

# *PayPal* *Giving Fund*

**PayPal Giving Fund UK**

**Annual Report and Financial  
Statements**

31 December 2017

Company Limited by Guarantee  
Registration Number  
5507404 (England and Wales)

Charity Registration Number  
1110538

## Contents

### Reports

A Letter from the Chair and CEO	3
Reference and administrative details of the charity, its Trustees and advisers	4
Trustees' report	5
Independent auditor's report	17

### Financial statements

Statement of financial activities	20
Balance sheet	21
Cash flow statement	22
Principal accounting policies	23
Notes to the financial statements	26

## A letter from the Chair and CEO

Dear Supporter,

PayPal Giving Fund's mission is simple: to create new sources of unrestricted funds for charities by making giving a part of everyday commerce. We do this by harnessing the assets of PayPal and our other partners to introduce charitable giving to new audiences.

We were delighted to help raise more than £7m in 2017, an increase of 56% compared to the previous year. We are very grateful for the efforts of our partners, PayPal, Humble Bundle and eBay, for their continuous work to engage their customers in giving. Their efforts demonstrate a sincere commitment to the sector, and we are proud to continue our partnerships.

In 2017, we received donations from more than 167,000 donors, and made grants to more than 5,000 charities. 920 charities joined our platform during the period. Enrollment enables charities to benefit from all of our programmes, receive payments quickly and securely, and to make connections with new supporters.

Our annual report summarizes our priorities and achievements during the period, and sets out our plans for the future. In 2018, we look forward to further developing our partnerships and capabilities for the benefit of the charitable sector, and are hugely grateful for the ongoing support of our donors and supporters in this endeavour.

Regards,

Alison Sagar



Chair of the Board



Nick Aldridge



Chief Executive



## Reference and administrative details of the charity, its Trustees and advisers

<b>Trustees</b>	Alison Sagar (Chair) Angela Cummings Eva Gustavsson Julia Hutton-Potts Naomi Marek Matthew Metcalfe (Retired December 2017) Sean Milliken Llewellyn Thomas
<b>Company secretary</b>	Nick Aldridge
<b>Staff</b>	
CEO	Nick Aldridge
Head of UK Cause Programmes	Ria Broad
UK Financial Controller	Anya Milligan
Programmes Executive	Sharnie McCourt
Communications Executive	Tawheed Rahim
eBay for Charity Manager	Shosh Goodman
<b>Registered office</b>	Whittaker House Whittaker Avenue Richmond Surrey TW9 1EH
<b>Website</b>	<a href="http://www.paypalgivingfund.org.uk">www.paypalgivingfund.org.uk</a>
<b>Company registration number</b>	5507404 (England and Wales)
<b>Charity registration number</b>	1110538
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Barclays Bank Plc Onslow Hall, Little Green, Richmond, Surrey, TW9 1QS
<b>Solicitors</b>	Bates Wells & Braithwaite 10 Queen Street Place London EC4R 1BE

## Introduction

The trustees present their statutory report together with the financial statements of PayPal Giving Fund UK for the year to 31 December 2017. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes the directors' report for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out in the Principal Accounting Policies section therein and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the United Kingdom and Republic of Ireland (FRS 102) effective from accounting periods commencing 1 January 2015 or later.

### ***The objects of PayPal Giving Fund UK***

The charity's objects are to advance all purposes that are charitable under the law of England and Wales. Our principal activity to achieve these objects is the development of partnerships with PayPal Inc and its subsidiaries, and with other leading internet businesses such as eBay, Humble Bundle and StubHub. The partnerships enable the full range of UK charities to enrol with PayPal Giving Fund and generate unrestricted funds from innovative customer giving programmes.

### ***How we achieve public benefit***

As PayPal Giving Fund UK is a grant-making charity, our public benefit occurs principally through the activities of those charities that receive funds from us. We believe that, given the large number of small donations we enable, we maximise our public benefit by providing relatively unrestricted funding for those charities. We do not seek to impose any restrictions on our grants beyond those necessitated by charity law to ensure our funds are spent appropriately.

Through our partnership with PayPal, we undertake checks to ensure that charities on the system are correctly registered, in good standing with relevant regulators, and that they have verified PayPal accounts so donations can be promptly re-granted. We suspend from our system any charities where we find that this is not the case. Each year we undertake a survey of a cross-section of charities that received significant funds from PayPal Giving Fund, to demonstrate that they applied the funds in support of charitable purposes.

We also actively seek out opportunities to benefit the charity sector and the public in other ways, for instance by sharing our expertise in online fundraising with charities across the sector, and helping to inform government and regulatory policy development on charitable giving. We also participate actively in many conferences and events attended by UK charities to share expertise.

Through our programmes we work to promote charities and charitable giving to online audiences who may have little previous involvement in the sector, for example by promoting charitable causes to PayPal's, eBay's and Humble Bundle's online shopping audiences.

## Achievements and performance

### *Overview of our programmes and recent developments*

Through our partnership with PayPal, our vision is to empower consumers, merchants and charities to take control of fundraising and drive up charitable giving. To achieve this vision, we work to create inclusive networks of donors, merchants and charities so all can participate in raising new, unrestricted funds. Our partnerships with leading internet businesses such as eBay and Humble Bundle enable their customers to do good as part of their daily lives.

Our partnerships during the period included the following:



PayPal makes it easy for donors to find and support their favourite charities while at home or on the go. Giving opportunities embedded in the PayPal customer experience are complemented by seasonal campaigns and promotions that forge new connections and inspire people to give more and give more often. During 2017, PayPal and PayPal Giving Fund made several enhancements to the donation experience on the PayPal website and App, enabling PayPal users to find and support their favourite charities more easily.

In 2017 we collaborated closely with PayPal in a unique "Turkey Dash" Christmas campaign, in which the public could support participating charities through a dedicated microsite. We received more than 7,500 donations from members of the public as a result of the campaign, and were able to grant more than £177,000 to participating charities. We also enabled the UK launch and improvement of donation options in the PayPal App, raising £157,000 in donations during the period.



eBay for Charity makes it easy for buyers and sellers to support their favourite charities in one of the world's largest marketplaces. When a charity enrolls with PayPal Giving Fund, eBay sellers can donate a portion of their sales to PayPal Giving Fund to, in turn, benefit an organisation they select, and buyers can add donations at checkout. Special features help eBay for Charity items stand out, and eBay incentivizes charitable selling by crediting sales fees on charitable proceeds.

The eBay seller experience benefitted from an overhaul in its design and user experience in 2017. This included additional support and advice for charities using eBay for Charity to increase the funds they receive. PayPal Giving Fund supported eBay with these changes, and saw strong growth in funds donated by sellers as a result of an improved donation experience.

## Humble Bundle

Humble Bundle is a leading retailer of digital games and eBooks that offers its customers the opportunity to support the charities in our network with every purchase they make. Through an innovative "pay what you want" pricing model, customers can choose not only what they want to pay, but also designate a portion of the sale to be donated by Humble Bundle to PayPal Giving Fund to benefit the charity of their choice.

Our partnership with Humble Bundle was launched in 2015, and thanks to Humble Bundle's continued generosity and the support of its users, 2017 saw a remarkable increase in the funds granted to benefit charities from the Humble Bundle programme.

### **Our other achievements in 2017**

We collaborated closely with PayPal UK during 2017 to demonstrate the value of PayPal Giving Fund, resulting in its promotion on PayPal's pages for charities. We anticipate that the promotion will lead to an acceleration in charity enrollments in 2018, building on more than 900 recruited in 2017.

We invested significant efforts in improving our platform for donors, partners and charities, providing greater transparency for donors into the flow of funds through a "donation tracker", and greater information for charities in their dashboards. We instituted relationship management for partners (at a global level) and for major UK charities. We also strengthened our relationship with eBay UK, so that we could better realise shared opportunities to increase funds raised for good causes.

We improved our operational efficiency through close collaboration with the frontline customer service teams at PayPal, increasing the level of specialist support available for charities. We also streamlined the set-up process, enabling quicker vetting of charities by PayPal through a dedicated team. We also focused on introducing more automated reconciliation processes to ensure the continued accuracy of our data.

### Donations received during the period

	2017 €	2016 €	Growth
Donations from eBay sellers	2,132,073	1,706,977	25%
Donations from eBay buyers	426,847	492,869	-13%
Donations made by Humble Bundle	3,299,264	1,667,646	98%
Other donations through PayPal appeals	883,647	432,733	104%
Gift Aid	131,286	149,448	-12%
Other donations	134,435	43,723	207%
<b>Total donations</b>	<b>7,007,552</b>	<b>4,493,396</b>	<b>56%</b>

A total of 167,798 donors gave to PayPal Giving Fund during the period (156,266 in 2016). 920 charities enrolled during the period, bringing the total to more than 4,300. A sample of recently enrolled charities is included below by way of illustration:

- ◆ Amelia Project Foundation
- ◆ Cotswolds Conservation Board
- ◆ DentaId
- ◆ Doncaster Grand Theatre Trust
- ◆ Exeter Roya Academy for Deaf education
- ◆ Gateshead Hatzola
- ◆ Independent Weimaraner Rescue and Re-Homing Service
- ◆ Reach Sled Dogs
- ◆ Spaceship Earth
- ◆ Survivors in Transition

In addition, enrolled charities made sales on eBay to the value of £18,190,690 (£15,550,854 in 2016), achieving 17% growth year on year.

### The range of charities benefiting

3,455 (78%) of our enrolled charities received grants from PayPal Giving Fund during the period. In a typical month, PayPal Giving Fund makes grants to more than 2,000 charities. The 10 charities receiving the largest value of grants are listed below (in alphabetical order). While some of the largest fundraising charities are present in the list, smaller charities are also having significant success in raising funds through PayPal Giving Fund programmes.

- ◆ BBC Children in Need
- ◆ Cancer Research UK
- ◆ Disasters Emergency Committee
- ◆ GamesAid
- ◆ Hand in Hand International
- ◆ Mental Health Foundation



- ◆ Oizer Dalim trust
- ◆ Save The Children
- ◆ Special Effect
- ◆ Whale and Dolphin Conservation

#### **Our plans for the future**

During 2018 we will focus on the following priorities for the charity, developed at a strategy day attended by management and the board:

1. Make improvements to the charity on-boarding process and expand our directory to enable a wider range of charities to benefit from our programmes.
2. Enhance our platform's core capabilities, so that we can make payments to charities that have not yet enrolled with PayPal Giving Fund, increase our Gift Aid claim rates, and ensure future compliance with General Data Protection Regulation.
3. Capitalise on contextual giving opportunities within PayPal, both by promoting our existing fundraising programmes and by collaborating with PayPal on the launch of new integrations.
4. Support our key partners to increase our impact, including a closer partnership with eBay and Humble Bundle to better engage charities in benefiting from our joint programmes.

## Structure and governance

PayPal Giving Fund UK is governed by its memorandum and articles of association (last updated 15 April 2013). It is constituted as a company limited by guarantee (Company Registration No. 5507404 (England and Wales)) and is a registered charity (Charity Registration No. 1110538).

The sole member of the company is the PayPal Charitable Giving Fund (PPCGF), a United States 501(c)(3) non-profit organisation. In the event of the charitable company being wound up the member undertakes to contribute an amount not exceeding £1.

### The Board of Trustees

The Board of Trustees is responsible for the overall governance of the charitable company. Whilst there is no cap on the total number of Trustees, the minimum number of Trustees is three, and currently there are seven. All Trustees are appointed by PPCGF, having been proposed by the board.

To enable and promote board renewal, at the final board meeting of each calendar year, one-third of the Trustees retire from office. The Trustees to retire are those who have been longest in office. Trustees who retire shall be eligible for reappointment by PPCGF. There is no absolute limit on the number of times a Trustee may be reappointed.

The names of the trustees who served during the year are set out as part of the reference and administrative details on page 4 of this annual report and accounts. During the period, Matthew Metcalfe completed his term as chair of the board, and retired from office. In December 2017 Alison Sagar was appointed Chair, and Naomi Marek, CEO of Skybadger, was appointed as vice-Chair of the board.

Trustees meet regularly for formal meetings, during which time they oversee current business and review strategy, operational and financial performance against annual plans and budgets. Additional meetings are scheduled on an ad hoc basis, in which a subset of trustees meets to consider particular issues. On appointment, trustees receive an induction pack containing a detailed background on the charitable company and its work, and meet with the chair and chief executive, helping them to make informed decisions from the outset.

### Codes of governance and compliance

The charitable company recognises the Code of Governance for the charity sector, and the board takes collective responsibility for upholding its principles. The charity reviews board effectiveness on a regular basis to encourage learning and professional development within the board, so that all board members can make a full contribution to governance. To help to ensure the effective discharge of Trustees' roles and responsibilities, trustees are recruited and developed to provide expertise relating to the charitable company's activities and operating needs.

During the period we carefully reviewed the charity's compliance with good practice as set out in the Charity Commission's "Guide to Corporate Foundations", determining that the charity operated with an appropriate level of independence from PayPal. We made some small changes, including a policy on observers at board meetings, and the appointment of an independent vice-Chair, to preserve that independence. We also undertook a skills audit to identify any gaps in the trustees' expertise, and developed recruitment plans to meet those gaps.

### Employees

The charity aims to be an organisation where employees enjoy a sense of fulfilment and where they feel supported and developed. Employees are kept fully informed about strategy and objectives, as well as day-to-day news and events. All employees are encouraged to give their suggestions and views on performance and strategy.

The charity supports and encourages diversity. A policy of recruitment and promotion on the basis of aptitude and ability without discrimination is followed. The charity is committed to the training, career development and promotion of all employees. An individual's career development is assessed through annual appraisal and supervision, with regular one-to-one meetings. Development programmes are discussed with employees to meet any on-going needs, with the aim of developing employees for both their current and future roles.

PayPal Giving Fund believes in rewarding staff fairly for their jobs, and fostering a positive work environment. We are also responsible for ensuring that the charity's funds are used cost-effectively, and aim to achieve a sensible and proportionate balance in setting pay levels. Salaries are set and reviewed by line managers, in consultation with the CEO, and include a small element of performance-related pay. The CEO salary is agreed by the UK board as employer, and the US board as funder.

Salaries are reviewed whenever job requirements change significantly, and when the charity undertakes recruitment. In setting salaries, we consider:

- ◆ The need to secure and retain a suitably skilled and experienced professional team to deliver the charity's objectives.
- ◆ Local marketplace knowledge and external benchmarks in each country, with reference to the recommendations of relevant recruitment organisations.
- ◆ In the case of some senior roles, the need to manage operations in multiple countries, with associated time pressures and travel commitments.
- ◆ That high-level skills in finance and technology, which the charity needs in many roles, are particularly competitive fields for recruitment.

While we do not aim to match commercial sector salaries, we take into account the additional responsibilities and requirements on personnel that come from delivering our aims in partnership with PayPal, and other leading internet businesses, often in a global context. Our operational funding is provided by our partner businesses, rather than from donations made by the public.

### **Customer service and complaints**

PayPal Giving Fund now has a well-established front-line customer service team within PayPal's Executive escalations specialist UK team. We have set a service level agreement to respond by three business days to all enquiries, which has been reliably met by our customer service team. PayPal Giving Fund have also worked alongside PayPal to help to launch a second service team focused on charities to provide extra assistance by phone.

During the period PayPal Giving Fund received a single formal complaint, which regarded a competition we supported on the eBay platform. The complainant was not happy with the way charities' standing during the competition was shared on the eBay website. We forwarded the complaint to the appropriate team within eBay and the issue was resolved.

We also received feedback about difficulties in completing PayPal's vetting process prior to enrolling with PayPal Giving Fund, and collaborated with PayPal to make improvements to the process concerned during the period.

### **Risk management, internal controls and delegated authority**

The Trustees maintain a formal risk management process to monitor and assess business risks and implement risk management strategies. This has involved identifying the types of risks the charitable company faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks.

The Trustees delegate the exercise of certain powers in connection with the management and administration of the charitable company as set out below. This is controlled by the requirement of regular reporting back to the Trustees, so that all decisions made under delegated authority can be ratified by the Trustees.

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency, and were reviewed and updated during the period. Performance is monitored and appropriate management information is prepared and reviewed regularly by the Board.

Systems of internal control are designed to provide reasonable, but not absolute assurance against material misstatement or loss.

They include:

- ◆ A regularly updated strategic plan and annual budget approved by the trustees;

## Trustees' report 31 December 2017

- ◆ Regular consideration by the trustees of financial results, variances from budgets, nonfinancial performance indicators and benchmarking reviews;
- ◆ Delegation of day-to-day management authority and duties, with controls on expenditure decisions by the CEO, the CFO and individual Trustees;
- ◆ Monitoring of the charitable company's day-to-day financial transactions by the CEO, UK Financial Controller and accounting team at PPCGF;
- ◆ Clear expenses policies with trustee approval required for any significant expenditure; and
- ◆ Identification and management of major risks through a risk register, reviewed at most meetings of the trustees.

During the period, we actively reviewed a variety of risks facing the organisation, with trustee input at each board meeting on those risks judged to be material at the time. The risks considered by the trustees included the following:

- ◆ Decline in customer satisfaction amongst charities that experienced difficulties in enrolling with PayPal Giving Fund, which we mitigated through improvements to the process.
- ◆ Loss of key supporting staff in the US, and associated institutional knowledge, during the period, which we mitigated through handover periods, and through the efforts of other staff members to undertake additional work.
- ◆ Contract risks, which we mitigated through work to engage our partners and respond to their emerging needs and strategies.

### Statement of trustees' responsibilities

The trustees (who are also directors of PayPal Giving Fund UK for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: 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);

## Trustees' report 31 December 2017

- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Expenses**

The charity operates a strict expenses policy, allowing reimbursement of reasonable expenses incurred by trustees and staff on the business of the Charity subject to the production of appropriate vouchers and receipts. The CEO also serves as CEO of PayPal Giving Fund's US-based parent organization, and undertakes additional travel to the US in that capacity.

## Financial review

### Results for the year

The statement of financial activities on page 20 shows total income of £7,594,474 (2016 - £5,213,545) and total expenditure of £7,550,972 (2016 - £5,230,815) including £7,392,364 (2016 - £5,015,706) distributed to charities participating in Partner Programmes.

### Financial position

The balance sheet shows total funds of £398,697 (2016 - £355,195).

At the balance sheet date, the charitable company held restricted funds of £6,328 (2016 - £4,607). These monies had either been raised for, and their use restricted to specific purposes, or they comprised donations subject to donor imposed conditions. Full details of restricted funds can be found in note 10 to the financial statements together with an analysis of movements in the year.

General funds of the charity at 31 December 2016 were in surplus by £392,369 (2016 - £350,588).

### Reserves policy

The Trustees are satisfied that the current position provides sufficient financial certainty to continue the charitable company's operations in the medium term. The trustees have formulated a reserves policy for the charitable company. Given the charity's degree of financial security, the charity has a limited need to maintain financial reserves. However, reserves may still be required to:

- ◆ Meet any unbudgeted expenditure within the year,
- ◆ Bridge any cash flow issues arising from delayed payments from our parent charity,
- ◆ Wind down the charity in the event of an unexpected funding termination (e.g. due to a breach of terms).

The charity therefore maintains a minimum target level of at least 6 months' cash running costs, which currently total £220,500.

- ◆ If reserves drop below this level, the charity will include a contribution to them in each year's budget.
- ◆ If reserves are significantly above this level, the charity will consider how they might best be applied to further the charity's purposes.

The charity invests its surplus reserves on a temporary basis, with a view to applying them actively to its charitable purposes. During the period we contributed £41,781 to reserves through an operating surplus against budget, and new sources of income.

**Trustees' report 31 December 2017**

We invest retained reserves in institutions with a view to:

- ◆ Minimising risks by favouring institutions with relatively strong credit ratings, and government backing.
- ◆ Minimising administrative burdens by limiting the number of institutions we must engage with.

We aim to have a regular flow of available funds by:

- ◆ Keeping at least 45% of our reserves target available on an "instant access" basis.
- ◆ Choosing any savings accounts that are used to have a term no greater than 12 months, and staggering any such investments on a quarterly basis.

**Gifts in kind**

The charitable company is grateful to both PayPal UK, which has provided office space and legal advice valued at £46,641 (2016 - £50,087) in the financial period, and to PayPal Charitable Giving Fund, which provided technical and operational support valued at £131,484 (2016 - £273,334) in the financial period.

Approved by the Trustees and signed on their behalf by:



Trustee

Approved by the Trustees on 12.4.2018



## Independent auditor's report to the members of PayPal Giving Fund UK

### Opinion

We have audited the financial statements of PayPal Giving Fund UK (the 'charitable company') for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, statements of cash flows, the principal accounting policies and notes to the financial statements. 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 charitable company's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

### 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 charitable company 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:

## Independent auditor's report 31 December 2017

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

### 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 the audit:

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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:

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

**Independent auditor's report 31 December 2017**

- ◆ the 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, the trustees 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 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



Edward Finch (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

23/5/18

## Statement of financial activities Year to 31 December 2017

	Notes	Unrestricted funds £	Restricted funds £	<b>2017 Total funds £</b>	2016 Total funds £
<b>Income from:</b>					
Donations	1	536,403	7,052,968	<b>7,589,371</b>	5,208,326
Other		5,103	—	<b>5,103</b>	5,219
<b>Total income</b>		<u>541,506</u>	<u>7,052,968</u>	<b><u>7,594,474</u></b>	<u>5,213,545</u>
<b>Expenditure on:</b>					
Raising funds	2	113,192	45,416	<b>158,608</b>	215,109
Charitable activities					
Grants to charities	3	386,533	7,005,831	<b>7,392,364</b>	5,015,706
<b>Total expenditure</b>		<u>499,725</u>	<u>7,051,247</u>	<b><u>7,550,972</u></b>	<u>5,230,815</u>
<b>Net income (expenditure) and net movement in funds</b>	4	41,781	1,721	<b>43,502</b>	(17,270)
<b>Fund balance brought forward</b>		<u>350,588</u>	<u>4,607</u>	<b>355,195</b>	372,465
<b>Fund balance carried forward</b>		<u>392,369</u>	<u>6,328</u>	<b>398,697</b>	355,195

All of the charity's activities derived from continuing operations during the above financial period.

Balance sheet 31 December 2017

	Notes	2017 £	2017 £	2016 £	2016 £
<b>Current assets</b>					
Debtors	8	79,650		31,716	
Cash at bank and in hand		<u>654,896</u>		<u>674,213</u>	
		<b>734,546</b>		<b>705,929</b>	
<b>Creditors: amounts falling due within one year</b>					
	9	<u>(335,849)</u>		<u>(350,734)</u>	
<b>Net current assets</b>			<b>398,697</b>		355,195
<b>Total net assets</b>			<u><b>398,697</b></u>		<u>355,195</u>
<b>The funds of the charity</b>					
Restricted funds	10		<b>6,328</b>		4,607
Unrestricted funds					
. General funds			<u><b>392,369</b></u>		<u>350,588</u>
			<u><b>398,697</b></u>		<u>355,195</u>

Approved by the Trustees  
and signed on their behalf by:



Trustee

Approved on: 12.4.2018

## Cash flow statement 31 December 2017

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(19,317)</b>	(13,024)
<b>Change in cash and cash equivalents in the year</b>	B	<b>(19,317)</b>	(13,024)
<b>Cash and cash equivalents at 1 January</b>		<b>674,213</b>	687,237
<b>Cash and cash equivalents at 31 December</b>		<b>654,896</b>	674,213

### Notes to the cash flow statement for the year to 31 December 2017.

#### A Adjustment of net income (expenditure) before transfers to net cash outflow from operating activities

	2017 £	2016 £
Net income (expenditure) before transfers	<b>43,502</b>	(17,270)
(Increase) decrease in debtors	<b>(47,934)</b>	45,129
Decrease in creditors	<b>(14,885)</b>	(40,883)
<b>Net cash outflow from operating activities</b>	<b>(19,317)</b>	(13,024)

#### B Analysis of changes in cash and cash equivalents

	At 1 January 2017 £	Cash flows £	At 31 December 2017 £
<b>Total: Cash at bank and in hand</b>	674,213	(19,317)	<b>654,896</b>

## Principal accounting policies 31 December 2017

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) ('Charities SORP FRS 102'), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The accounts are presented in sterling and are rounded to the nearest pound.

### **Critical accounting estimates and areas of judgement**

The most significant areas of adjustment and key assumptions that affect items in the financial statements are to do with estimating prepayments and accruals. With respect to the next reporting period, there are no significant areas of uncertainty that affect the carrying value of assets held by the charity.

### **Going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. This is because there are sufficient reserves at the balance sheet date to continue operating the charity in the medium term.

### **Income recognition**

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income is deferred only when the charity has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Donations are recognised when receivable and the amount can be measured reliably by the charity.

**Expenditure recognition and the basis of apportioning costs**

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT which cannot be recovered.

All expenditure is accounted for on an accruals basis. Expenditure comprises the following:

- a. Expenditure on raising funds includes the salaries and direct costs associated with raising funds, which relate to the costs of publicising the eBay for Charity programme.
- b. Expenditure on charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees report. Such costs include:
  - ◆ Payment to charities of amounts received from eBay sellers
  - ◆ Grants payable, which are included in the statement of financial activities when approved and when the intended recipient has either received the funds, or been informed of the decision to make a grant and has satisfied all related conditions. Grants approved but not paid for at the end of the financial period are accrued for.
  - ◆ Other costs, representing direct and indirect expenditure incurred in order to carry out and support the primary purpose of the charity.

**Debtors**

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Gifts in kind**

Services and facilities donated to the charity for its own use are included in income and expenditure at their market value as at the time of the gift.

**Fund accounting**

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.



**Principal accounting policies** 31 December 2017

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Notes to the financial statements 31 December 2017

**1 Donations**

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Donations – amounts received from Platform Partner Programmes	—	7,007,552	<b>7,007,552</b>	4,493,396
Grant received	358,278	45,416	<b>403,694</b>	391,509
Gifts in kind (see below)				
. Technical and managerial support	131,484	—	<b>131,484</b>	273,334
. Accommodation/Legal	46,641	—	<b>46,641</b>	50,087
<b>2017 Total funds</b>	<b>536,403</b>	<b>7,052,968</b>	<b>7,589,371</b>	5,208,326
2016 Total funds	669,409	4,538,917	5,208,326	

The charitable company is grateful to both PayPal (UK) Ltd which has provided office space and legal support valued at £46,641 (2016 - £50,087) in the financial period, and PayPal Charitable Giving Fund and PayPal Inc., which have provided technical and managerial support valued at £131,484 (2016 - £273,334) in the financial period.

Corresponding amounts are included within costs of charitable activities (note 3).

**2 Expenditure on raising funds**

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Fundraising costs				
. Staff costs (note 5)	69,987	—	<b>69,987</b>	70,831
. Other publicity costs	43,205	45,416	<b>88,621</b>	144,278
<b>2017 Total funds</b>	<b>113,192</b>	<b>45,416</b>	<b>158,608</b>	215,109
2016 Total funds	169,588	45,521	215,109	

**3 Expenditure on charitable activities**

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
<b>Direct costs</b>				
Charitable donations	—	7,005,831	<b>7,005,831</b>	4,491,392
<b>Support costs</b>				
Staff Costs (note 5)	182,197	—	<b>182,197</b>	160,030
Premises costs – in-kind donation from Platform Partner Programmes	46,641	—	<b>46,641</b>	50,087
Technical and managerial support – in-kind donation from PayPal Charitable Giving Fund	131,484	—	<b>131,484</b>	273,334
Auditor's remuneration	11,360	—	<b>11,360</b>	9,500
Other costs	14,851	—	<b>14,851</b>	31,363
<b>2017 Total funds</b>	<b>386,533</b>	<b>7,005,831</b>	<b>7,392,364</b>	5,015,706
2016 Total funds	524,314	4,491,392	5,015,706	

Notes to the financial statements 31 December 2017

**4 Net (expenditure) income before transfers**

This is stated after charging:

	Unrestricted funds £	Restricted funds £	<b>2017 Total funds £</b>	2016 Total funds £
Auditor's remuneration				
. Statutory audit services – current year	10,400	—	<b>10,400</b>	9,500
. Statutory audit services – prior year	960	—	<b>960</b>	—

**5 Employee and key management remuneration**

Staff costs during the period were as follows:

	<b>2017 £</b>	2016 £
Wages and salaries	<b>205,191</b>	190,280
Social security costs	<b>21,494</b>	17,172
Pension costs	<b>25,499</b>	23,409
	<b>252,184</b>	230,861

Staff costs per function were as follows:

	<b>2017 £</b>	2016 £
Raising funds	<b>69,987</b>	70,831
Charitable activities	<b>182,197</b>	160,030
	<b>252,184</b>	230,861

The average number of employees during the period, analysed by function, was as follows:

	Average headcount		Full time equivalent	
	<b>2017</b>	2016	<b>2017</b>	2016
Raising funds	<b>1.5</b>	1.5	<b>1.44</b>	1.38
Charitable activities	<b>3.5</b>	3.5	<b>3.36</b>	3.22
	<b>5.0</b>	5.0	<b>4.80</b>	4.60

The charity did not remunerate any employee over £60,000 during the period (2016 – none).

Notes to the financial statements 31 December 2017

**5 Employees and key management remuneration** (continued)

Key management personnel comprise the CEO, Financial Controller and Head of Operations. The total remuneration of the key management personnel, including employers national insurance contributions was £185,820 (2016 - £169,727).

**6 Expenses and Trustees' remuneration**

None of the trustees received any remuneration in respect of their services during the period.

Out of pocket expenses of £94 were reimbursed to two trustees during the year (2016 - £139 to one trustee).

**7 Taxation**

PayPal Giving Fund UK is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

**8 Debtors**

	<b>2017</b>	2016
	£	£
Taxation recoverable	<b>18,650</b>	18,619
Other debtors	<b>61,000</b>	13,097
	<b>79,650</b>	31,716

**9 Creditors: amounts falling due within one year**

	<b>2017</b>	2016
	£	£
Taxation and social security	<b>19,986</b>	10,821
Donations to charities	<b>304,567</b>	329,873
Accruals	<b>10,400</b>	9,120
Other creditors	<b>896</b>	920
	<b>335,849</b>	350,734

## Notes to the financial statements 31 December 2017

### 10 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

	At 1 January 2017 £	Income £	Expenditure £	At 31 December 2017 £
PayPal Giving Fund UK Platform Partner Programmes	4,607	7,007,552	(7,005,831)	<b>6,328</b>
eBay for Charity promotion	—	45,416	(45,416)	—
	<u>4,607</u>	<u>7,052,968</u>	<u>(7,051,247)</u>	<u><b>6,328</b></u>

The specific purposes for which the funds are to be applied are as follows:

- ♦ PayPal Giving Fund UK Platform Partner Programmes: This fund represents amounts held for onward distribution to UK charities.
- ♦ eBay for Charity promotion: This fund represents funding in relation to the furtherance of promotion of eBay for Charity to those charities that might benefit. PayPal Giving Fund UK received £50,000 of funding from eBay during the year of which £45,416 (2016 - £45,521) was restricted.

### 11 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
<b>Fund balances at 31 December 2017 are represented by:</b>				
Current assets	423,651	310,895	<b>734,546</b>	705,929
Creditors: amounts falling due within one year	(31,282)	(304,567)	<b>(335,849)</b>	(350,734)
<b>Total net assets</b>	<u>392,369</u>	<u>6,328</u>	<u><b>398,697</b></u>	<u>355,195</u>

### 12 Related parties

PayPal Charitable Giving Fund, a United States 501(c)(3) non-profit organisation ('PayPal Charitable Giving Fund') is the sole member of PayPal Giving Fund UK. During the period, PayPal Charitable Giving Fund provided in-kind support totalling £131,484 (2016 - £273,334) and granted the charity £358,278 (2016 - £345,988). During the period the charity provided leadership services to PayPal Charitable Giving Fund. PayPal Giving Fund UK received £66,394 (2016 - £64,046) in relation to these services.

While PayPal Giving Fund UK enables and encourages trustees to make donations through its programmes, such donations are regranted to their recommended charities in the normal course of the charity's business, therefore the charity does not consider it necessary to track and report on such donations.

## Notes to the financial statements 31 December 2017

### 12 Related parties (continued)

Other than those transactions stated above, there were no other related party transactions during the year.

Several trustees of the charity hold remunerated positions in related organisations: eBay, PayPal, and PayPal Charitable Giving Fund. The charity has actively sought out trustees from those organisations in order to maximise our charitable impact by identifying shared opportunities. The current trustees include Sean Milliken (Board member, PayPal Charitable Giving Trust and Employee of PayPal Inc.), Alison Sagar (UK Chief Marketing Officer and Head of Consumer, PayPal), Eva Gustavsson (Government Relations Director, PayPal) and Julia Hutton-Potts (Director of Communications, eBay UK).

### 13 Liability of member

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up the member is required to contribute an amount not exceeding £1.

### 14 Ultimate controlling party

The sole member of the charitable company is the PayPal Charitable Giving Fund (PPCGF), a United States 501(c)(3) non-profit organisation. The primary purpose of PPCGF is to raise funds for charitable purposes online, and distribute those funds to other charitable organisations.