

THE POWER OF
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The Power of Nutrition

Annual Report and Financial Statements

For the year ended 31 December 2019

114-118 Southampton Row, London, WC1B 5AA

Company number: 09288843

Registered charity number: 1160373

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The Power of Nutrition, a company limited by guarantee, was incorporated in England and Wales on 30 October 2014 with company number 09288843. It was registered as a charity in England and Wales on 6 February 2015 with charity number 1160373.

Reference & Administrative Details

Company number	09288843
Charity number	1160373
Registered office and operational address	114-118 Southampton Row, London WC1B 5AA (Operational) 50 Broadway, London SW1H 0BL (Registered)
Trustees	Trustees, who are also directors under company law, who served during the period and up to the date of this report were as follows: Jonathan Brinsden Phyllis Costanza (resigned 25 March 2019) David Bull CBE Michael Rann Ertharin Cousin Mark Cutifani Siobhan Crowley (resigned 31 August 2019) Alasdair Cook (appointed 6 February 2019) Caroline Kuhnert (appointed 25 March 2019)
Principal staff	Martin W. Short (Chief Executive) Michelle Thompson (Director of Partnerships and Brands) Mavis Owusu-Gyamfi (Director of Investments) Chris Skeet (Director of Finance) Achilleas Georgiou (Director of Communications)
Bankers	Barclays PO Box 885 Mortlock House, Station Road Histon CB24 9DE HSBC 133 Regent Street, London W1B 4HX
Solicitors	Bircham Dyson Bell 50 Broadway, London SW1H 0BL
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Message from the Chief Executive

Overview

Nutrition remains one of the most critical areas of development, yet funding is still woefully inadequate. It forms the bedrock of all that we do in Health and Education and simply put - your dollars go further in all areas of development when children have received the right levels of nutrition. School attainment is higher, your workforce is smarter and your absenteeism rates (in school and the workplace) decline. A progressive, vibrant and well-run economy is not a product of a stunted workforce.

In 2019 The Power of Nutrition approved four new programmes across three countries, taking the total co-financed portfolio to USD 433.9m worth of nutrition programming in sub-Saharan Africa and Asia. Partnerships with a number of key players have enabled us to leverage and amplify the funds available for nutrition and have again shown that the value in our platform is best demonstrated through convening and defragmenting efforts towards a shared objective.

If we are to attain 'sustainability' in areas of nutrition and health interventions then we need to ensure that we influence Governments at the highest level to fund their own Human Capital and devote more domestic resources to the social sectors that have such a critical influence and impact on their growing population.

We announced a strategic tie up with Unilever at the Concordia event at UNGA around their Lifebuoy product and we are working with implementing partners to best harness the expertise and strength that this will bring to our behaviour change communications.

Using all the experience and power of the Private Sector is critical to the success in development. This is by no means easy and made more difficult by some tired and historic dogma in the Public Sector that sees no roles for business in development. This is holding back those whom we seek to assist.

Fundraising

During 2019 \$13.375 million of new funds were raised. A number of new commitments were made and included partnerships with The Rotary Foundation, Eleanor Crook Foundation, Open Philanthropy and Kirk Humanitarian. \$8.125m of these new funds raised was booked as income in the 2019 financial statements whilst the remaining \$5.25m will be recognised in future years in line with income recognition guidelines.

Additional collaborations with Anglo American, Olam, Medela and Otsuka have been developed through the Chatham House Research project. The period has also seen significant outreach and conversations focused around shared objectives with numerous pharmaceutical, garment, food, beverage and technology companies. The Private Sector is not homogeneous, and it is important not to simply view it through the eyes of the Food and Beverage sector. Whilst they are important as a sector in the Nutrition space, all those who employ people and are thinking through their customer mix should also be thinking through nutrition.

Investments

By year end 2019 The Power of Nutrition's portfolio comprised of 12 programmes across 11 countries, representing USD 437.5m worth of nutrition programming in sub-Saharan Africa and Asia. To date, results have been reported from 5 programmes showing that The Power of Nutrition has contributed to reaching approximately 30 million women and children with nutrition services.

In 2019 The Power of Nutrition was able to diversify its portfolio by approving its first programmes in partnership with international non-governmental organisations, as well as its first programmes outside of sub-Saharan Africa. A USD 10 million programme in partnership with Save the Children and Nutrition International became operational in two Indonesian provinces, while a USD 10 million programme in partnership with Care International and Action Against Hunger commenced in Gujarat, India.

The Power of Nutrition also approved its first programme to have domestic resource funding allocated as a match; our USD 10 million programme in Maharashtra, with implementing partner UNICEF, will draw up to USD 2.5 million of its financing from the state government of Maharashtra, representing an important step towards sustainability of financing for nutrition programming there, and setting a positive precedent for future programming in other geographies.

Communications

During 2019 The Power of Nutrition has continued to develop its presence across several communication platforms and amongst targeted stakeholders and to raise its profile and position as a leader in our field of work. This has included attendance and speaking moments at key international events, movement towards raising our media profile, and an increase in our digital presence.

We attended and secured speaking opportunities at high-level international events - ranging from philanthropic conferences to bilateral events and business summits - which facilitated our engagement with prospective partners and key stakeholders, including the Eat Forum, World Bank Spring Meetings, Women Deliver Conference and the Asian Venture Philanthropy Network (AVPN) Annual Conference, amongst others. Of particular note is the launch of our strategic partnership with Unilever at the Concordia Annual Summit alongside the United Nations General Assembly, where I shared the stage with Unilever CEO Alan Jope and announced our innovative partnership which aims to improve hygiene and reduce undernutrition, focussing on India.

Work continued on the Chatham House project – a research piece looking at the impact of undernutrition on business. Following a soft launch at the AVPN Conference in Singapore in June 2019, the report will be launched in Summer 2020 and a communications campaign will be built around it.

Excitingly, editorial outputs and media opportunities grew across this time period. Likewise, progress across several communication platforms continued, with growing levels of engagement on social media as well as on The Power of Nutrition's website.

In the lead up to the N4G 2020 Summit, discussions were also started with a number of civil society organisations and two All Party Parliamentary Groups (APPGs), with a view to strengthen The Power

of Nutrition's continued and growing presence as a convener and the go-to platform for nutrition investment.

Next year The Power of Nutrition will be 5 years old. We will be in the Nutrition for Growth year of 2020 – although this will most likely be postponed to 2021 due to the COVID19 pandemic - and will have convened programmes in excess of \$500 million. This is a sign post and not a goal post and we will need to continue to build on the success of the past and redouble our efforts to reduce the affliction of stunting in those children under 5.

Martin W. Short

29 June 2020

Strategic Report

The Board of Trustees of The Power of Nutrition, which is also its board of directors, hereby presents the information required by the Companies Act 2006 (the strategic report and directors' report) together with the financial statements for the year ended 31 December 2019.

Reference and administrative information set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2015).

1. Objectives & activities

1.1. Background

The Power of Nutrition – a company limited by guarantee and a charity registered in the UK, and principally referred to as a “charitable foundation” – grew from a commitment by the Children's Investment Fund Foundation (CIFF), the UK's Department for International Development (DFID) and the UBS Optimus Foundation (UBSOF) to develop a catalytic financing facility that would bridge a financing gap in the nutrition sector to accelerate progress on child undernutrition. It was registered in February 2015 and formally launched in April 2015.

1.2. Purposes & aims

The Power of Nutrition was created to generate new resources to prevent undernutrition and to improve nutrition outcomes for children at scale. Our aim is to save lives and protect children from low birth-weight, stunting and other forms of undernutrition. Nutrition is a fundamental building block for life. It is also recognised as a powerful multiplier for economic and social development: it saves lives, and enables children and societies to grow to their full potential.

To transform nutrition outcomes, save lives and protect children, we will:

- Unlock financing for nutrition from new and non-traditional funding sources, focusing on the private sector; and
- Make charitable investments to scale up quality, high-impact child and maternal nutrition programmes in 5 to 10 countries in sub-Saharan Africa and Asia.

To achieve our goals, we have co-financing agreements in place with selected partners that guarantee that new investors' contributions will be multiplied by a minimum of four times – an exceptional level of co-financing in the international development space.

The Power of Nutrition first finds new funders in nutrition; the funds raised are then matched by The Power of Nutrition. We use this financing to encourage the allocation of more new financing at the country level through a second guaranteed match provided by the implementing partners. The sources of this match currently include new donors to UNICEF, grants and concessional loans through the World Bank's International Development Association (IDA) and new implementing partners. All financing is directed by our implementing partners to quality, high-impact nutrition programmes that focus on improving child and maternal nutrition outcomes at scale.

2. Achievements & performance

During the period covered in this report, the charitable foundation completed its fourth full year of independent operation and consolidated its position as an operational entity. We have made significant progress towards our fundraising goals albeit at a slower pace than the preceding two years, raising in excess of USD 18.5 million including matched funds during the course of the year. Our Board approved four further programmatic investments during the year, taking our total to twelve active programmes since inception for a total portfolio size of USD 437.5 million.

2.1. Unlocking new financing for nutrition

In 2019, we attracted 11 new private investors to the nutrition space and raised USD 8.1 million before matching. We also had two repeat private investors totaling USD 0.75 million. In addition we raised USD 1.6 million from two bi-lateral funders.

2.2. Supporting quality, high-impact nutrition programmes

We disbursed USD 10 million of new funding to Burkina Faso for a five year programme with the World Bank as implementing partner. The World Bank is also providing USD 20 million in matched funding. This programme will support the Government of Burkina Faso to scale up high impact nutrition interventions as part of a broader Health Services Reinforcement Project with a focus on Reproductive, Maternal, Neonatal, Child and Adolescent Health and Nutrition.

We invested USD 5 million in Gujarat (India) to be disbursed over five years with CARE and Action Against Hunger as the implementing partners. This programme is designed to work with the government of Gujarat to strengthen its nutrition systems and services. The programme will provide a comprehensive package of support in two high burden districts of Gujarat – Bhavnagar and Sabarkantha to demonstrate to the State Government the effectiveness of the proposed approaches with a view to influence further scale up.

USD 5 million was invested in Maharashtra (India) to be disbursed over five years with UNICEF as the implementing partner. The programme will support the Government of Maharashtra to address systemic weaknesses to improve the supply of quality nutrition services and increase demand in communities.

USD 5 million was invested in Indonesia to be disbursed over 5 years with Save the Children and Nutrition International as implementing partners. This programme will support the Government (at Provincial level) to identify, plan and deliver high-impact nutrition programmes. The programme will focus on three key areas: 1) improving maternal, infant and young child nutrition and water, hygiene, and sanitation (WASH) practices; 2) enhancing the capacity of health workers to deliver quality nutrition services; and, 3) building the capacity of local government to plan, advocate, and budget more effectively for nutrition.

Finally, USD 1.1 million was disbursed to the World Bank in respect of Bank Executed Trust Funds (BETF) and Trust Fund Fees (TFF), this was primarily used to support the technical oversight of the Burkina Faso programme including the support of operational research and analytics to inform the project results and improve the quality of service delivery and uptake thereof.

We continued to oversee the implementation of our investments in Tanzania (USD 44 million), Ethiopia (USD 40 million), Madagascar (USD 90 million), Cote d'Ivoire (USD 60.4 million), Rwanda (USD 116

million) and Nigeria (USD 3.9 million) all with the World Bank; as well as our investments in Liberia (USD 10 million) and Benin (USD 10 million) both with our implementing partner UNICEF.

We are working in partnership with the World Bank to develop a proposal for a new investment in Lesotho, and with UNICEF to develop proposals for a second investment in Liberia as well as a new investment in Niger. At end April 2020 we have had Board approval for the Lesotho investment and the second investment in Liberia, We anticipate Board approval for Niger during 2020.

3. Looking ahead

The Power of Nutrition is working to fulfil its mandate to drive transformative nutrition outcomes at scale. We have built strong foundations, and this will enable us to bring in new funding, make additional programme investments and ultimately improve the lives of children and women of childbearing age in our priority countries in Africa and Asia.

We also have to consider the implications of the COVID19 pandemic with regard to financial and operational sustainability. Since 17 March 2020 the United Kingdom has been impacted by wide-ranging lockdown measures (many of these measures are also in place in other countries in the world) that have current operational and financial implications. Currently we are well positioned from an OPEX funding point of view with 12 months worth of OPEX funding banked and further tranches contractually due from our main OPEX funder CIFF (which is a financially secure organisation). We don't have clear sight yet on how our fundraising activities will be impacted but we expect some negative impact from donor funds being given to COVID19 related charitable activities rather than for nutrition. This will impact negatively on our expected self-funded OPEX from Donors but will not materially affect our OPEX outlook for the next 12 months. On the programmatic side, programmes may need to slow down or postpone activities which may result in delays and the potential need for extensions in the future. In addition gains in nutrition and health system strengthening made to date may regress as a result of the pandemic. Please also reference the major risks section 5.3 in this report where COVID risks and mitigations are covered.

Our strategic objectives in the coming years include:

- Building relationships with new funders to bring them into the nutrition space, achieving ambitious fundraising targets and strengthening our network of supporters among philanthropic, corporate, high net worth individuals, bilateral and other funders, including those not currently focused on nutrition.
- Further developing our programmatic investments, including working with existing implementation partners to build a pipeline of new investments, as well as identifying new potential implementing partners.
- Maintaining and building on our systems to ensure accountability, transparency, traceability of financing and impact for our beneficiaries.
- Continue to monitor and evaluate existing investments to ensure compatibility with our investment targets, as well as supporting the long-term independent evaluation of The Power of Nutrition and our impact.
- Improve our communications and advocacy, with stronger messaging and branding, as well as increasing the reach of our communications channels.
- Continue to invest in our people, to build a first-class team and organisation.

4. Financial review

4.1. Income

During the period covered in this report, The Power of Nutrition generated income totalling USD 18.6 million (2018: USD 46.6 million). This income was received from two founding partners, thirteen 3rd party donors and two bi-lateral donors:

- CIFF USD 3.4 million (USD 8.7 million)
- DFID USD 4.7 million (USD 18.5 million)
- Private and Bi-lateral Donors USD 10.5 million (USD 19.4 million)

4.2. Expenditure

A total of USD 29.2 million (2018: USD 53 million) was recognised as expenditure during the year. This can be analysed across 2 key expenditure groupings, namely Programmatic and Operational expenditure. Programmatic expenditure is defined as what the Foundation directly spends on programmes that are designed and run by our implementing partners in our target countries. Operational expenditure is defined as the expenses incurred through the day to day running of the Foundation, its staff and its operations.

4.2.1. Programmatic Expenditure

- Total charitable grants awarded during the course of the year amounted to USD 26.3 million (2018: USD 49.9 million):
 - USD 10 million was expensed against our implementing partner the World Bank in respect of a nutrition programme in Burkina Faso. A further USD 1.1 million was expensed in respect of World Bank executed trust funds.
 - USD 5 million was expensed to our implementing partner UNICEF in respect of a nutrition programme in Maharashtra (India). Funds will be disbursed over 5 years.
 - USD 5 million was expensed to our implementing partners CARE and Action Against Hunger in respect of a nutrition programme in Gujarat (India). Funds will be disbursed over 5 years.
 - USD 5 million was expensed to our implementing partners Save the Children and Nutrition International in respect of a Nutrition programme in Indonesia. Funds will be disbursed over 5 years.

4.2.2. Operational Expenditure

- Operating expenses totalling USD 2.9 million (2018: USD 3.1 million) were incurred during the period:
 - It should be noted that we have an arrangement with one of our funding partners (CIFF) that currently covers the majority of our operating expenditure.

- The most significant cost, USD 1.8 million (2018: USD 1.9 million), was staff related; this equates to 62% of our current operating expenses. Staff costs as a percentage of overall operating expenses will likely remain between 60% and 66% if the organisation continues on its current trajectory.

4.3. Foreign exchange movement

Our policy is to convert any currency funds received to USD at the time of receipt. This has better aligned currency funds held with underlying disbursements which are predominantly in USD.

A gain of USD 0.2 million (2018: gain of USD 0.5 million) was realised in respect of the movement on the USD / GBP currency rate impacting on funds received in sterling and converted to USD.

4.4. Reserves and going concern

The charitable foundation does not hold a set level of reserves. All funds of the charitable foundation are considered to be restricted, to be used to fund maternal and child nutrition programmes aimed at reducing child undernutrition and malnutrition worldwide. As noted above, operational expenses are currently substantially met under an arrangement with one of the funding partners, however we have begun diversifying our OPEX funding base and have booked USD 1.3 million to date in respect of OPEX funding from 3rd party donors. Therefore, the trustees do not consider there is a need for a formal reserves policy. However, our aim is to hold at least 6 months' worth of cash reserves to cover operational expenses at any one time.

- Cash holdings are held where possible in interest bearing accounts.
- Cash at bank totalled USD 18.9 million (2018: USD 24.7 million) at year end.

The Executive considers that it has adequate financial reserves to continue to deliver on its plans and that we have a reasonable expectation that we will have adequate resources to continue in operational existence for the foreseeable future. Whilst we are currently seeking additional funding through our existing funders, we believe that there are no material uncertainties that call in to doubt the charitable foundation's ability to fund our investment programmes. The accounts have therefore been prepared on the basis that the charitable foundation is a going concern.

5. Structure, governance & management

5.1. Structure

The Power of Nutrition is a charitable company limited by guarantee. It was incorporated as a company on 30 October 2014 under the name Catalytic Financing Facility for Nutrition, and registered as a charity under the same name on 6 February 2015. The company was established under a Memorandum of Association and is governed under its Articles of Association, which sets out its objects and powers.

The name was formally changed to The Power of Nutrition on 19 April 2015 pursuant a Board resolution of 10 March 2015.

The objectives of The Power of Nutrition as stated in the Articles of Association are to support the advancement of health and the prevention or relief of poverty by providing, or assisting in the provision of, financial support to maternal and child nutrition programmes worldwide.

The Board of Trustees have a duty to report in the Trustees' Annual Report on the charitable foundation's public benefit. They should demonstrate that:

- The benefits generated by the activities of The Power of Nutrition are clear. This report sets out in some detail the activities that the charitable foundation has carried out over the past year in order to achieve our mission.
- The benefits generated relate to the objectives of The Power of Nutrition. All activities undertaken are intended to further the charitable objectives of the charitable foundation, noted above.

The accounts of the charitable foundation are filed with Companies House and the Charity Commission.

5.2. Governance & management

The governing body of the charitable foundation is the Board of Trustees. The Trustees are appointed in their capacity as individuals and are also Directors for the purposes of company law. The Trustees are responsible for reviewing and approving the strategy and operational policies of the charitable foundation (including such areas as risk management and legal and regulatory compliance), reviewing reports on the charitable foundation's financial activities and monitoring investment and fundraising activities.

Board of Trustees

During the year ended 31 December 2019, the Board of Trustees welcomed two new trustees who joined the Board namely Alasdair Cook (February 2019) and Caroline Kuhnert (March 2019). Two trustees resigned during the year namely Phyllis Costanza (March 2019) and Siobhan Crowley (August 2019).

The Trustees have no beneficial interest in the charitable foundation. All Trustees sit on the Board of The Power of Nutrition in their own individual capacity and execute their duties in the best interests of the Foundation. There are no Corporate Trustees. All Trustees give their time freely and no Trustee remuneration was paid in the year. Trustees are mindful of identifying and managing conflicts of interest and manage their proceedings in accordance with the detailed conflict of interest procedure set out in the charitable foundation's Articles of Association. Please also see the related party note 16 to the Annual Financial Statements (page 32)

The Board met three times during 2019 (2018: three).

The Executive

Day-to-day responsibility is delegated to the Executive under the leadership of the Chief Executive (Martin Short), who reports to the Board and works closely with the Chair.

The Executive is responsible for raising new financing, working with the implementing partners to channel the financing to evidence-based investments in nutrition, and reporting to the Board and other key stakeholders.

The team has structured its operational functions across three key pillars: partnerships & brands (fundraising), investments, and communications.

Ben Maitland resigned as Director of Communications effective April 2019. Sarah Dunn resigned as Director of Partnerships and Brands effective July 2019. Mavis Owusu-Gyamfi continued as Director of Investments. Chris Skeet was appointed Director of Finance in April 2019. Achilleas Georgiou was appointed Director of Communications in July 2019. Michelle Thompson was appointed Director of Partnerships and Brands in October 2019.

Partners

The Power of Nutrition is a growing partnership of funding and implementing partners committed to helping children grow to their full potential. During the year ended 31 December 2019:

- Two funding partners committed financing to the organisation. These are: CIFF and DFID
- We continue to work with our two implementing partners The World Bank and UNICEF.
- As previously mentioned, we have appointed five additional implementing partners.

5.3. Key policies & risk management

The Board is responsible for ensuring that the charitable foundation has an appropriate system of controls, financial and otherwise. It is also responsible for safeguarding the assets of the charitable foundation and, therefore, for taking reasonable steps for the prevention of fraud and other irregularities.

A set of core operating policies guide the day-to-day work of The Power of Nutrition. These include:

- Managing our Costs & Travel Expense policies
- Anti-Bribery & Corruption & Anti-Money Laundering policies
- Whistleblowing policy
- Safeguarding Children and Vulnerable Adults
- Equal Opportunities policy
- Disciplinary & Grievance policy
- Harassment and Bullying policy
- Diversity, Equality and Inclusion policy
- Remuneration and Benefits policy
- Investment Approval policy
- Investor Vetting policy
- Data Protection policy
- Brand and Communications policy
- Privacy policy
- Health and Safety policy.
- Anti-Slavery and Human Trafficking policy

The Power of Nutrition is committed to ensuring that it provides a safe and trusted environment which safeguards and promotes the welfare and wellbeing of beneficiaries, our staff and partners. The Power of Nutrition enforces safeguarding practices through its procedures and policies including:

- ensuring compliance with our Safeguarding Children and Vulnerable Adults policy;
- a code of conduct for staff;

- recruiting staff safely by undertaking due diligence on individuals prior to appointment;
- using our safeguarding procedures to share concerns and relevant information with the appropriate agencies as necessary;
- using our disciplinary procedures to manage any allegations against staff appropriately;
- ensuring there are effective complaint and whistleblowing measures in place as per our Whistleblowing policy.

Our safeguarding policy is reviewed, approved and endorsed by the Board of Trustees annually or when updated after relevant legislation changes.

The Power of Nutrition requires all partners, agencies and grantees to:

- have adopted and to comply with a safeguarding policy ensuring equivalent safeguarding standards and mechanisms as provided for in The Power of Nutrition safeguarding policy; or
- where the partner, agency or grantee has no such policy in place, adhere to The Power of Nutrition safeguarding policy.

Assisted by the Executive, the Board reviews and assesses the major risks to which The Power of Nutrition is exposed. Taking into account the controls and safeguards currently in place, the key risks and uncertainties identified by the Board are:

KEY RISK	MITIGATION PLAN
Staff Retention: Failure to attract and retain skilled staff	<ul style="list-style-type: none"> ● Ensure remuneration packages are competitive. ● Ensure robust human resource policies are in place. ● Ensure all vacant positions are filled as soon as possible.
OPEX: Inadequate levels of OPEX funding generated to meet necessary running costs.	<ul style="list-style-type: none"> ● Ongoing reach with existing funders and potential donors to ensure that OPEX contributions are a priority within funding discussions ● Engage with strategic counterparts to diversify the funding base for OPEX
CORONA VIRUS: The personal and organisational risks associated with the COVID 19 infection are currently considered to be high	<ul style="list-style-type: none"> ● Reduce or avoid travel as much as possible ● Comply with UK government guidelines on travel and working practises ● Accommodate and facilitate remote working arrangements ● Frequent communication with our implementing partners regarding their business continuity plans for our existing programmes ● Supporting implementing partners to think through innovative ways of maintaining nutrition messaging and services throughout the pandemic ● Pursue ongoing fundraising discussions and review to see whether we can align or partner with any COVID19 fundraising initiatives that could involve a nutrition aspect
Fundraising: We are unable to raise sufficient unrestricted funds going forward to cover investment funding gaps	<ul style="list-style-type: none"> ● Via our fundraising strategy we will continue to look to raise unrestricted funding ● Focussed discussions with Founding funders to provide sufficient unrestricted funding going forward when required

Fundraising statement

The Power of Nutrition does not engage in public fundraising but does occasionally use professional fundraisers. We nevertheless monitor the relevant fundraising regulations (including the Institute of Fundraising guidelines (UK)) and codes to ensure compliance where relevant. During the year there was compliance with these regulations and codes. The charitable foundation did not receive any complaints relating to its fundraising practise during the year.

Remuneration statement

Salaries for permanent staff across all functions have been set in line with a range of market rate indicators and internal parity. Any salary adjustments made in the year were in line with our Remuneration and Benefits Policy which was reviewed and approved by the Board of Trustees in November 2019. The Power of Nutrition operates a discretionary bonus scheme which runs across the calendar year.

Public benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit.' That guidance addresses the need for all charities' aims to be, demonstrably, for the public benefit. The trustees consider the facilitation and provision of nutrition services to be wholly for the public's benefit.

6. Statement of responsibilities of Trustees

The Trustees (who are also Directors for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial period 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. 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 Charities Statement of Recommended Practise (SORP);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards and statements of recommended practice 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 charity 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.

In so far as the Trustees are aware:

- There is no information relevant to the audit of which the auditors are unaware; and
- They have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and 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.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The membership of The Power of Nutrition comprises the Trustees, the Children's Investment Fund Foundation and the UBS Optimus Foundation and entitles the members to voting rights only. Neither the Trustees nor the Members have any beneficial interest in The Power of Nutrition.

The Trustees' Annual Report, incorporating the strategic report and directors' report, has been approved by the Trustees on 29 June 2020 and signed on their behalf by

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Michael Rann, Chairman

Independent Auditor's Report

Opinion

We have audited the financial statements of The Power of Nutrition (the 'charitable company') for the year ended 31 December 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

Basis for opinion

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

Conclusions relating to going concern

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

- 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 other information comprises the information included in the trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, including the strategic 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' annual report including the strategic 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 statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Noelia Serrano (Senior statutory auditor)

29 June 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

For the year ended 31 December 2019

	Note	2019 Total \$'000	2018 Total \$'000
Income from:			
Grants			
Children's Investment Fund Foundation (CIFF)		3,400	8,738
Department for International Development (DFID)		4,683	18,442
Other sources		10,547	19,401
Total income		18,630	46,581
Expenditure on:			
Raising funds		1,784	1,965
Charitable activities	3	27,384	51,079
Total expenditure	2	29,168	53,044
Net Loss before other recognised gains and losses		(10,538)	(6,463)
Profit on foreign exchange movements		211	531
Net movement in funds		(10,327)	(5,932)
Reconciliation of funds:			
Total funds brought forward	12b	48,178	54,110
Total funds carried forward	12a	37,851	48,178

All of the above results are derived from continuing activities, and are regarded as restricted funds. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 12 to the financial statements.

	Note	\$'000	2019 \$'000	\$'000	2018 \$'000
Fixed assets:					
Tangible assets	8		46		14
Current assets:					
Debtors	9	36,799		35,197	
Short term deposits		1,982		-	
Cash at bank and in hand		18,944		24,676	
		<u>57,725</u>		<u>59,873</u>	
Liabilities:					
Creditors: amounts falling due within one year	10a	8,046		8,260	
Net current assets			<u>49,679</u>		<u>51,613</u>
Total assets less current liabilities			<u>49,725</u>		<u>51,627</u>
Creditors: amounts falling due after one year	10b		11,874		3,449
Total net assets			<u>37,851</u>		<u>48,178</u>
The funds of the charity:					
Restricted income funds	11		37,851		48,178
Total charity funds			<u>37,851</u>		<u>48,178</u>

Approved by the trustees on 29 June 2020 and signed on their behalf by

Michael Rann
Chairman

		2019		2018	
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities	Note				
Net cash used in operating activities	13		(4,298)		(9,001)
Cash flows from investing activities:					
Interest income		391		15	
Purchase of fixed assets		(54)		(4)	
Net cash used in investing activities			337		11
Change in cash and cash equivalents in the year			(3,961)		(8,990)
Cash and cash equivalents at the beginning of the year			24,676		33,135
Change in cash and cash equivalents due to exchange rate movements			211		531
Cash and cash equivalents at the end of the year			20,926		24,676

1 Accounting policies

a) Statutory information

Power of Nutrition is a charitable company limited by guarantee and is incorporated in England & Wales. The registered office address 50 Broadway, London, SW1H 0BL and the operational address is 114-118 Southampton Row, London, WC1B 5AA

b) Basis of preparation

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) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable foundation's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Presentational currency and foreign exchange

The presentational and functional currency of the charitable foundation is United States Dollars (USD). At the year end the exchange rate adopted was £1: USD 1.32 (Prior year £1: USD 1.28) Assets and liabilities in foreign currencies are translated into USD at the rate of exchange for the month in which the transaction was incurred. Exchange differences are shown on the statement of financial activities.

f) Income

Income is recognised when the charitable foundation has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

g) Fund accounting

All funds are considered to be restricted. Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

h) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- ~ Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- ~ Expenditure on charitable activities includes the costs of grant-making undertaken to further the purposes of the charity and associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Grants payable

Grants payable are charged to the Statement of Financial Activities in the year in which the offer is conveyed to the recipient. The balance of grants payable due at the end of each reporting period are shown as creditors on the balance sheet.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity.

~ Cost of raising funds	55%
~ Grant making	30%
~ Governance costs	15%

Governance costs are the costs associated with the governance arrangements of the charitable foundation. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charitable foundation's activities.

l) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds \$660 (£500). Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

~ Leasehold improvements (over the life of the lease)	3 years
~ Computer equipment	3 years

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1 Accounting policies (continued)

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors and provisions

Creditors and provisions are recognised where the charitable foundation has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charitable foundation only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

t) Pensions

The charitable foundation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable foundation in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable foundation to the fund. The charitable foundation has no liability under the scheme other than for the payment of those contributions. All such contributions form part of unrestricted expenditure.

2a Analysis of expenditure - current year

	Cost of raising funds \$'000	Grant-making \$'000	Governance costs \$'000	Support costs \$'000	2019 Total \$'000	2018 Total \$'000
Staff costs (Note 5)	738	646	71	365	1,820	1,924
Other staff costs	56	4	-	27	87	79
Grant commitments	-	26,250	-	-	26,250	49,914
Premises	-	-	-	209	209	153
Travel	118	71	25	11	225	264
Office, IT and insurance	3	1	-	103	107	83
Communications and business development	41	2	-	62	105	106
Audit	-	-	22	-	22	21
Consultancy	22	2	-	109	133	323
Fundraising Intermediaries	55	-	-	-	55	23
Legal and professional fees	2	-	-	131	133	129
Depreciation	-	-	-	22	22	28
	1,035	26,976	118	1,039	29,168	53,044
Support costs	571	312	156	(1,039)	-	-
Governance costs	177	97	(274)	-	-	-
Total expenditure 2019	1,784	27,384	-	-	29,168	
Total expenditure 2018	1,965	51,079	-	-	53,044	

All expenditure in the current and prior year was in respect of restricted funds.

2b Analysis of expenditure - prior year

	Cost of raising funds \$'000	Grant-making \$'000	Governance costs \$'000	Support costs \$'000	2018 Total \$'000	2017 Total \$'000
Staff costs (Note 5)	1,000	669	50	205	1,924	1,935
Other staff costs	1	20	1	56	79	68
Grant commitments	-	49,914	-	-	49,914	41,350
Premises	-	-	-	153	153	157
Travel	134	85	44	1	264	261
Office, IT and insurance	-	-	-	83	83	101
Communications and business development	19	1	-	86	106	63
Audit	-	-	21	-	21	17
Consultancy	104	2	-	216	323	248
Fundraising Intermediaries	23	-	-	-	23	103
Legal and professional fees	-	15	-	114	129	75
Depreciation	-	-	-	28	28	26
	1,281	50,706	116	942	53,044	44,404
Support costs	518	283	141	(942)	-	-
Governance costs	167	91	(258)	-	-	-
Total expenditure 2018	1,965	51,079	-	-	53,044	
Total expenditure 2017	2,009	42,395	-	-	44,404	

All expenditure in the current and prior year was in respect of restricted funds.

3a Grant making - current year

	Grants to institutions \$'000	Support costs \$'000	2019 \$'000	2018 \$'000
Cost of grants	26,250	1,134	27,384	51,079

3b Grant making - prior year

	Grants to institutions \$'000	Support costs \$'000	2018 \$'000	2017 \$'000
Cost of grants	49,914	1,165	51,079	42,395

The Power of Nutrition makes charitable grants to its implementing partners to scale up quality, high-impact child and maternal nutrition programmes

In 2019, USD 26.3m (2018: USD 49.9m) was committed across a number of nutrition programmes, the main ones being Burkina Faso (USD 11.1m), Gujarat (USD 5m), Maharashtra (USD 5m) and Indonesia (USD 5m).

4 Net loss for the year

This is stated after charging / (crediting):

	2019 \$'000	2018 \$'000
Depreciation	22	28
Operating lease rentals:		
Property	115	105
Auditor remuneration (excluding VAT):		
Audit	22	16
Other services	-	2
Foreign exchange gains	(211)	(531)

5 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019 \$'000	2018 \$'000
Salaries and wages	1,505	1,621
Redundancy and termination costs	57	-
Social security costs	163	203
Employer's contribution to defined contribution pension schemes	44	52
Other forms of employee benefits	51	48
	1,820	1,924

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
\$273,000 - \$285,999 (£210,000 - £220,000)	-	1
\$247,000 - \$259,999 (£190,000 - £200,000)	1	-
\$182,000 - \$194,999 (£140,000 - £150,000)	-	1
\$169,000 - \$181,999 (£130,000 - £140,000)	-	1
\$156,000 - \$168,999 (£120,000 - £130,000)	1	-
\$143,000 - \$155,999 (£110,000 - £120,000)	1	1
\$104,000 - \$116,999 (£80,000 - £90,000)	1	1
\$91,000 - \$103,999 (£70,000 - £80,000)	1	3
\$78,000 - \$90,999 (£60,000 - £70,000)	-	2

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were \$962,946 (2018: \$809,127).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: \$nil). No charity trustee received payment for professional or other services supplied to the charity (2018: \$nil).

Travel expenses relating to trustees totalled \$17,719 (2018: \$35,751).

Related party transactions are disclosed in note 16.

6 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 15.9 (2018: 14.7).

	2019 No.	2018 No.
Raising funds	5.8	6.9
Grantmaking	6.2	5.3
Support	3.7	2.3
Governance	0.2	0.2
	15.9	14.7
	15.9	14.7

7 Taxation

The charitable foundation is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

8 Tangible fixed assets

	Computer equipment \$'000	Leasehold Improvements \$'000	Total \$'000
Cost or valuation			
At the start of the year	35	50	85
Additions in year	25	29	54
At the end of the year	60	79	139
Depreciation			
At the start of the year	28	43	71
Charge for the year	11	11	22
At the end of the year	39	54	93
Net book value			
At the end of the year	21	25	46
At the start of the year	7	7	14

All of the above assets are used for charitable purposes.

9 Debtors

	2019 \$'000	2018 \$'000
Grant income receivable	36,577	35,063
Other debtors	130	62
Prepayments	92	72
	36,799	35,197
	36,799	35,197

\$22.5m (2018: \$20.9m) is classified as short-term debtors with the expectation of receiving these funds within 12 months of the year end date. \$14.3m (2018: \$14.3m) is classified being due for collection between 13 and 24 months post year end date.

10a Creditors: amounts falling due within one year

	2019 \$'000	2018 \$'000
Trade creditors	81	-
Grant return payable to DFID	1,000	1,000
Grants payable to UNICEF	2,639	3,039
Grants payable to the World Bank	2,000	3,910
Grants payable to CARE and Action Against Hunger	1,052	-
Grants payable to Save The Children	956	-
Accruals	251	263
Other creditors	67	48
	8,046	8,260

10b Creditors: amounts falling due between one and three years

	2019 \$'000	2018 \$'000
Grants payable to UNICEF	5,462	3,449
Grants payable to CARE and Action Against Hunger	3,064	-
Grants payable to Save The Children	3,348	-
	11,874	3,449

11a Analysis of net assets between funds (current year)

	Restricted \$'000	Total funds \$'000
Tangible fixed assets	46	46
Net assets	49,679	49,679
Long term liabilities	(11,874)	(11,874)
Net assets at 31 December 2019	37,851	37,851

11b Analysis of net assets between funds (prior year)

	Restricted \$'000	Total funds \$'000
Tangible fixed assets	14	14
Net assets	51,613	51,613
Long term liabilities	(3,449)	(3,449)
Net assets at 31 December 2018	48,178	48,178

12a Movements in funds (year 2019)

	At 1 January 2019 \$'000	Income & gains \$'000	Expenditure & losses \$'000	At 31 December 2019 \$'000
Total restricted funds	48,178	18,841	(29,168)	37,851

12b Movements in funds (year 2018)

	At 1 January 2018 \$'000	Income & gains \$'000	Expenditure & losses \$'000	At 31 December 2018 \$'000
Total restricted funds	54,110	47,112	(53,044)	48,178

Purposes of restricted funds

All of the funds of the charity are considered restricted, and are to be used to fund maternal and child nutrition programmes aimed at reducing child undernutrition and malnutrition world-wide.

13 Reconciliation of net loss to net cash flow from operating activities

	2019 \$'000	2018 \$'000
Net loss for the reporting period (as per the statement of financial activities)	(10,538)	(6,463)
Depreciation charges	22	28
Interest income	(391)	(15)
Increase in debtors	(1,602)	(9,475)
Increase in creditors	8,211	6,924
Net cash provided by operating activities	(4,298)	(9,001)

14 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property 2019 \$'000	2018 \$'000
Less than one year	118	53
Years two to five	400	-
	518	53

15 Legal status of the charitable foundation

The charitable foundation is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to \$1.32 (£1).

16 Related party transactions

Two trustees of the charitable foundation were senior employees of CIFF during the year. The charitable foundation received \$3.4m of income from CIFF (2018: \$8.7m) during the year.

One trustee of the charitable foundation was a senior employee of UBSOF. The charitable foundation received \$3.9m from UBSOF in the year (2018: \$0.1m). At the end of the year, \$1.3m (2018: \$5.2m) was included in debtors as outstanding. UBSOF funding is restricted for use as grant expenditure.

One trustee of the charitable foundation is a partner of the legal firm Bircham Dyson Bell (BDB). The Power of Nutrition paid \$100,964 (2018: \$80,164) in legal fees to BDB in the year. All transactions were at an arm's length basis.

17 Post balance sheet event

On the 21st May 2020 we received a letter from a donor in our Maharashtra programme in India that they would not be able to meet the first programme disbursement request and would be unable to meet any further financial obligations under their contract (total obligations are \$2.5 million). The donor cited the Covid-19 pandemic and the resultant financial hardships as the reason they would not be able to fulfil their obligations. We have since received confirmation from one of our founding funders that they will cover the full commitment up to \$2.5m subject to The Power of Nutrition continuing to seek other donors who may be able to take up some of the obligation in the future. This means that there are no financial implications for The Power of Nutrition in terms of income or expenditure. Payments totalling \$691,400 will be made to the programme by the substitute funder during the 2020 year.