



PayPal Giving Fund UK

**Annual Report and Financial
Statements**

31 December 2013

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

Charity Registration Number
1110538

Reports

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Trustees	Abbie Rumbold (Chair) Douglas Gledhill (reappointed 6 November 2013) Ruth Holdaway (reappointed 6 November 2013) Cameron McLean (appointed 14 February 2013) Alison Merifield (resigned 6 October 2013) Matthew Metcalfe (reappointed 6 November 2013) Sean Milliken Emma Sambrook Llewellyn Thomas
Company secretary	Nick Aldridge
Staff	CEO: Nick Aldridge Head of Marketing and Operations (Maternity Cover): Alex Hill Marketing and Customer Services Coordinator: Megan Knox Accountant: Anya Milligan
Registered office	Whittaker House, Whittaker Avenue, Richmond, Surrey TW9 1EH
Websites	www.paypalgivingfund.org.uk
Company registration number	5507404 (England and Wales)
Charity registration number	1110538
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Co-operative Bank Plc 4th Floor 9 Prescott Street London E1 8AZ
Solicitors	Bates Wells & Braithwaite 2 – 6 Cannon Street London EC4M 6YH

The trustees present their statutory report together with the financial statements of PayPal Giving Fund UK for the year to 31 December 2013.

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 Statement of Recommended Practice on 'Accounting and Reporting by Charities' issued in March 2005.

Introduction

PayPal Giving Fund UK

The charity's declared objects are to advance all purposes that are charitable under the law of England and Wales. Our principal activity to achieve these objects is a partnership with eBay Inc and its subsidiaries. The partnership delivers the eBay for Charity programme, which enables the full range of UK charities to raise unrestricted funds through the eBay marketplace and cash donations through some PayPal platforms.

Vision, Mission and Values

Our vision is to support all kinds of charities' work by raising new funds through technology. We aim to achieve this vision by harnessing the unique assets of eBay Inc companies to make giving an integral part of everyday commerce.

We help:

- people and businesses support their favourite charities, and
- charities use our platforms and tools to find supporters and raise funds.

In all our work, we aim to demonstrate:

- **Credibility:** we deliver charitable impact through robust operations.
- **Expertise:** we bring a deep understanding of donors and charities, as well as commerce from our unique partnership with eBay Inc.
- **Ambition:** we innovate and overcome obstacles to improve our results.
- **Openness:** we respond to our customers, stakeholders, the sector, and new technology.

Public benefit

As PayPal Giving Fund UK is a grant-making charity, our public benefit occurs 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 unrestricted funding for those charities. We do not seek to impose any conditions on our grants beyond those already specified by charity law.

We undertake checks to ensure that charities on the system are correctly registered, in good standing with relevant regulators, meeting our charitable purposes, and that their bank details are up to date so donations can be promptly passed on. We suspend from our system any charities for which this is not the case, and run regular spot checks on the quality of information we hold.

We also actively seek out opportunities to benefit the charity sector and the public in other ways, for instance by giving advice and sharing expertise in online fundraising with charities across the sector, and helping to inform government policy development on charitable giving. We also work to promote charities and charitable giving to online audiences who may have little previous involvement in the sector.

Achievements and performance

Strategic objectives

Our major strategic aim is to deliver a reliable, efficient and sustainable eBay for Charity programme. Together with our parent non-profit in the US, the PayPal Charitable Giving Fund (PPCGF), we provide much of the financial and legal infrastructure that makes eBay for Charity and related charitable giving programmes possible. We also vet the charities that wish to participate, collect and process donations, and advise charities on how best to raise funds in the eBay marketplace.

Through eBay for Charity, eBay sellers may specify a charity (registered with the eBay for Charity programme) they wish to benefit from a percentage of the proceeds of any individual sale. We treat these donations as restricted funds, holding them in a separate bank account, and regrant them to the charity specified by the eBay seller.

 Raise money for your favourite charity through eBay

Donate between 10% and 100% of your sale to charity and eBay will give you a [credit on basic selling fees](#) for sold items.

I don't want to donate this time

 Katie Piper Foundation

 Empty Homes

 Comic Relief - Red Nose Day

[Or, select another charity](#)

Choose your donation percentage

Charities are also able to trade in their own right through eBay for Charity, either by running a charity shop online, or by holding online fundraising auctions, often in collaboration with commercial companies who donate items to them. In these cases, we provide the charities and companies with support and advice to make sure their fundraising is as successful as possible.

Achievements and performance (continued)

Strategic objectives (continued)

We also enable and encourage eBay and PayPal users to support charities by making cash donations that are not attached to any particular eBay listing. For instance, eBay buyers are able to add a small donation to their purchase when buying an item on eBay, or to make a donation via PayPal when browsing the eBay for Charity site.



I want to **support a person recently diagnosed with cancer:**
Leukaemia Care

Add a donation to my order for this charity: £1 [[PayPal required](#)]

Our main strategic objectives for 2013 are listed below, along with a brief comment on our level of success in meeting them.

Objective	Review comments
<u>Donations and product</u>	
<ul style="list-style-type: none"> Secure Growth on 2012 numbers, by ending minimum £1 donations and deductions made from donations. 	We successfully implemented both changes, securing a positive reaction from donors and other stakeholders. Donations grew during the year, but largely as a result of successful campaigns.
<ul style="list-style-type: none"> Ensure sellers using major listing tools such as Magento can add donations, and ensure option to "Give at Checkout" is added to shopping cart. 	Both changes were successfully implemented.
<ul style="list-style-type: none"> Fund a campaign to increase take-up of Favourite Charity option on eBay within 2013, and review for possible repeat in 2014-15. 	We delivered a well-executed campaign in September 2013, though the impact on uptake was relatively limited.
<ul style="list-style-type: none"> Retain and boost funds raised for at least 4 major charities. 	We helped increase funds raised through charity sales by 49%, partly through a focus on these major charities.
<ul style="list-style-type: none"> Make a case for a mobile integration for known charity sellers. 	We worked towards this goal throughout 2013, and aim to have a mobile integration launched in 2014.

<ul style="list-style-type: none"> Complete launch of new PayPal-powered platform, and ensure roadmap for 2014 includes launch of key PayPal fundraising products. 	Due to pressure from competing projects, the launch of our new platform was delayed to summer 2014.
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Achievements and performance (continued)**Strategic objectives** (continued)

Objective	Review comments
<u>Organisation and relationships</u>	
<ul style="list-style-type: none"> Consider recruiting a senior PayPal leader from the UK to join the UK board, and undertake recruitment accordingly. 	We recruited a senior leader from PayPal UK, Cameron McLean, to join our board.
<ul style="list-style-type: none"> Review staffing and operations to support new business model, secure budget from PayPal and recruit accordingly. 	We reviewed UK operations and increased our capacity, adding a staff member to focus on campaigns and customer service.
<ul style="list-style-type: none"> Participate constructively in development of the new brand to ensure it works for the UK, through a new website and logo. 	We helped shape the new "PayPal Giving Fund" brand and design for a forthcoming website re-launch.
<ul style="list-style-type: none"> Manage successful brand relaunch through clear messages and strong communications plan, encompassing advertising to charities and major events. 	We completed the first phase of our brand relaunch, introducing our new name and business model in January 2013.
<ul style="list-style-type: none"> Build an eBay for Charity model for the rest of Europe and beyond. 	We continued to support and advise colleagues in Germany on developing charity sales, though our donations programme has been held up by regulatory obstacles.

During the period we actively sought opportunities to benefit the charity sector in other ways; for example we have participated in HM Treasury's work to review and improve Gift Aid, making it more suitable for digital giving channels such as our own.

Plans for the future

In the 2014 and 2015 periods we plan to focus primarily on the following objectives:

1. Completing the roll-out of our PayPal-powered platform for PayPal Giving Fund in 2014, enabling
 - a. A more coherent and integrated registration process for new charities,
 - b. dramatic improvements to charities' ability to track funds raised

- c. the development of new fundraising offers in 2015
- d. the launch of eBay for Charity in 2 more major markets for eBay in 2015.

Achievements and performance (continued)

Plans for the future (continued)

2. Leverage our new product platform to deepen engagement with new charities, and those that have become inactive.
3. Assisting the development and leading the marketing of mobile integrations for eBay for Charity, driving up participation rates among eBay users.
4. Optimise our onsite marketing and business development to reach £30m in funds raised through eBay for Charity by the end of 2015 – currently equivalent to funds granted by the UK's biggest corporate foundation.
5. Drive up use of My Favourite Charity to 100,000 users in 2014 through donor-facing campaigns, in partnership with charities.
6. Ensure our board composition and engagement levels remain appropriate and strong within our changing context.

Changes to structure and business model

Having received a commitment from PayPal to provide increased financial support, and seeking closer alignment with PayPal to increase our charitable impact, we changed our name from MissionFish UK to PayPal Giving Fund UK on 16 January 2013 to reflect our closer relationship with PayPal.

A new contract and funding agreement was drawn up during the period by eBay Inc and PayPal Charitable Giving Fund ("PPCGF", our parent charity), and signed in early 2013. In February 2014, we finalised and signed a grant agreement with PPCGF in which they undertook to provide funding for our work through December 2015.

Under our new agreement agreement PayPal has committed to covering PayPal Giving Fund's costs on an on-going basis. This change has enabled us to pass on 100% of donations to benefiting charities, increasing our charitable impact while providing a better experience for donors.

Total funds raised during the period

During the period funds raised through eBay for Charity grew by 37% Year on Year, with the majority of the growth coming from sales made by charities.

	2013	2012	Growth
Sales by charities	£12,681,583	£8,516,356	49%
Donations from sellers	£1,512,505	£1,450,900	4%
Donations from buyers	£1,690,361	£1,611,288	5%
Other donations through eBay	£221,503	£108,222	105%

and PayPal appeals			
Gift Aid	£243,415	£242,627	0%
Total	£16,342,900	£11,929,393	37%

Total funds raised during the period (continued)

Over 8,343 charities (including a small number of subsidiary funds) have now registered with PayPal Giving Fund UK to participate in eBay for Charity. Of these, 1,098 registered during the period, compared with 1,196 in the previous year. We continue to promote eBay for Charity widely across the sector to encourage more charities to register. During the period, we participated in a wide variety of promotional events, organised by (amongst others), Third Sector Magazine, Action Planning, the Charity Retail Association, Help the Hospices, the Institute of Fundraising and the Foundation for Social Improvement, with a combined total of 4,000 delegates. We also advertised in Third Sector and Fundraising magazine, with a combined circulation of around 30,000.

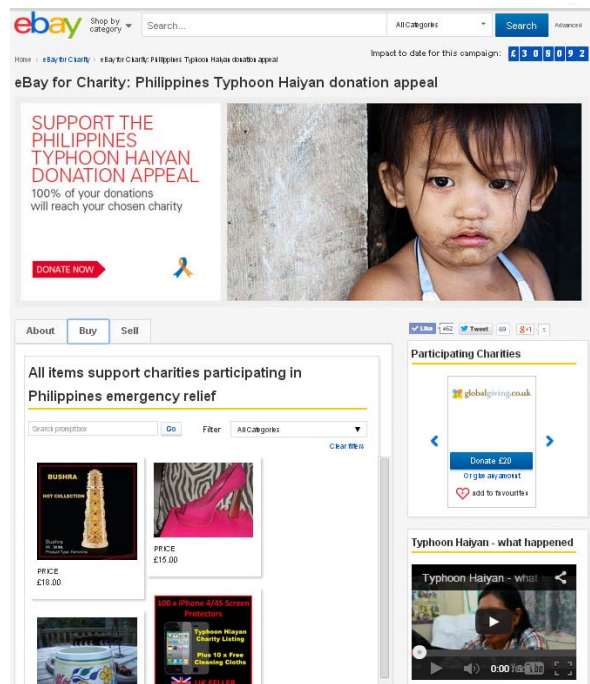
The range of charities benefiting

In total, 4,875 charities received donations during the period (4,487 in 2012). The 20 charities receiving the largest value of donations are listed below (in alphabetical order). While many of the largest fundraising charities are present in the list, some smaller charities are also having significant success in raising funds through eBay for Charity:

- Alzheimer's Society
- BBC Children In Need
- Cancer Research UK
- CLIC Sargent - Caring For Children With Cancer
- Comic Relief
- Computer Aid International
- DEC Syria Crisis Appeal
- DEC: Philippines Typhoon Appeal
- Dogs Trust
- Great Ormond Street Hospital Children's Charity
- Help for Heroes
- Macmillan Cancer Support
- Marie Curie Cancer Care
- National Society for Prevention of Cruelty to Children
- RNLI - Royal National Lifeboat Institution
- Save the Children UK
- Target Tuberculosis
- Teenage Cancer Trust
- The Royal British Legion
- Willow Foundation

We were particularly pleased to be able to help raise funds for the DEC's major appeal following Typhoon Haiyan in the Philippines. In response to our [campaign](#), eBay users donated more than £300,000 to the 14 leading UK aid charities. Nearly 100,000 people contributed, and 2,826 sellers listed 25355 items, in support of relief and recovery efforts in the Philippines.

The range of charities benefiting (continued)



“Thank you to all those eBay members who have donated to DEC’s Philippines Typhoon Appeal. We have been completely overwhelmed by the kindness and compassion from the UK public, the response has been incredible. Your support means DEC agencies are getting clean water, medication, sanitation and temporary shelter materials to those who need it most”

Saleh Saeed, CEO, Disasters Emergency Committee

We received numerous messages of thanks from charities and donors during the year. A small selection of quotations are reproduced below:

“Our annual eBay auction has grown significantly over the years and is now a core part of our fundraising activity. We are a small charity and the £50,000 a year that the campaign raises is absolutely invaluable, allowing us to support river habitat projects that we would find difficult to fund in any other way. Additionally, using eBay allows us to raise the profile of the charity to a community beyond our members and traditional supporters. It’s a double benefit – the auction helps build our community of support, whilst also raising vital money to deliver river habitat improvement across the UK.”

Shaun Leonard, Director, Wild Trout Trust

"Over the last five years eBay users have raised more than £100,000 for the Willow Foundation. Each year Willow provides Special Days for around 1,000 young adults and the generous funds raised by eBay users has helped to make this possible. Working with eBay for Charity has provided Willow with a simple, low cost income stream. As well as engaging our existing supporters, it's also helped us to reach new audiences and raise awareness, which as a small charity, is invaluable."

Stephanie Mitchell, Individual Giving Manager, Willow Foundation

The range of charities benefiting (continued)

"I really wanted to write and say a huge thank you for selecting us... As a small charity we are completely reliant on the generosity of people like yourselves to support us, and more so in these difficult fundraising times. It is a real boost to us here in the office each morning when we see people's listings coming through, and we very much appreciate the support. Your kindness will help us to improve not only the quality of lives of children in Southern Africa now, but to ensure they have a healthy and fulfilling future. Once again, many thanks!"

Kathi Scott, Executive Director, Nelson Mandela Children's Fund UK

"eBay for Charity consistently adds great value to our Red Nose Day and Sport Relief campaigns. The huge return on investment that we see each year, together with the phenomenal support from the PayPal Giving Fund team, makes it a must-use tool. We're excited about 2014 being the year we expect to reach £1m raised through eBay for Charity."

Michele Settle, Marketing Director, Comic Relief

"A HUGE THANK YOU to the lovely and very helpful people at eBay and PayPal Giving Fund, who have raised the funds that have enabled our team of volunteers to rescue and rehome 51 dogs this past Christmas. That includes veterinary treatment! That's 51 lives saved and equals 51 happily wagging tails. Amazing. We could not have done it without all your support and advice!"

Marjolein Eweg, All Dogs Matter

"I had to retire from work due to ill health, and eBay has given me a purpose in life. eBay for Charity has allowed me to easily support Midlands Air Ambulance via my eBay sales. When I get donated items it is like Christmas every day, I never know what is in the bags & boxes. It's exciting as two days are the same! I sell everything from Steiff teddies & wedding dresses and to date I've raised £73,000 for my favourite charity all from my living room!"

Lynne Beckett, eBay for Charity donor

"I really like 'eBay for Charity' as I get to choose who to give to and I don't get pestered for more cash; I get to give what I feel I can afford without any pressure. Have a Merry Christmas and a Happy New Year!!!"

Graham, eBay for Charity donor

Governance, structure and management

Structure and governing documents

PayPal Giving Fund - UK is governed by its memorandum and articles of association (last updated 30 April 2011). 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).

Governance, structure and management (continued)

Structure and governing documents (continued)

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 eight. All Trustees are appointed by PPCGF.

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 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 1 of this annual report and accounts. During the period, three trustees completed their terms of office and were reappointed. Cameron McLean, managing director at PayPal UK, joined the board, bringing expertise in online payments and ecommerce, and creating an opportunity for closer collaboration with PayPal.

Trustees meet quarterly 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.

Compliance with the Code of Governance

The charitable company recognizes the Code of Governance for the voluntary sector, and the board takes collective responsibility for upholding its principles. The charity has a formal board development policy, designed to promote 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.

Fundraising Standards Board and customer feedback

The charity has been a member of the Fundraising Standards Board (FRSB) self-regulatory scheme since July 2008. We display the FRSB logo on every page of our website, and link via this back to the FRSB website.

Governance, structure and management (continued)

Fundraising Standards Board and customer feedback (continued)

We have established a formal complaints procedure, accessible through the "Contact Us" section of our website, which pledges to resolve any complaints within 5 days. We resolved 2,162 user inquiries during the period 2,985 in 2012), with an average resolution time of 24.8 hours (23 hours). During the period we received five complaints. The significant decrease in user inquiries resulted from a greater degree of direct support to charities during and immediately after registration, and from operational improvements that removed a sources of confusion for donors.

Internal controls and delegated authority

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. Performance is monitored and appropriate management information is prepared and reviewed regularly by both 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 and individual Trustees,
- Monitoring of the charitable company's day-to-day financial transactions by the CEO, accountant and accounting team at PPCGF.
- Clear expenses policies with trustee approval required for any significant expenditure.
- Identification and management of major risks through a risk register, reviewed at most meetings of the trustees.

Governance, structure and management (continued)

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 incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- 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 adequate 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.

Governance, structure and management (continued)***Risk management***

The Trustees have introduced a formal risk management process to 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.

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.

During the period, the total expenses claimed by trustees and staff were £10,954, broken down as follows:

	£
Travel	4,069
Subsistence	471
Business Meetings	700
Accommodation	3,589
Board meetings	314
Other	1,811
Total	10,954

Financial review***Results for the year***

The statement of financial activities on page 18 shows total incoming resources of £4,222,716 (2012 - £3,689,588) and total resources expended of £4,214,011 (2012 - £3,654,110) including £3,663,540 (2012 - £3,207,082) distributed to charities participating in the eBay for Charity programme.

Financial position and Reserves policy***Financial position***

General funds of the charity at 31 December 2013 were in surplus by £397,111 (2012 – surplus of £387,144).

At the balance sheet date, the charitable company held funds of £1,594 (2012 - £2,856) which were restricted. 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 12 to the financial statements together with an analysis of movements in the year.

Financial review (continued)

Financial position and Reserves policy (continued)

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 will therefore maintain a target level of at least 6 months' running costs, which currently total £170,000:

- If reserves drop below this level, we should 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.

We invest 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 accounts with a term no greater than 12 months, and staggering such investments on a quarterly basis.

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 equal opportunities. 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. Training programmes are provided to meet any on-going needs, with the aim of developing employees for both their current and future roles.

Gifts in kind

The charitable company is grateful to both eBay UK, which has provided office space valued at £29,400 (2012 - £24,000) in the financial period, and to PayPal Charity Giving Fund, which provided technical and managerial support valued at £230,076 (2012 - £233,038) in the financial period.

Approved by the Trustees and signed on their behalf by:

Trustee

Approved by the Trustees on

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

We have audited the financial statements of PayPal Giving Fund UK for the year ended 31 December 2013 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- 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.

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

	Notes	Un- restricted funds £	Restricted funds £	December 2013 Total funds £	December 2012 Total funds £
Income and expenditure					
Incoming resources					
Unrestricted incoming resources from generated funds					
. Voluntary income	1	549,183	3,662,278	4,211,461	3,454,247
Incoming resources from charitable activities	2	6,706	—	6,706	233,037
Other incoming resources		4,549	—	4,549	2,304
Total incoming resources		560,438	3,662,278	4,222,716	3,689,588
Resources expended					
Costs of generating funds					
. Costs of generating voluntary income	3	125,513	—	125,513	64,638
Charitable activities					
. PayPal Giving Fund UK– eBay for Charity scheme	4	387,560	3,663,540	4,051,100	3,558,630
Governance costs	5	37,398	—	37,398	30,842
Total resources expended		550,471	3,663,540	4,214,011	3,654,110
Net incoming resources and net movement in funds	6	9,967	(1,262)	8,705	35,478
Fund balance brought forward		387,144	2,856	390,000	354,522
Fund balance carried forward		397,111	1,594	398,705	390,000

There is no difference between the net movement in funds stated above, and the historical cost equivalent.

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

	Notes	31 December 2013 £	31 December 2013 £	31 December 2012 £	31 December 2012 £
Current assets					
Debtors	10	47,392		26,511	
Cash at bank and in hand		<u>772,374</u>		<u>724,192</u>	
		819,766		750,703	
Creditors: amounts falling due within one year					
	11	<u>(421,061)</u>		<u>(360,703)</u>	
Net current assets			398,705		390,000
Total net assets			<u>398,705</u>		<u>390,000</u>
Represented by:					
Funds and reserves					
Income funds:					
Restricted funds	12		1,594		2,856
Unrestricted funds					
. General funds (reserves)			<u>397,111</u>		<u>387,144</u>
			<u>398,705</u>		<u>390,000</u>

Approved by the Trustees
and signed on their behalf by:

Trustee

Approved on:

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006. Applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in these financial statements.

Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil 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. Accounting for donations is recorded on a receipts basis as the charity does not become fully entitled to the income until receipt.

Resources expended 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.

Resources expended comprise the following:

- a. The costs of generating funds include the salaries and direct costs associated with generating donated income, which relate to the costs of publicising the eBay for Charity programme.
- b. The costs of 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
Grants payable 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.
 - Support costs
Costs are directly attributable to specific activities.
- c. Governance costs are the costs associated with the governance arrangements of the charity that relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to day to day management of the charity's activities.

Gifts in kind

Services and facilities donated to the charity for its own use are included in incoming resources and resources expended 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.

Cash flow

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

1 Voluntary income

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Donations – amounts received from eBay users	—	3,662,278	3,662,278	3,206,519
Grant received	289,707	—	289,707	—
Gifts in kind (see below)				
. Technical and managerial support	230,076	—	230,076	223,728
. Accommodation	29,400	—	29,400	24,000
	<u>549,183</u>	<u>—</u>	<u>549,183</u>	<u>247,728</u>
Total	<u>549,183</u>	<u>3,662,278</u>	<u>4,211,461</u>	<u>3,454,247</u>

The charitable company is grateful to both eBay UK, which has provided office space valued at £29,400 in the financial period, and PayPal Charity Giving Fund and Ebay Inc., which has provided technical and managerial support valued at £230,076 in the financial period.

Corresponding amounts are included within costs of charitable activities (note 4).

2 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Administrative fees	6,706	—	6,706	233,037

3 Cost of generating funds

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Cost of generating voluntary income				
. Staff costs (note 7)	53,564	—	53,564	39,370
. Other publicity costs	71,949	—	71,949	25,268
	<u>125,513</u>	<u>—</u>	<u>125,513</u>	<u>64,638</u>

4 Cost of charitable activities

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Charitable donations	—	3,663,540	3,663,540	3,207,082
Staff Costs (note 7)	109,839	—	109,839	92,086
Premises costs – in-kind donation from eBay UK	29,400	—	29,400	24,000
Technical and managerial support – in-kind donation from PayPal Charity Giving Fund	230,076	—	230,076	223,728
Other costs	18,245	—	18,245	11,734
	387,560	3,663,540	4,051,100	3,558,630

5 Governance

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Staff costs (note 7)	22,472	—	22,472	21,177
Auditors' remuneration	8,993	—	8,993	8,000
Other governance costs	5,933	—	5,933	1,665
	37,398	—	37,398	30,842

6 Net incoming resources before transfers

This is stated after charging:

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Auditors' remuneration . Statutory audit services	8,993	—	8,993	8,000

7 Employees and staff costs

Staff costs during the period were as follows:

	2013 £	2012 £
Wages and salaries	152,562	123,815
Social security costs	16,331	13,100
Pension costs	16,982	15,718
	185,875	152,633

7 Employees and staff costs (continued)

Staff costs per function were as follows:

	2013 £	2012 £
Costs of generating funds	53,564	39,370
Charitable activities		
. PayPal Giving Fund UK – eBay for Charity scheme	109,839	92,086
Governance of the charity	22,472	21,177
	185,875	152,633

The average number of employees during the period, calculated on a full time equivalent basis, analysed by function, was as follows:

	2013 number	2012 number
Costs of generating funds	1.00	0.80
Charitable activities		
. PayPal Giving Fund UK – eBay for Charity scheme	2.10	1.80
Governance of the charity	.40	0.40
	3.50	3.00

The emoluments of one higher paid employee fell between the following range:

	2013 number	2012 number
£60,000 - £70,000	1	1

The pension contributions made to the higher paid employee amounted to £11,230.

8 Expenses and Trustees' remuneration

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

Out of pocket expenses reimbursed to trustees and staff during the period amounted to £10,954 (2012 - £9,980).

Ms A Rumbold, a trustee, is a partner Bates Wells & Braithwaite, the charitable company's legal advisers. The charity paid £5,280 (2012 - £1,283) to Bates Wells & Braithwaite during the period, for legal services provided on an arms-length basis.

9 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.

10 Debtors

	2013 £	2012 £
Due within one year		
Taxation recoverable	43,991	22,309
Other debtors	3,401	4,202
	47,392	26,511

11 Creditors: amounts falling due within one year

	2013 £	2012 £
Taxation and social security	6,532	5,904
Donations to charities	403,452	338,855
Accruals	9,077	9,144
Grants payable	2,000	6,800
	421,061	360,703

12 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 2013 £	Incoming resources £	Expenditure and transfers £	At 31 December 2013 £
MissionFish UK – eBay for Charity scheme	2,856	3,662,278	(3,663,540)	1,594

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

- PayPal Giving Fund UK – eBay for Charity scheme

This fund represents amounts held for onward distribution to UK charities.

13 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2013 Total funds £	2012 Total funds £
Fund balances at 31 December 2012 are represented by:				
Current assets	414,720	405,046	819,766	750,703
Creditors: amounts falling due within one year	(17,609)	(403,452)	(421,061)	(360,703)
Total net assets	397,111	1,594	398,705	390,000

14 Related party transactions

PayPal Charity Giving Fund, a United States 501(c)(3) non-profit organisation ('PayPal Charity Giving Fund') is the sole member of PayPal Giving Fund UK. During the period, PayPal Charity Giving fund US provided in-kind support totalling £230,076 (2012 £223,728). Other than those transactions stated above there were no other related party transactions during the year.

15 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.