been scaled-up thanks to further financial support from **Band Aid Charitable Trust**. KATI has been supported to increase its portfolio of loans allocated to young entrepreneurs and opened a new disbursement branch in Lira to provide access to loans to young people in an urban area.
-
- 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. The project focused on access to psychosocial support, education and livelihoods opportunities for 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. The grant ended in June 2016.
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YEMEN

- **Children in Conflict** has supported on all areas of our work in Yemen, from establishing a new War Child team, to directly enabling services for vulnerable children.
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- In Yemen, the **Dutch Relief Alliance** funded a consortium through the Yemen Joint response 3, which War Child UK is a member of (via War Child Holland). As such WCUK implemented a food security project in Hajjah and Sanaa governorates and provide over 15,000 life-saving food vouchers. The project also included community health volunteers who identified and referred children suffering from severe acute malnutrition, and who disseminated information on food hygiene and personal hygiene to prevent the further spread of cholera. Government officials in both locations were trained in child rights and child protection.
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15 PRIOR YEAR 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 - Sulney 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)	-
	966	5,453	(4,994)	1,425

16 FINANCIAL INSTRUMENTS

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Financial assets measured at amortised cost (a)	4,603	6,230	4,598	5,611
Financial assets measured at fair value (b)	126	132	126	132
Financial liabilities measured at amortised cost (c)	1,432	583	1,431	567

(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

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

KATI

KATI is an independent youth social venture in Uganda, established by War Child in 2015 as a forward-thinking enterprise following War Child's departure from Uganda in the same year. Sarah Welsh, former Director of Finance & Operations of War Child, is a trustee of KATI. War Child fundraises jointly with KATI as well as awarding grants. In 2017, War Child awarded a grant of £165,000 to KATI.

Children in Conflict

Children in Conflict is an independent non-profit organisation based in the United States. Sacha Deshmukh, our chair of the board of trustees, is a director of Children in Conflict and Rob Williams, CEO, is the treasurer.

Children in Conflict received a loan of £143,000 from War Child in 2017 which will be paid back in full in 2018. Children in Conflict also provided grants of £279,000 to War Child in 2017.

Other related parties

Sacha Deshmukh, our chair of the board of trustees, is a director of the Fundraising Regulator. War Child paid a voluntary levy of £3,000 to the Regulator in the year to 31 December 2017.

Trustees and senior management donated a total of £5,034 during the year (2016: £31,108).



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