A woman with her hair in a ponytail, wearing a blue hoodie and dark leggings, stands on a grassy hillside. She is looking out over a vast, misty landscape of rolling hills and valleys. The sun is low on the horizon, creating a soft, golden glow and long shadows. The overall mood is serene and contemplative.

# **PayPal** Giving Fund

## **PayPal Giving Fund UK Annual Report and Financial Statements**

**31 December 2019**

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

Charity Registration Number  
1110538

## Reports

A letter from the Chair and CEO	3
Reference and administrative details of the charity, its Trustees and advisers	4
Trustees' report	7
Independent auditor's report	22

## Financial statements

Statement of financial activities	25
Balance sheet	26
Cash flow statement	27
Principal accounting policies	28
Notes to the financial statements	31

# A letter from the Chair and CEO

Dear Supporter,

PayPal Giving Fund harnesses the power of technology to make giving a part of everyday life, benefitting charities across the UK. We pursue our vision by partnering with leading internet businesses to develop innovative programs that introduce charitable giving in relevant and engaging ways to new audiences. The funds we raise enable us to support charitable activities across the UK and beyond.

In 2019 we were delighted to help raise more than £25.0m, an increase of 81% compared to the previous year. We received donations from more than 674,000 donors and made grants to 21,811 charities.

We are very grateful for the efforts of our partners, including PayPal, GoFundMe, Facebook, Humble Bundle and eBay, for their continuous work to engage their customers in giving. Their programmes demonstrate a sincere commitment to the sector, and we are proud to continue our partnerships.

Our annual report summarizes our priorities and achievements during the period and sets out our plans. In 2020, 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,



Naomi Tomkys OBE

A handwritten signature in cursive script that reads "Naomi Tomkys".

Chair of the Board



Nick Aldridge

A handwritten signature in cursive script that reads "Nick Aldridge".

Chief Executive

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

<b>Trustees</b>	Naomi Tomkys OBE (Chair) Eva Gustavsson (Deputy Chair)  Amit Ghosh Sukhraj Dhadwar (appointed 12 November 2019) Ben Chaudoir (appointed 12 November 2019) Oktay Dogramaci (appointed 12 November 2019) Alison Sagar (resigned 8 February 2020) Angela Cummings (resigned 5 December 2019) Sean Milliken (resigned 28 June 2019)
<b>Company secretary</b>	Nick Aldridge
<b>Staff</b>	
CEO	Nick Aldridge
VP, UK and Ireland	Vanessa Babouram (joined 1 April 2020)
Head of UK Cause Programmes	Ria Broad (until 25 October 2019)
Accounting & Operations Associate	Daisy Crawford
UK Financial Controller	Anya Milligan
Client Services Manager	Sharnie McCourt
Operations and Data Manager	Tawheed Rahim
Marketing and Communications Executive	Mimi Anim-Nyame (joined 7 January 2020)
<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 10 Queen Street Place London EC4R 1BE

# Key Highlights

In 2019,

Donations increased to more than

**£25m**

during the period, representing growth of **81%**

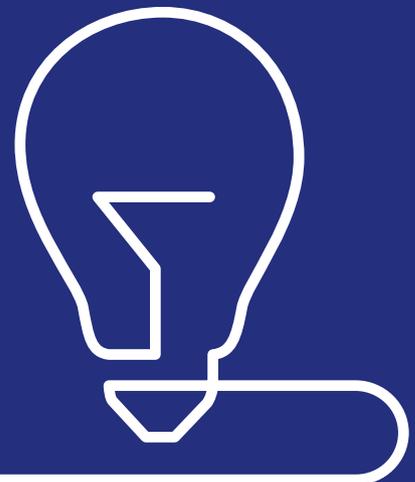
"We are delighted to receive this grant from PayPal Giving Fund! What a good idea, thank you! Grants like this give us the courage to continue."

ALKIONIDES UK CHARITY

A total of

**674,135**

donors gave to PayPal Giving Fund during the period (299,312 in 2018), a **125% increase**



## As a result,

We granted funds to

# 21,811

charities in 2019 (7,692 in 2018), a **183% increase**



We also increased the number of charities that enrolled with PayPal Giving Fund by

# 2,940

during 2019 (2018: 1,825), a **61% increase**



# Trustees' report

## Introduction

The trustees present their statutory report together with the financial statements of PayPal Giving Fund UK for the year to 31 December 2019. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and 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 to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).



## 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, GoFundMe and Facebook. The partnerships enable the full range of UK charities to benefit from the unrestricted funds we raise through 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 grants we make, 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 our obligations to ensure our funds are spent appropriately.

We fund only those charities that comply with our published Charity Certification Policy. This includes our process to verify that the organisations we fund have charitable status in the UK and that they are not subject to sanctions imposed by the UN, EU, US or other relevant authorities.

Through our partnership with PayPal, we undertake checks to ensure that charities in our directory are correctly registered, in good standing with relevant regulators, do not represent unreasonable risks, and that (where relevant) they have verified PayPal accounts so donations can be promptly granted to them. 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 our 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 conferences and events attended by UK charities to share our 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

We aim to make charitable giving a part of everyday life, introducing it in relevant, simple and engaging ways to new audiences. Our partnerships with leading internet businesses enable their customers to do good by supporting charities as part of their daily lives online.



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. PayPal Giving Fund enables PayPal customers in the UK to donate through the PayPal app and through PayPal's fundraiser hub, and to add donations at checkout when they make a purchase.



GoFundMe is a crowdfunding platform that enables charity supporters to create their own unique fundraising campaigns in support of charitable causes. Our partnership with GoFundMe to the UK enables its users to create and donate to certified charity campaigns on GoFundMe. Funds raised through GoFundMe certified charity campaigns are donated to PayPal Giving Fund, and we grant those funds to charitable causes recommended in the campaigns.



Facebook enables its users to create charity fundraisers and share them with friends and family. Thanks to our partnership, Facebook users can now support any of the UK charities in PayPal Giving Fund's directory. As with our other programs, donations are made to PayPal Giving Fund, and we then grant the funds to charity in our monthly pay-outs, subject to our policies.



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. Enrolled charities can also sell items on eBay, and benefit from fee credits and additional promotion.

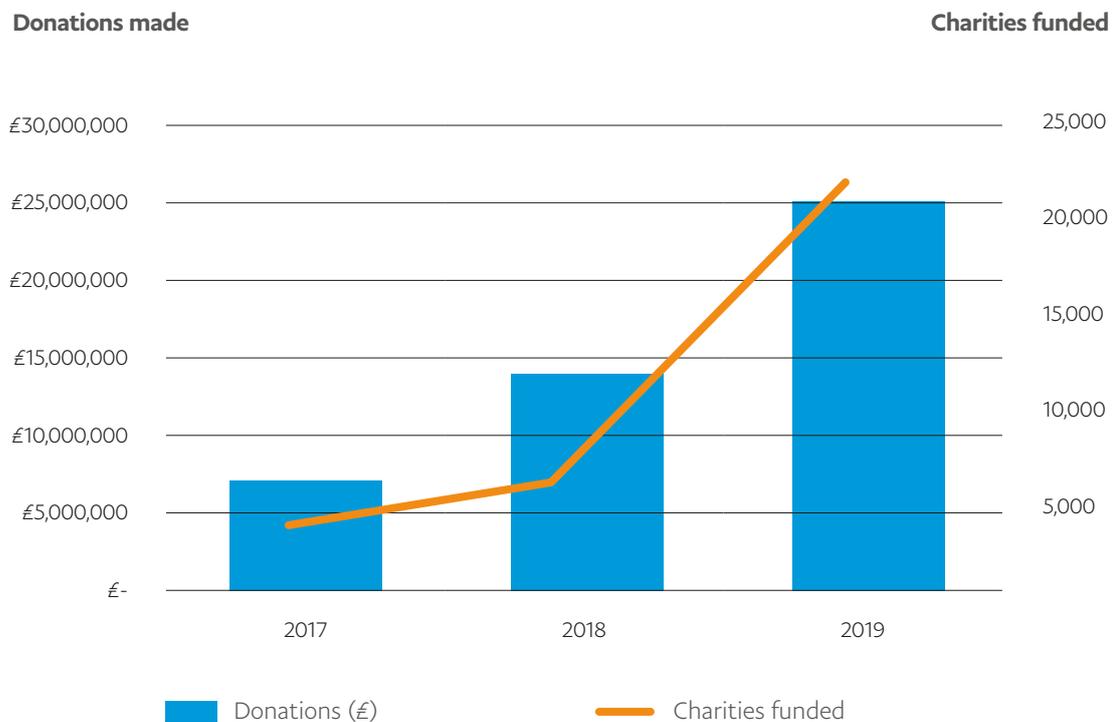


Humble Bundle is a leading retailer of digital games and eBooks that offers its customers the opportunity to support the charities in our network with every purchase they make. Through an innovative "pay what you want" pricing model, customers can choose not only what they want to pay, but also designate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

## Our achievements in 2019

### Donations received and charities funded

Donations increased to more than £25.0m during the period, representing growth of 255% since 2017. A total of 674,135 donors gave to PayPal Giving Fund during the period (299,312 in 2018). As a result, we granted funds to 21,811 charities in 2019 (7,962 in 2018).



We achieved this dramatic increase by enabling our donors to support a wide range of charities through our programmes with Facebook, GoFundMe, and PayPal. In 2019 we operated the Facebook and GoFundMe programmes for the first full year, enabling hundreds of thousands of donors to support their favourite charities from our directory.

## Other achievements

In 2019 we devoted significant resources to upgrading our global accounting system, collaborating with PayPal, IBM and SAP to build the world's largest cloud-based SAP implementation (by transactions and payees). We expect the new system to deliver many benefits, including increased speed and reliability in dealing with transactions, enhanced security to reduce fraud risks, and better information and reporting.

We also increased the number of charities that enrolled with PayPal Giving Fund by 2,940 during 2019 (2018: 1,825). Enrolment enables charities to receive payments electronically, update their profiles, and benefit from more of our programmes. We drove up our rate of enrolment by funding telephone calls to many of the benefitting charities. Towards the end of the year we worked with PayPal to improve and simplify the onboarding process for charities to complete the required vetting, and anticipate we will see benefits in 2020.

We ran two highly successful campaigns with PayPal UK during 2019. Our holiday giving campaign raised more than £1.5 million to benefit UK charities from donations from consumers, who made 11,621 donations on Giving Tuesday alone, and from PayPal. We also received donations of more than £1.33 million to benefit the Disasters Emergency Committee's Cyclone Idai appeal.

The 10 charities receiving the highest total value of grants in 2019 are listed below (in alphabetical order). While some of the largest fundraising charities are present in the list, it includes several smaller charities that are having significant success in raising funds through PayPal Giving Fund programmes.

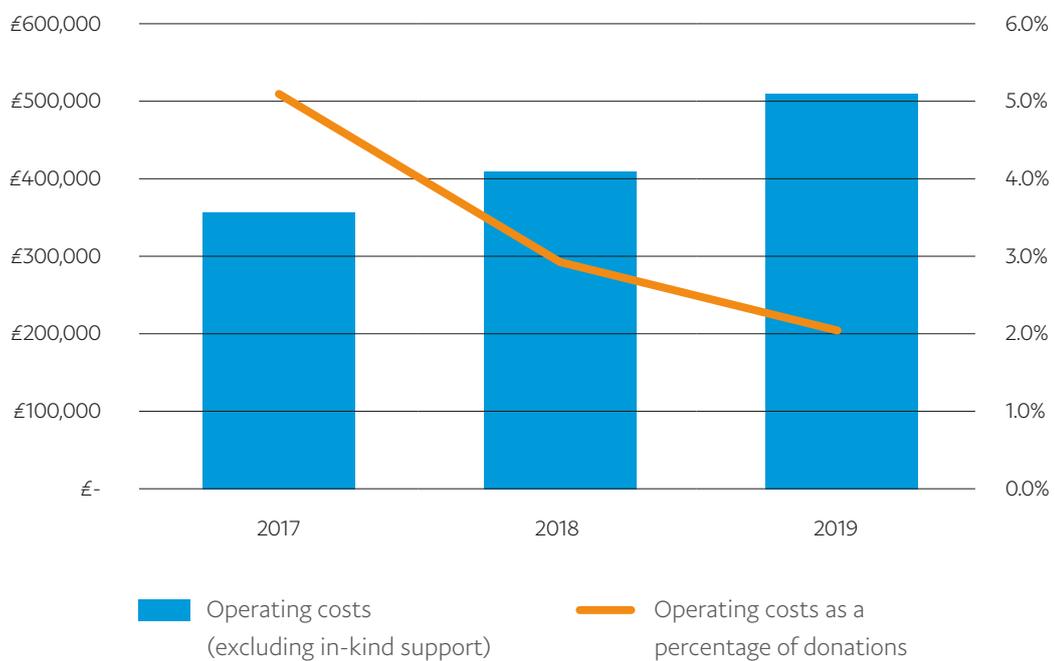
- Cancer Research UK
- Disasters Emergency Committee
- Macmillan Cancer Support
- Mental Health Foundation
- Mind (NAMH)
- Parkinson's Disease Society of the United Kingdom
- Special Effect
- Wallace & Gromit's Children's Foundation
- War child
- Whale and Dolphin Conservation



### Our operating costs

Our ongoing focus on efficiency has kept the increase in our cash operating costs to 15% since 2017. As a proportion of donations received to charities, our cash operating costs have declined from 5.2% to 2.1% during the last 3 years.

**Cash operating costs and ratio to donations**



### Our plans for the future

In the current 3-year period (2019-21), we continue to focus on the following three priorities for the charity, reviewed at a strategy day attended by management and the board and refined at the subsequent board meeting:

1. Increasing the total funds raised each year to benefit charities across our partnerships and programmes.
2. Increasing the number and variety of charities that benefit from our programmes through a more inclusive platform that generates more value for charities.
3. Managing our growth by building capacity and operational excellence, so we can operate our programmes effectively at greater scale.

During the period from 31 December 2019 to the date that the financial statements were approved, the coronavirus (Covid-19) outbreak had spread worldwide and caused extensive disruptions to businesses as well as economic activities globally including the UK. As an immediate response to the Covid-19 pandemic, we are following government guidance and have instituted home working for all staff, using technology already in place. We have undertaken a review of our risk register, focusing on business continuity and believe we have the systems and capacity in place to continue business as usual without placing staff at risk. We have also seen an increase in our charitable impact as more people and organisations prioritise online fundraising to help communities respond to the pandemic, and more partners approach is to create further fundraising opportunities. We continue to monitor carefully those areas of our business that might be disrupted by the pandemic, such as the distribution of cheques to benefitting charities.

# 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 ("PPGF US"), 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 six. All Trustees were duly appointed by PPGF US, 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 PPGF US. 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.

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. Trustees are encouraged to undertake ongoing professional development to support the overall effectiveness of the board, and several trustees participated in training during the year.

### 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.

Having reviewed the charity's compliance with good practice as set out in the Charity Commission's "Guide to Corporate Foundations" in 2018, determining that the charity operated with an appropriate level of independence from PayPal, we reviewed our compliance with its new guidance for charities with a connection to a non-charity, and determined (making use of the checklist provided) that the charity operated in an appropriate way in its dealings with PayPal.

During the period we appointed an independent Chair, Naomi Tomkys OBE, to preserve and enhance that independence, appointing Eva Gustavsson as Deputy Chair. Having undertaken a skills audit to identify any gaps in the trustees' expertise, and undertaken an open recruitment exercise to meet those gaps, we appointed three new trustees during the year, including an additional independent trustee, Sukhraj Dhadwar.

### Fundraising standards and customer service

PayPal Giving Fund works closely with all of our partners to ensure that their charitable giving programs are clearly explained to donors and charities, and do not involve any unreasonable intrusion on a person's privacy, unreasonably persistent approaches or undue pressure to give, in the course of or in connection with fundraising for the charity.

Through customer service, we monitor our fundraising activities and feedback received from donors and charities to ensure that we maintain the highest standards. PayPal Giving Fund now has a well-established front-line customer service team within PayPal's UK customer service organization. We have set a service level agreement to respond within one working day to all enquiries, which has been reliably met by our customer service team. The team continues to provide assistance to charities by phone, and plans to introduce other channels for support in 2020.

During the period PayPal Giving Fund received two formal complaints from charities that had not understood our programmes; relating in one case to our payout process and in other case to a campaign we ran with PayPal. In both cases we engaged with the charity to address the complaint and concerns raised. We also work closely with our partners to refer and address any complaints they receive and escalate to us regarding their programmes.

We are a member of the Fundraising Regulator's scheme, have paid its levy on fundraising, and have committed to follow the Code of Fundraising Practice and the Fundraising Promise. We helped the Fundraising Regulator, as a member of its working group, to develop its advice and guidance for online fundraising platforms, and (where relevant) have supported our partners in ensuring that their programs meet the standards and principles set out in the guidance.

## 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, through regular team meetings and a strategy day. All employees are encouraged to give their suggestions and views on performance and strategy.

The charity actively supports and encourages diversity and inclusion, and has a formal policy. Recruitment and promotion decisions are made on the basis of aptitude and ability without discrimination. The charity is committed to the training, career development and promotion of all employees. An individual's performance is assessed through annual appraisal and supervision, with regular one-to-one meetings with managers to promote and enable engagement and development.

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 annual increases may be enhanced by 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 regularly, including when 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 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.

We also 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 PPGF US (and ultimately by PayPal and our other partners), rather than from donations made by the public.

### 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;
- 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 PPGF US;
- 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 risk-management measures considered by the trustees included steps to:

- The monitoring and mitigation of risks associated with the upgrade of our accounting system to an enterprise-level product provided by SAP
- Ensuring minimal disruption to the charity's business caused by the departure of one key member of staff, including recruitment and the reallocation of duties between existing staff.

### 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);
- 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 in that capacity undertakes additional travel to the US and other countries where PayPal Giving Fund operates under the expenses policy of the US charity. The CEO's expenses are reviewed by the UK Audit Chair.

# Financial review

## Results for the year

The statement of financial activities on page 25 shows total income of £26.1m (2018 - £14.8m) and total expenditure of £26.1m (2018 - £14.8m) including £24.4m (2018 - £13.8m) distributed to charities participating in Partner Programmes.

## Financial position

The balance sheet shows total funds of £385,080 (2018 - £443,153).

At the balance sheet date, the charitable company held restricted funds of £6,212 (2018 - £6,089). 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 2019 were in surplus by £378,868 (2018 - £437,064).

### 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 total approximately £343,000 in our budget for 2020.

- 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 spent £58,196 (2018 - £44,695) from reserves on higher than expected cheques fees and charity outreach.

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, customer service support, legal advice and PayPal fees contribution valued at £435,926 (2018 - £337,859) in the financial period, and to PPGF US, which provided technical and operational support valued at £64,890 (2018 - £208,379) in the financial period.

Approved by the Trustees and signed on their behalf by:



Naomi Tomkys OBE  
Trustee

Approved by the Trustees on: 1 July 2020

# 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 2019 which comprise the statement of financial activities, balance sheet, statement 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).

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 2019 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.

### Emphasis of matter – Effects of Covid-19

We draw attention to the trustees' report and accounting policies on page 28, which describes the economic and social disruption the charity is facing as a result of Covid-19. Our opinion is not modified in respect of this matter.

### 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 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
- 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.

### Use of our report

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.



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

10 July 2020

## Statement of financial activities: Year to 31 December 2019

(including income and expenditure account)

	Notes	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
<b>Income from:</b>							
Donations	1	1,044,985	25,026,903	<b>26,071,888</b>	980,849	13,854,734	14,835,583
Other		1,405	—	<b>1,405</b>	942	—	942
<b>Total income</b>		<b>1,046,390</b>	<b>25,026,903</b>	<b>26,073,293</b>	<b>981,791</b>	<b>13,854,734</b>	<b>14,836,525</b>
<b>Expenditure on:</b>							
Raising funds	2	147,927	—	<b>147,927</b>	128,120	25,144	153,264
Charitable activities							
• Grants to charities	3	956,659	25,026,780	<b>25,983,439</b>	808,976	13,829,829	14,638,805
<b>Total expenditure</b>		<b>1,104,586</b>	<b>25,026,780</b>	<b>26,131,366</b>	<b>937,096</b>	<b>13,854,973</b>	<b>14,792,069</b>
<b>Net (expenditure) income and net movement in funds</b>	4	(58,196)	123	<b>(58,073)</b>	44,695	(239)	44,456
<b>Fund balance brought forward</b>		437,064	6,089	<b>443,153</b>	392,369	6,328	398,697
<b>Fund balance carried forward</b>		<b>378,868</b>	<b>6,212</b>	<b>385,080</b>	<b>437,064</b>	<b>6,089</b>	<b>443,153</b>

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

## Balance sheet: 31 December 2019

	Notes	2019 £	2019 £	2018 £	2018 £
<b>Current assets</b>					
Debtors	8	1,107,204		283,823	
Cash at bank and in hand		2,473,409		1,670,252	
		<b>3,580,613</b>		1,954,075	
<b>Creditors: amounts falling due within one year</b>					
	9	<b>(3,195,533)</b>		(1,510,922)	
Net current assets			<b>385,080</b>		443,153
Total net assets			<b>385,080</b>		443,153
<b>The funds of the charity</b>					
Restricted funds	10		<b>6,212</b>		6,089
Unrestricted funds					
• General funds			<b>378,868</b>		437,064
			<b>385,080</b>		443,153

Approved by the Trustees and signed on their behalf by:



Naomi Tomkys OBE  
Trustee

Approved on: 1 July 2020

PayPal Giving Fund UK  
Company Limited by Guarantee  
Company Registration Number: 5507404 (England and Wales)  
Charity Registration Number: 1110538

## Cash flow statement: 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
<b>Net cash generated by operating activities</b>	A	<b>803,157</b>	1,015,356
<b>Change in cash and cash equivalents in the year</b>	B	<b>803,157</b>	1,015,356
<b>Cash and cash equivalents at 1 January</b>		<b>1,670,252</b>	654,896
<b>Cash and cash equivalents at 31 December</b>		<b>2,473,409</b>	1,670,252

### Notes to the cash flow statement for the year to 31 December 2019.

#### A. Adjustment of net income before transfers to net cash inflow from operating activities

	2019 £	2018 £
Net income before transfers	<b>(58,073)</b>	44,456
Increase in debtors	<b>(823,381)</b>	(204,173)
Increase (decrease) in creditors	<b>1,684,611</b>	1,175,073
<b>Net cash inflow (outflow) from operating activities</b>	<b>803,157</b>	1,015,356

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

	2019 £	2018 £
<b>Total cash at bank and in hand</b>		
At 1 January	<b>1,670,252</b>	654,896
Cash flows	<b>803,157</b>	1,015,356
<b>At 31 December</b>	<b>2,473,409</b>	1,670,252

# Principal accounting policies

## 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.

In addition to the above, the full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders, suppliers and the wider economy. However, the uncertainty related to the impact of Covid-19 does not affect the carrying value of assets held by the charity. As set out in these accounting policies under "going concern", the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

### 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.

During the period from 31 December 2019 to the date that the financial statements were approved, the Covid-19 outbreak had spread worldwide and caused extensive disruptions to businesses as well as economic activities globally with no exception for

the UK. The trustees acknowledge and recognise the potential impact of the Covid-19 pandemic on the future operations of the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis. The trustees have noted the charity's strong cash position, which would allow it to continue operations for at least 15 months even in the absence of further funding, and the charity's role in helping our partners, including PayPal, and their customers respond to the pandemic through the raising and distribution of charitable funds.

### 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, receipt is probable 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 of:

- 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 Platform Partner Programmes.
  - 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.
  - 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.

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

## 1 Donations

	Unrestricted funds £	Restricted funds £	<b>2019 Total funds £</b>
Donations – amounts received from Platform Partner Programmes	—	25,026,903	<b>25,026,903</b>
Grant received	456,759	—	<b>456,759</b>
Gifts in kind (see below)			
• Technical and managerial support	64,890	—	<b>64,890</b>
• Transaction processing	436,094	—	<b>436,094</b>
• Accommodation, legal and other support	87,242	—	<b>87,242</b>
<b>2019 Total funds</b>	<b>1,044,985</b>	<b>25,026,903</b>	<b>26,071,888</b>

	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>2018 Total funds £</i>
<i>Donations – amounts received from Platform Partner Programmes</i>	<i>—</i>	<i>13,829,527</i>	<i>13,829,527</i>
<i>Grant received</i>	<i>434,611</i>	<i>25,207</i>	<i>459,818</i>
<i>Gifts in kind (see below)</i>			
<i>• Technical and managerial support</i>	<i>208,379</i>	<i>—</i>	<i>208,379</i>
<i>• Transaction processing</i>	<i>254,733</i>	<i>—</i>	<i>254,733</i>
<i>• Accommodation, legal and other support</i>	<i>83,126</i>	<i>—</i>	<i>83,126</i>
<i>2018 Total funds</i>	<i>980,849</i>	<i>13,854,734</i>	<i>14,835,583</i>

The charitable company is grateful to PayPal (UK) Ltd which has provided office space, customer service, transaction processing and legal support valued at £523,336 (2018 - £337,859) in the financial period, and PPGF US and PayPal Inc., which have provided technical and managerial support valued at £64,890 (2018 - £208,379).

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

## 2 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	<b>2019 Total funds £</b>
Fundraising costs			
• Staff costs (note 5)	84,651	—	<b>84,651</b>
• Other publicity costs	63,276	—	<b>63,276</b>
<b>2019 Total funds</b>	<b>147,927</b>	<b>—</b>	<b>147,927</b>

	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>2018 Total funds £</i>
<i>Fundraising costs</i>			
• <i>Staff costs (note 5)</i>	<i>81,183</i>	<i>—</i>	<i>81,183</i>
• <i>Other publicity costs</i>	<i>46,937</i>	<i>25,144</i>	<i>72,081</i>
<i>2018 Total funds</i>	<i>128,120</i>	<i>25,144</i>	<i>153,264</i>

## 3 Expenditure on charitable activities

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Direct costs			
Charitable donations	—	24,846,998	<b>24,846,998</b>
Support costs			
Staff Costs (note 5)	209,111	—	<b>209,111</b>
Premises costs – in-kind donation from Platform Partner Programmes	87,242	—	<b>87,242</b>
Processing costs – in-kind donation from Platform Partner Programmes	436,094	—	<b>436,094</b>
Technical and managerial support – in-kind donation from PayPal Charitable Giving Fund	64,890	—	<b>64,890</b>
Auditor's remuneration	11,100	—	<b>11,100</b>
Other costs	148,222	179,782	<b>328,004</b>
<b>2019 Total funds</b>	<b>956,659</b>	<b>25,026,780</b>	<b>25,983,439</b>

	Unrestricted funds £	Restricted funds £	2018 Total funds £
Direct costs			
Charitable donations	—	13,778,635	13,778,635
Support costs			
Staff Costs (note 5)	199,394	—	199,394
Premises costs – in-kind donation from Platform Partner Programmes	83,126	—	83,126
Processing costs – in-kind donation from Platform Partner Programmes	254,733	—	254,733
Technical and managerial support – in-kind donation from PayPal Charitable Giving Fund	208,379	—	208,379
Auditor's remuneration	10,500	—	10,500
Other costs	52,844	51,194	104,038
<b>2018 Total funds</b>	<b>808,976</b>	<b>13,829,829</b>	<b>14,638,805</b>

#### 4 Net income before transfers

This is stated after charging:

	<b>2019</b>	2018
	£	£
Auditor's remuneration		
• Statutory audit services	<b>11,100</b>	10,500
• Other services – taxation	<b>2,370</b>	—

#### 5 Employee and key management remuneration

Staff costs during the period were as follows:

	<b>2019</b>	2018
	£	£
Wages and salaries	<b>252,427</b>	240,772
Social security costs	<b>26,347</b>	26,095
Pension costs	<b>14,988</b>	13,760
	<b>293,762</b>	280,577

Staff costs per function were as follows:

	<b>2019</b>	2018
	£	£
Raising funds	<b>84,651</b>	81,183
Charitable activities	<b>209,111</b>	199,394
	<b>293,762</b>	280,577

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

	Full time equivalent		Average headcount	
	<b>2019</b>	2018	<b>2019</b>	2018
Raising funds	<b>1.4</b>	1.2	<b>1.5</b>	1.5
Charitable activities	<b>4.0</b>	3.8	<b>4.5</b>	4.5
	<b>5.4</b>	5.0	<b>6.0</b>	6.0

The number of employee's receiving remuneration from the charity in excess of £60,000 was as follows:

	<b>2019</b>	2018
£60,000 - £70,000	<b>2</b>	—

Key management personnel comprise the CEO, Financial Controller and Head of Operations. The total remuneration of the key management personnel, including employer national insurance and pension contributions was £190,533 (2018 - £205,374).

## 6 Expenses and Trustees' remuneration

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

No out of pocket expenses of were reimbursed to any trustees during the year (2018 - none).

## 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>2019</b> £	2018 £
Gift aid recoverable	<b>380,851</b>	283,239
Accrued donations from Platform Partner Programmes	<b>651,800</b>	—
Other accrued income	<b>74,553</b>	584
	<b>1,107,204</b>	283,823

## 9 Creditors: amounts falling due within one year

	<b>2019</b> £	2018 £
Taxation and social security	<b>14,110</b>	16,308
Donations to charities	<b>3,122,504</b>	1,478,405
Accruals	<b>18,984</b>	14,700
Other creditors	<b>39,935</b>	1,509
	<b>3,195,533</b>	1,510,922

## 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 2019 £	Income £	Expenditure £	<b>At 31 December 2019 £</b>
PayPal Giving Fund UK Platform Partner Programmes	6,026	25,026,903	(25,026,717)	<b>6,212</b>
eBay for Charity promotion	63	—	(63)	—
	<u>6,089</u>	<u>25,026,903</u>	<u>(25,026,780)</u>	<b><u>6,212</u></b>

	At 1 January 2018 £	Income £	Expenditure £	At 31 December 2018 £
PayPal Giving Fund UK Platform Partner Programmes	6,328	13,829,527	(13,829,829)	6,026
eBay for Charity promotion	—	25,207	(25,144)	63
	<u>6,328</u>	<u>13,854,734</u>	<u>(13,854,973)</u>	<u>6,089</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.

## 11 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	<b>2019 Total funds £</b>
<b>Fund balances at 31 December 2019 are represented by:</b>			
Current assets	451,896	3,128,716	<b>3,580,612</b>
Creditors: amounts falling due within one year	(73,028)	(3,122,504)	<b>(3,195,532)</b>
<b>Total net assets</b>	<b>378,868</b>	<b>6,212</b>	<b>385,080</b>

	<i>Unrestricted funds £</i>	<i>Restricted funds £</i>	<i>2018 Total funds £</i>
<i>Fund balances at 31 December 2018 are represented by:</i>			
<i>Current assets</i>	<i>470,534</i>	<i>1,483,541</i>	<i>1,954,075</i>
<i>Creditors: amounts falling due within one year</i>	<i>(33,470)</i>	<i>(1,477,452)</i>	<i>(1,510,922)</i>
<i>Total net assets</i>	<i>437,064</i>	<i>6,089</i>	<i>443,153</i>

## 12 Related parties

PPGF US, a United States 501(c)(3) non-profit organisation ('PPGF US') is the sole member of PPGF UK. During the period, PPGF US provided in-kind support totalling £64,890 (2018 - £208,379) and granted the charity £456,759 (2018 - £390,919). During the period the charity provided leadership services to PPGF US. PPGF UK received £71,832 (2018 - £70,202) in relation to these services.

While PPGF 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.

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 PPGF US. The charity has actively sought out trustees from those organisations to maximise our charitable impact by identifying shared opportunities. The current trustees include Oktay Dogramaci (Board member, PPGF US and Employee of PayPal Inc.), Ben Chaudoir (Director of Professional Services, PayPal) and Eva Gustavsson (Government Relations Director, PayPal).

## 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 (PPGF US), a United States 501(c)(3) non-profit organisation. The sole member of PPGF US is PayPal Inc. The primary purpose of PPGF US is to raise funds for charitable purposes online and distribute those funds to other charitable organisations.