

Company Registration Number 09595920

Charity Number 1162036

**BIG WIN PHILANTHROPY
(A COMPANY LIMITED BY GUARANTEE)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2017**

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Big Win Philanthropy

Legal and Administrative Information

Registered office	10 Queen Street Place London EC4R 1BE
Company number	09595920 (incorporated in England and Wales)
Registered charity number	1162036
Trustees	Jamie Cooper (Chair) Suprotik Basu Nikos Makris Malik Dechambenoit Mark Dybul Dzingai Mutumbuka (Appointed 19 May 2017)
President (<i>pro bono</i>) Chief Executive Officer Chief Operating Officer	Jamie Cooper Dr. Muhammad Pate Christopher J. Klatell
Bankers:	HSBC Bank plc 8 Canada Square London E14 5HQ
Solicitors	Bates Wells Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Independent auditor:	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB

Big Win Philanthropy

Trustees' Report

1.1 CHAIR'S WELCOME

Welcome to our Annual Report for the year ended 31 December 2017, which includes the charity's financial statements for that year.

Since its inception, Big Win Philanthropy ("Big Win") has been fortunate to partner with key leaders at a national and regional level on the African continent. These leaders demonstrated clarity of vision for transformation of their countries and were willing to make bold commitments for investing in harnessing the human capital of their nations' children and youth.

Investing now in Africa's emerging youth population presents the leaders of today with an unprecedented possibility for improving the future paths of their countries. The key is to harness human capital potential through quality investments in the brain development and education of children and by providing youth with opportunities for productive employment. If achieved, the economic trajectory of the continent will be profoundly shifted in a positive direction for many generations to come. If, on the other hand, the potential human capital is neglected, the countries in the continent may be challenged with persistent poverty, social instability and political upheavals.

In this report, you will read about the key initial investments that have transpired through our partnerships with African leaders. The Big Wins we seek are their countries' Big Wins. Our role has been to support the translation of their visions into tangible action steps, guided by evidence and with fidelity to achieving results.

Big Win has taken on a range of functions to back these leaders in achieving their ambitions. These have included: tightening strategies and plans; supporting cross-ministerial collaboration; enabling insights and access to best practices in other countries; providing technical support; and providing data-collection and monitoring capabilities.

During our partnerships, we have forged open, trusting relationships that allowed us to make progress while being ready to correct course as necessary. To the extent that we succeeded, it is because of the strength of our partners and their ownership of the agendas that we supported.

We are thankful to everyone who has contributed to the growth and development of Big Win Philanthropy and look forward to what comes next.



Jamie Cooper

President and Chair, Big Win Philanthropy

Big Win Philanthropy

Trustees' Report

The Trustees present their report and the financial statements of Big Win Philanthropy (referred to as the "Charity" in the remainder of this report) for the year ending 31 December 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charities Act 2011, the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP FRS 102) effective 1 January 2015 and applicable UK Accounting Standards (UK GAAP).

1.2 STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a company limited by guarantee and not having share capital, governed by its Memorandum and Articles of Association dated 18 May 2015. It is registered as a charity with the Charity Commission. Jamie Cooper (the "Founder") is currently the sole member of the Charity.

Trustees

The Charity was formed on 18 May 2015 with Jamie Cooper, Suprotik Basu and Nikos Makris as its initial Trustees. Jamie Cooper, as the Founder, may appoint additional Trustees. In November 2015, Ms. Cooper nominated, and the other Trustees voted to appoint, Malik Dechambenoit as a Trustee. In May 2017, Ms. Cooper nominated, and the other Trustees voted to appoint, Mark Dybul and Dzingai Mutumbuka as additional Trustees. In December 2017, Ms. Cooper nominated, and the other Trustees voted to appoint, H.E. Luísa Diogo as an additional Trustee. Because of health issues, Madame Diogo's appointment paperwork remains pending.

Curricula Vitae for potential new Trustees are circulated in advance, and candidates are invited to attend at least one meeting as advisors before their candidacies are considered. New Trustees complete a Declaration of Eligibility and Declaration of Interests; review HMRC and Charity Commission guidance; and are introduced to the policies and procedures of the Charity, including its conflict of interest and safeguarding policy, Trustee code of conduct and policy on the role of Trustees. Ongoing training and guidance related to charitable governance and related matters are provided at meetings of the Trustees and at committee meetings.

Trustees (other than the Founder) normally serve three-year terms and do not serve more than three consecutive terms.

Trustees meet twice annually in person and at additional times by teleconference. In 2017, in-person meetings were held on 19 May and 5 December. Trustees also consider and approve certain actions and initiatives by written consent.

President

In addition to serving as Chair, Jamie Cooper serves as President of the Charity. All of Ms. Cooper's services are provided on a pro bono basis.

Chief Executive Officer

Dr. Muhammad Pate is the Chief Executive Officer (CEO) of the Charity. Dr. Pate is an employee of the Charity's partner foundation in the United States of America (see "Relationship to Other Charities," below), which makes him available to the Charity on a no-cost basis. The Chief Executive Officer works closely with the President, who works with the Board to set performance goals for the CEO that are reviewed on a semi-annual basis.

At the end of 2018, Dr. Pate will complete a three-year term in this defining leadership role, and Dr. Kesete Admasu, formerly Minister of Health in Ethiopia, will take the reins as the Charity's CEO, based in London.

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Management

The day-to-day management of the Charity is carried out by the Chief Executive Officer and overseen by the President. The Chief Operating Officer (COO) reports directly to the Chief Executive Officer on operational matters and to the President and Chair on financial and governance matters. The rest of the staff reports to a management team comprised of the President, CEO and COO. By the end of 2017, the Charity had five employees and received support from the CEO and COO, who are compensated and employed by the Charity's partner foundation in the United States of America.

All grants and charitable disbursements, and the accompanying activities to be undertaken by the Charity's staff, are presented to the Trustees for consideration in a written investment memorandum, which must be approved by the Trustees. From time to time, the Trustees may delegate authority to the Chair and the staff to make small discretionary grants or programmatic expenditures within budgeted amounts.

Pay and remuneration for the Charity's staff are set using benchmarks from other similarly situated charities and the employees' compensation history, and by applying criteria such as experience and skill level. The Charity has a goal-setting and review process for employees that encourages them to strive for success in all their endeavors and holds them accountable for their performance.

Committees

The Charity has an active board, and its committees other than the Investment Committee and the ad hoc CEO Hiring Committee (formed in 2018) are accordingly committees of the whole. To date, the committees other than the Investment Committee and the CEO Hiring Committee have met during meetings of the Trustees, with the Investment Committee also meeting on a regular basis throughout the year. The Trustees form ad hoc advisory committees on specific programmatic issues when and as needed.

Relationship to Other Charities

The Charity has a close working relationship with a United States charitable trust, the Children's Investment Fund Foundation operating as Big Win Philanthropy (hereinafter referred to as "Big Win Philanthropy US"). There is no control relationship between the organisations and they are legally independent of one another. While the two charities are not formally affiliated, they share certain Trustees and officers and cooperate on charitable endeavors. The Charity's operating policies and strategies are designed to make efficient use of the two charities' combined resources for maximum charitable impact.

An English charity, CIFF UK, has agreed to make a sizeable expendable endowment grant to the Charity (as described in Section 1.6, below). The Charity's Chair co-founded CIFF UK and remains a member and trustee of that charity, but she has recused herself from its activities and decision making pending the final decision of the courts and the Charity Commission in relation to approval of the grant from CIFF UK to the Charity. The relationship with CIFF UK does not impact the Charity's operating policies, except to the extent that the grant agreement between the Charity and CIFF UK will restrict the use of funds received pursuant to that agreement to the improvement of the lives of children, young people and families in need in developing countries or countries in crisis.

On June 6, 2017, the Chancellor of the High Court approved the grant from CIFF UK to the Charity. One of the four respondents applied to the Court of Appeal for permission to appeal an aspect of the High Court judgment, and on July 6, 2018 the Court of Appeal allowed the appeal in part. On July 26, 2018, Big Win Philanthropy's Chair, Jamie Cooper, filed a Notice of appeal to the Supreme Court of the United Kingdom. Approval of the grant therefore remains pending. For more information, please see note 20 to the Charity's accounts.

Big Win Philanthropy

Trustees' Report

1.3 PUBLIC BENEFIT

The Trustees confirm that they have given due consideration to the Charity Commission's public guidance on the Public Benefit requirement under the Charities Act 2011.

Objects

The Charity was formed in May 2015 for the public benefit, with the goal of benefitting children and youth and with the following objects:

- To prevent and relieve poverty;
- To relieve suffering, sickness and distress;
- To advance education; and
- To promote any other purpose recognised as charitable in accordance with the laws of England and Wales.

The Founder formed the Charity to work for the benefit of children and young people in developing, low-income countries. In order to achieve this goal, the Charity primarily partners with governments, multilateral institutions and other non-profits to plan and coordinate interventions that can improve the lives of young people in sub-Saharan Africa at scale, particularly in the health, education and youth employment sectors, with a focus on human capital development.

Mission

The Trustees have adopted the following mission statement:

Big Win Philanthropy is an independent foundation that invests in children and young people in developing countries to improve their lives and to maximize demographic dividends for long-term economic growth. Big Win Philanthropy partners with leaders who have a stake in the outcome to achieve transformational change.

1.4 OUR WORK

The demographic transition is a potentially game-changing, one-off opportunity for accelerated growth for many countries in sub-Saharan Africa. It occurs when falling mortality followed by falling fertility results in a "youth bulge" which creates a window of opportunity, for a few precious decades in a country's development, when the ratio of workers to dependents is unusually high.

This transition provides an opportunity to benefit from an economic phenomenon called the demographic dividend: A demographically facilitated economic surplus that can massively increase incomes, living standards and investment for the future - potentially multiplying a country's national income many times over.

However, the dividend is not automatic. It is dependent on investments being made in children and young people decades in advance, in areas such as health, education and employment, so that they develop into healthy, productive adults. Big Win Philanthropy is focused on supporting leaders to make these investments.

Approach

The Charity's work is guided by the following concepts:

- **Aspiration**
We see children and young people as a huge asset for creating economic growth and social stability - too often they are seen as a problem or a humanitarian obligation.
- **Respect**
We support the vision and ambition of political leaders in developing countries and align our support with their development priorities, including support for leadership capacity-building.

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- **Collaboration**
We support cross-sectoral collaboration between different government ministries to address major social challenges. We also seek to forge partnerships between government, business and civil society.
- **Implementation**
We believe that execution and delivery are just as important as policy and deserve greater attention and prestige. We support leaders to improve implementation capacity.
- **Megatrends**
We consider major social shifts such as population growth that are often neglected in the context of short-term political cycles.
- **Ambition**
We seize opportunities that are strategic, scalable and have relevance beyond a specific project, with the potential to be game-changing.
- **Evidence**
We support leaders in utilizing data to inform their priorities, refine programme design, monitor outcomes, improve cost-effectiveness, measure impact and challenge orthodoxy.

The Charity is led by the priorities of the African leaders with whom it partners. It supports work that invests in children and young people in disadvantaged areas to:

- improve the life prospects of individuals;
- generate economic returns for the benefit of the public at large; and
- help secure the long-term economic magnifier effect of a demographic dividend.

The three areas to which the Charity devotes particular attention are:

Brain development. The development of a child's brain provides the fundamental basis for the cognitive, emotional and social capacities that enable the child to fully function as a person. A large proportion of children across sub-Saharan Africa suffer impaired brain development because of three key factors: undernutrition, insufficient social stimulation from care-givers and the experiencing or witnessing of violence. We are interested in work that addresses these factors.

Education for productivity. Better education is essential for developing the qualities and skills that children will need to become more productive – both in terms of their own quality of life and their contribution to national economic growth. Our interest ranges from early years and preschool education through to primary, secondary and vocational education. Our main areas of interest are improving the quality of education and making education relevant to the future economic and social contribution that young people are able to make to society.

Youth employment. Africa's youth bulge involves a population set to quadruple by 2100, of whom half are currently under 25. With the right investment in creating employment, this new generation could become an economic powerhouse, lifting entire regions and countries out of poverty. But without investment, poverty and disaffection amongst young people could lead to profound social instability. We are interested in programmes to create employment (in the informal sector as well as through formal waged employment) and to make young people more employment-ready.

The Charity has developed a strategy in which the support it provides to partners includes:

- Technical assistance for strategy and planning.
- Monitoring of execution and evaluation of impact.
- Strategic support for programme delivery.
- Leverage of knowledge and innovation.
- Facilitation of inter-sectoral collaboration between ministries.
- Positioning programmes to secure external funding.
- Building strategic communications programmes.

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Pursuant to this strategy, the Charity's activities in 2017 were focused on the provision of technical, professional and managerial support and expertise, largely via the Charity's own personnel, to the Charity's partners in government and in the multilateral sector. The Charity was frequently able to leverage this support with grant support from its partner foundation, Big Win Philanthropy (US).

In late 2017 the Trustees also approved the Charity's first direct grant programme, a collaboration to reduce childhood stunting in Mozambique.

Examples of the initiatives the Charity's staff are helping to execute, operate and manage include:

- **Supporting the Government of Ethiopia to end child undernutrition: Seqota Declaration**

The Seqota Declaration is a bold national commitment by the Government of Ethiopia to end child undernutrition in the country by 2030. Working alongside the federal ministers and regional leaders most central to addressing the challenge, Big Win Philanthropy and Big Win Philanthropy US are supporting the upgrading of plans and the quality of programme delivery. The Charity's staff are directly charged with managing all aspects of the programme.

In Ethiopia, 40% of children under the age of five suffer from chronic malnutrition or 'stunting'. Almost half of all child deaths in Ethiopia are associated with undernutrition. For those that survive, stunting reduces cognitive and physical development and diminishes the education, health, productivity and earning potential of millions of young people.

The work is focused initially on 4 million people in the North of the country who face some of the greatest nutritional disadvantage in the world – child stunting in these areas averages around 50% and, in some communities, reaches 80%. The government plans to scale up the programme from 2021 to reach the whole country. Ethiopia's high population growth means that if the right investments are made now in the health and abilities of its children, they will grow up to become a powerhouse generation able to transform their country.

The Charity's staff directly support four key areas of implementation of the Seqota Declaration:

- Programme delivery units at the federal and regional levels of the Ethiopian government charged with doubling the rate of stunting reduction;
- Piloting community laboratories to drive innovation;
- Providing technical assistance and knowledge exchanges to enable increases in irrigation; and
- Establishing baselines for evidence and evaluation through a multi-sectoral baseline assessment conducted in Amhara and Tigray regions.

Although it is a long-term initiative with many variables, the Seqota Declaration Implementation Plan could be a long-term game changer for Ethiopia, contributing to human capital development at scale and helping to unlock the economic boost of a demographic dividend. The Charity has supported the government's desire to address stunting since the Seqota Declaration was first announced and remains deeply committed as the initial efforts begin to gain traction and the initiative moves into the implementation phase. Through the provision of management and delivery support, quality data collection, innovation labs and expertise, the Charity is helping the government of Ethiopia unlock this potential return for children and young people in the country.

- **Supporting the Government of Mozambique to reduce child undernutrition**

Mozambique has the highest level of malnutrition in southern Africa and its nutritional status has remained virtually unchanged since 2003. Building on the Charity's experience and learnings in Ethiopia, the Charity has partnered with the government of Mozambique, the regional government of Nampula, and Graça Machel's Foundation for Community Development ("FDC") to support a new multi-sector taskforce on nutrition being convened by the Prime Minister of Mozambique, with the goal of moving the dial on the pressing question of undernutrition.

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Nampula province has some of the highest stunting rates in Mozambique, despite its significant agricultural production. The province's governor is determined to identify the drivers that can most efficiently address this problem. He has therefore partnered with the Charity to prepare qualitative surveys and evidentiary reviews and to assemble a quantitative baseline so that the government can establish an evidence-based plan for dramatically reducing stunting in Nampula.

At the federal level, the Charity's grant support to FDC will allow for the provision of three technical experts to the government's cross-ministerial bodies, CONSAN and SETSAN, helping to move the nutrition agenda forward, increase collaboration across sectors, and to support and build on the learnings that emerge from Nampula and elsewhere.

- **Education in Liberia: Teacher Vetting Reform Project**

Liberia is the sixth-poorest country in the world, working to recover from two civil wars and the Ebola crisis. With 43% of Liberian people illiterate and 53% aged under 20, better education is essential for breaking the cycle of poverty. Big Win Philanthropy has been supporting the Government of Liberia to improve education and training through a variety of programmes.

From 2016 to 2018, Big Win Philanthropy supported the Liberian Ministry of Education to clean up the national teacher payroll.

The programme included:

- Checking every teacher's qualifications and testing every teacher's abilities.
- Removing from the payroll people who did not exist or who were not teachers.
- Reclassifying those not up to standard onto lower pay grades, until they improve through retraining.

About 19,500 payroll names were vetted, and over 2,000 were found not to exist or not to be teachers. The removal of these will generate \$3.1m of annual savings, allowing about 1,800 new teachers to be employed. Further improvements will come from retraining under-performing teachers and replacing the worst performing teachers.

Based on the success of the Teacher Vetting Reform Project, in 2017 the Charity's personnel worked closely with the Minister of Education to help establish an Education Delivery Unit that could focus on the Ministry's key priorities while also serving as a bridge to the next administration. The 2017 Liberian elections saw the first peaceful transition of power for 70 years, and the EDU ended up playing a critical role in maintaining the momentum for improvements in Liberian education across the transition. After a comprehensive review, the new minister decided to embrace and improve the reform agenda set out in the national education plan, including the programme formerly known as Partnership Schools Liberia. The EDU continued to support that process, while assuming performance management and monitoring and evaluation tasks that can help drive forward the Ministry's big-picture legacy goals for children.

- **Unlocking the nutrition potential of \$33 billion of investments: Banking on Nutrition**

Banking on Nutrition seeks to help generate long-term economic growth across Africa by unlocking the nutrition potential of the African Development Bank's \$33 billion investment portfolio. It involves redesigning the Bank's investments in areas such as agriculture and water to be more "nutrition-smart", for example by planting nutrition-rich crops. This will help reduce stunting. Reduced stunting will mean that more children develop into healthy adults, earning more for themselves and contributing more to the economies of their countries. The initiative was launched in May 2016 by the Bank's President, Akinwumi Adesina, in partnership with Big Win Philanthropy, Big Win Philanthropy US and Dangote Foundation.

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Better child nutrition is crucial for Africa's future economic growth. Children who lack key nutrients in the 1,000 days from conception to the age of two become permanently stunted – being shorter, weaker and less cognitively able. This costs Africa an estimated 11% of GDP. Children who are properly nourished earn 20% more as adults, and good nutrition will help develop Africa's expanding youth population into a more productive workforce that can secure the economic benefit of a demographic dividend.

The Banking on Nutrition partnership strengthens the African Development Bank's capacity to realise the nutrition potential of its existing investments across multiple sectors. In 2017, an evidence review and "action plan" on nutrition-smart interventions produced in partnership with the Charity was accepted by the Bank's governing bodies and is now ready to be integrated into a range of existing Bank projects.

The African Development Bank is the continent's premier development finance institution and is uniquely positioned to address and reposition nutrition as central to development in Africa. It intends to support more investment in nutrition and to provide greater leadership on the issue. As its President, Akinwumi Adesina says, "Nutrition is not just a health and social development issue, nutrition is an investment that shapes economic growth."

The Charity's staff manages the Banking on Nutrition programme and serves as the lead coordinator for the participating charities' engagement with the African Development Bank, with the initial grant funding contributed by Big Win Philanthropy US and the Dangote Foundation.

- **Youth Employment in Ethiopia**

At the initiation of the Prime Minister of Ethiopia, Big Win Philanthropy is developing a partnership with the Ethiopian government to create 1 million quality jobs for young people.

With a large and rapidly growing youth population, generating productive youth employment is an urgent priority for Ethiopia to improve young people's lives, build social stability and realise the potential economic benefit of a demographic dividend. Seventy per cent of Ethiopia's population is under the age of 30, and by 2020 13 million young people will be seeking jobs. To add to the challenge, many of those who are in work are not earning enough to lift themselves out of poverty.

The partnership will aim to create quality jobs – skilled, secure, and with decent pay and conditions. There are many challenges to employment creation, including a mismatch between the skills of young people and employment opportunities, the availability of basic infrastructure, the availability of investment and the need for coordination between different government sectors.

An important element of success of national and regional employment initiatives is the multisectoral leadership and collaboration required to address systemic labour market challenges, identify areas where cross-cutting consensus is required, and champion innovative approaches. In Ethiopia, this will involve exploring new opportunities for diversifying long-term economic growth in sectors with the best potential to create quality jobs such as health, ICT, agri-business, aviation, and tourism while promoting innovation and entrepreneurship so that the government's efforts are sustainable.

Youth employment is a top priority for Ethiopia's new government and is championed by His Excellency Prime Minister Abiy Ahmed. In parallel with efforts at the federal level, the Oromia and Amhara regions will be utilized as demonstration models for other regions in the country, with work undertaken over a one-year period to "unlock" stalled projects; identify youth perspectives on the job crisis; and identify areas for job creation.

The initial phase of the partnership launched with a high-level workshop led by Pemandu Associates and focused on aligning the programme around definitions of "quality jobs", dealing with issues such as levels of remuneration, stability of employment and working conditions. Pemandu is a consultancy that grew out of the Performance Management and Delivery Unit in the Prime Minister's Office in Malaysia and is credited with having played a major role in the successful Malaysian experience of creating employment opportunities for young people. The next phases of the programme include diagnostic studies in Amhara and additional workshops in Oromia, as well as across the board technical support and resource mobilization.

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Other Initiatives

The Charity's senior staff lent their expertise to other initiatives undertaken in collaboration with Big Win Philanthropy US, such as the Ministerial Leadership Programme at Harvard University, a partnership with Kenya's Council of Governors to track progress on children's and youth issues at the county level in Kenya's newly devolved political system, and a planning grant for a youth employment initiative called G-United in Kenya. Based on the success of Banking on Nutrition, the Charity has been invited to work with the African Development Bank on its youth employment initiatives. The Charity's staff also undertook extensive research into the impact of violence on children's brains and human capital development, resulting in a well-received, peer-reviewed research paper on the subject.

1.5 ACHIEVEMENTS

Achievements and Performance

As described above, the Charity's staff have contributed in important ways to programmes and partnerships that have the capacity greatly to improve the lives of children and young people in developing countries.

The Charity remains limited by the resource envelope constraints caused by the ongoing litigation over the promised grant from ClIFF UK. The Charity has simultaneously had to build an organisation and a slate of initiatives that are ready to effectively deploy the promised funds, and to live within the constraints of its current resources in its granting. The Charity has aimed to provide the most value within these limitations by focusing on improving the programme design; programme management; strategic planning; communications; and measurement and evaluation capacity of its partners. These interventions provide maximum leverage.

For instance, the Charity's work with the government of Ethiopia on the Seqota Declaration has helped leverage sizeable inflows into smart nutrition interventions by the government, multilaterals, and private donors, and the "regional PDU" model crafted by the Charity in two regions is now being expanded to the entire country based on a knowledge-transfer document prepared by the Charity. Similarly, the Charity's work with the African Development Bank has led to an agreed nutrition action plan that could redeploy very significant resources to nutrition smart investments. In Liberia, the payroll vetting initiative and Education Delivery Unit on which the Charity's staff partnered not only helped the government recover millions of dollars to spend on new teachers; they also helped secure very meaningful outside funding for core educational goals of the Ministry of Education. And in Mozambique, the Charity's work will help champions within the government drive the nutrition agenda forward at the center while simultaneously establishing clear baselines and evidentiary reviews for addressing stunting in Nampula province, which will ultimately help the government and the Charity measure whether real progress is being made.

The Charity's Trustees and staff have deep experience in articulating key performance indicators for charitable endeavors and are intent on producing indicators that are tailored to the Charity's mission, goals and values. The Charity employs a "critical path" for each initiative it supports, so that progress can be measured along that path as the programme develops (and course corrections can be made if necessary). Because the Charity seeks to deliver "Big Wins" for its partners, its results are not always as easy to measure as the results of "projects" that are defined in their metrics but that lack ambition and scale. As the Charity's programmes mature, however, the Charity will have a strong baseline for evaluating their impact and success.

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Funding

The Charity does not actively engage in fundraising nor are any agencies used to fundraise on the Charity's behalf. Instead, it funds its activities through an expendable endowment, the majority of which it expects to receive via a grant and an additional donation that is contingent upon it.

CIFF UK has agreed to make a grant of \$360,000,000 to the Charity for purposes of creating an expendable endowment that will be used for the benefit of children, young people and their families in developing countries or countries in crisis (the "CIFF Grant"). Approval of the CIFF Grant is currently before the courts. On 9 June 2017, Sir Geoffrey Vos, Chancellor of the High Court, approved the CIFF Grant. One defendant in that case, Dr. Marko Lethimaki, made an application to the Court of Appeal for permission to appeal an aspect of the High Court judgment, and on 6 July 2018 the Court of Appeal allowed the appeal in part. On 26 July 2018, Big Win Philanthropy's Chair, Jamie Cooper, filed a Notice of appeal to the Supreme Court of the United Kingdom. That Notice, and approval of the CIFF Grant by the courts, remains pending.

If the CIFF Grant is approved by the courts, it also must be approved by the Charity Commission.

In addition to the CIFF Grant, in 2015 the Charity received two pledges of \$40,000,000 each, one from its Founder and one from TCI Fund Management Limited. The pledges were made pursuant to Deeds of Covenant.

The Charity's Founder's pledge is contingent upon a positive determination from the courts and the Charity Commission with respect to the CIFF Grant. Nonetheless, the Charity's Founder voluntarily has made donations in partial fulfilment of her pledge. In December 2016, TCI Fund Management Limited made a \$40,000,000 donation to the Charity in early fulfilment of its Deed of Covenant.

In addition to cash support, during 2017 the Charity received significant in-kind support from its partner foundation in the United States. Among other things, Big Win Philanthropy US made available the services of the Charity's CEO and COO, allowed the Charity access to its network and certain other facilities, and paid travel costs for the Charity's staff when travelling for joint initiatives. The trustees of Big Win Philanthropy US have determined that providing this incubation and support furthers the charitable mission of Big Win Philanthropy US, and the generous support greatly increased the ability of the Charity to fulfill its charitable mission in 2017.

The Charity and Big Win Philanthropy US operate pursuant to written guidelines for their ongoing collaborations, and the in-kind support the Charity receives from Big Win Philanthropy US will decrease over time.

1.6 FINANCIAL REVIEW

At the end of the financial year the Charity had excess expenditure over income of \$252,672 (2017: \$40,088,320 income over expenditure). Unrestricted reserves increased from \$88,320 to \$166,652 and the expendable endowment fund decreased from \$40,000,000 to \$39,668,996.

Financially, the Charity's period of operating was defined by the ongoing litigation with respect to the CIFF Grant. Although the CIFF Grant was approved by the High Court in 2017, the appeal taken by a Member of CIFF UK has delayed completion of the Grant.

Because the CIFF Grant has been delayed by litigation, the Charity's personnel have been hampered in making grants to supplement the professional support and technical assistance the Charity's staff provides. The uncertainty surrounding the timing of the CIFF Grant has been an obstacle to the Charity's programmatic development and financial planning.

In 2017, Charitable costs of \$1,356,392 were incurred relating to the Charity's activities. These costs, which primarily relate to the compensation of programme staff, were in line with the Charity's budget and spending policy and were mostly met with the income from, and gains on, the Charity's investment portfolio. Full details of the work supported by this expenditure are contained in the relevant sections of this report. For the year, the Charity's net expenditure was \$227,472.

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The Charity's funding arrangements are set out in note 2 to the accounts and in the fundraising section of this report, above.

At 31 December 2017 cash in hand amounted to \$1,761,629 and the expendable endowment amounted to \$38,130,154.

The Trustees have planned activity levels in anticipation of the CIFF Grant and the accompanying pledge described above, and the long-term financial position of the Charity is wholly dependent upon the receipt of those funds. Until those funds are received, the Charity's operational budget is being funded by investment gain and income from the Charity's expendable endowment.

Investments

The Charity's investments are managed by an outside investment manager (an "OCIO"), Cambridge Associates, that was selected by the Trustees after a competitive bidding process. The OCIO invests the Charity's assets pursuant to an Investment Policy Statement crafted by the Charity's Investment Committee. The Charity's investment assets are held in a custodial account at Northern Trust. The OCIO meets with the Charity's Investment Committee four times a year (by telephone or in person) and submits monthly performance reports.

As set forth in the Charity's Investment Policy Statement, the principal goal of the Charity's investment portfolio is to provide continued funding to support the Charity's charitable activities assuming spending by the Charity at an average annual rate of 5% of its assets. The Investment Policy Statement also contains restrictions related to concentration, liquidity, asset class allocation, and rebalancing. These conditions have been met.

The OCIO began to invest the Charity's investment assets in August 2017, but the OCIO's performance against the agreed benchmarks will begin to be measured on April 1, 2018. For 2017, the Charity achieved a net gain on its investments of \$907,003, together with \$68,054 in interest and \$26,614 in dividends.

The Charity's Investment Policy Statement does not include making social or programme related investments.

Key Risks and Uncertainties

The Charity remains in a somewhat unique position in which the key risks and uncertainties it faces are almost entirely related to a final determination with respect to the \$360,000,000 CIFF Grant. The second \$40,000,000 pledge the Charity expects to receive is also contingent upon a positive determination with respect to the CIFF Grant, so \$400,000,000 in total depends on the actions of the courts and the Commission. If some or all of those funds are not received, or if their receipt is delayed, it will materially impact the Charity's ability to deliver on its mission and programmes.

The Charity is managing risk by undertaking activities that fall within its current budget; devoting its staff to activities where additional funds can be leveraged from others; and avoiding medium or long-term commitments, including sizeable grant or funding commitments. Nonetheless, the Charity is devoting considerable resources to putting itself in a position to be able to deploy additional funds for the public good, and those plans will need to be revised if additional funds do not in fact become available. The Trustees have considered the possibility of spending the Charity's expendable endowment if doing so would be the most efficient and effective use of charitable funds.

The Charity's expendable endowment is invested by an outside investment manager, Cambridge Associates, pursuant to an Investment Policy Statement adopted by the Trustees. There is a risk that the Charity's investments will not meet the benchmarks established by the Trustees or will produce negative returns. The Charity has attempted to set its reserves policy and Investment Policy Statement to reasonably mitigate these risks.

Big Win Philanthropy

Trustees' Report

In addition to funding risks, the Charity works significantly with governments, multilaterals and international organisations in sub-Saharan Africa. Political conditions, changes of administration or policy, and geopolitical concerns could have a material adverse impact on the Charity's operations. Governmental transitions recently occurred in Ethiopia and Liberia, two countries in which the Charity partners with the government. These risks are endemic to the Charity's field of endeavor, so the Charity consistently reviews its policies and activities in an attempt to mitigate (but not eliminate) them. The Charity was able successfully to navigate the transition in administrations in both Liberia and Ethiopia.

The Charity is highly dependent on the experience and skillsets of certain key personnel, including the Trustees, the President and the CEO. If any of them were unable or unwilling to work on behalf of the Charity and could not be effectively replaced, it would have a serious impact on the Charity's operations.

The Charity's staff travel extensively, including to unstable areas of the world and locations where staff could be exposed to communicable diseases, accidents and other risks. The Charity has attempted to adopt policies and procedures to mitigate these risks or to address incidents if they occur, and it also has insured itself against such risks. The Charity has also undertaken additional trainings regarding corruption, safeguarding, and related matters to mitigate the risk that the conduct of personnel or partners abroad could imperil the Charity's activities or reputation. Nonetheless, the Charity's operations and personnel remain at risk of disruption from accidents, disease, and security concerns encountered when its personnel are travelling abroad, and the Charity remains at risk that corruption or a violation of safeguarding standards will impact its operations.

Going Concern

The Charity does not currently have any funds in deficit and, given its expendable endowment, does not presently face any material threat to its status as a going concern. Nonetheless, as stated above, failure to receive anticipated funds would require the Trustees materially to rethink the organisation's structure and planned activities. As such the financial statements have been prepared on a going concern basis.

Plans for Future Periods

The Charity's plans for future periods are dependent upon receipt of the additional anticipated expendable endowment funds. In 2018, the Charity leased long-term offices in London and expanded its staff there. The Trustees are wary of expanding beyond this until they have more certainty with respect to the CIFF Grant and the related pledge.

Programmatically, many of the Charity's endeavors involve multi-year commitments and will continue through at least 2019.

Reserves Policy

The Trustees are committed to applying the Charity's resources in a responsible manner that maximizes charitable outcomes.

The Trustees have established a reserves policy of holding 12 months of projected expenditures in reserve, based on a spending target of 5% of the Charity's average assets for the previous 12 trailing quarters. This was \$967,093 for 2017. Because the low level of assets prior to December 2016 significantly impacts the 12 trailing quarters average, the Charity kept reserve funds slightly in excess of 5% of that figure to more accurately reflect projected spending going forward.

At the end of the reporting period, the Charity held \$1,761,629 in unrestricted operating reserves and \$38,130,154 in an expendable endowment fund.

The Trustees review the Charity's reserves policy annually, and, in particular, will review it when there are developments with respect to the anticipated expendable endowment funds.

Big Win Philanthropy

Trustees' Report

Trustees' Statement of Responsibilities

The Trustees (who are also directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the 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 that 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 practices and apply them consistently;
- Observe the methods and principles in the Charity SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The Trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy, the financial position of the charitable company at any time 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.

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.

Big Win Philanthropy

Trustees' Report

Disclosure of information to Auditors

Each of the Trustees, who are also directors, at the time this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the Charity's auditors are unaware; and
- the Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

The auditors, RSM UK Audit LLP, have expressed their willingness to remain in office for a further year, and a proposal for their reappointment will be made in accordance with section 485 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The Trustees Report was approved by the Trustees on 26 SEPTEMBER 2018 and is signed on their behalf by



Jamie Cooper

Trustee, President and Chair

Date: 26 SEPTEMBER 2018

Independent Auditor's Report to the Members of Big Win Philanthropy

Opinion

We have audited the financial statements of Big Win Philanthropy (the 'charitable company') for the year ended 31 December 2017 which comprise the Statement of Financial Activities including the Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement 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 FRS 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 2017 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of Big Win Philanthropy

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, and the incorporated Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report incorporating the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report incorporating the Strategic Report.

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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 14, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Big Win Philanthropy

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.

RSM UK Audit LLP

Hannah Catchpool (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 28 September 2018

Big Win Philanthropy

Statement of Financial Activities (including income and expenditure account) For the year ended 31 December 2017

	Note	Unrestricted Funds \$	Endowment funds \$	Total 2017 \$	Total 2016 as restated \$
Income from:					
Donations and legacies	3	100,000	-	100,000	40,785,894
Income in kind					
Investments	4	94,668	-	94,668	-
Total income		<u>194,668</u>	<u>-</u>	<u>194,668</u>	<u>40,785,894</u>
Expenditure on:					
Charitable activities	5	1,356,392	-	1,356,392	1,199,688
Investment management		-	22,751	22,751	-
Total expenditure		<u>1,356,392</u>	<u>22,751</u>	<u>1,379,143</u>	<u>1,199,688</u>
Net gain on investments	13	-	907,003	907,003	-
Net income / (expenditure)		<u>(1,161,724)</u>	<u>884,252</u>	<u>(277,472)</u>	<u>39,586,206</u>
Transfers between funds	17	1,215,256	(1,215,256)	-	-
Other recognised gains	7	24,800	-	24,800	37,174
Net movement in funds		<u>78,332</u>	<u>(331,004)</u>	<u>(252,672)</u>	<u>39,623,380</u>
Reconciliation of funds:					
Total funds brought forward, as restated		88,320	40,000,000	40,088,320	464,940
Total funds carried forward	17	<u><u>166,652</u></u>	<u><u>39,668,996</u></u>	<u><u>39,835,648</u></u>	<u><u>40,088,320</u></u>

Big Win Philanthropy

Balance Sheet As at 31 December 2017

		2017		2016 as restated	
	Note	\$	\$	\$	\$
Fixed assets:					
Tangible assets	12		3,952		9,906
Investments	13		38,130,154		40,000,000
			<u>38,134,106</u>		<u>40,009,906</u>
Current assets:					
Debtors	14	23,603		19,870	
Cash at bank in hand		1,761,629		145,570	
		<u>1,785,232</u>		<u>165,440</u>	
Liabilities:					
Creditors: amounts falling due within one year	15	83,690		87,026	
Net current assets			<u>1,701,542</u>		<u>78,414</u>
Total net assets			<u>39,835,648</u>		<u>40,088,320</u>
The funds of the charity:					
Unrestricted funds	17	166,652		88,320	
Expendable endowment funds	17	39,668,996		40,000,000	
Total charity funds		<u>39,835,648</u>		<u>40,088,320</u>	

The financial statements on pages 19 to 33 were approved by the Board of Trustees on 26 SEPTEMBER 2018 and authorised for issue.



Jamie Cooper
Chair of Trustees

Big Win Philanthropy
Company Registered No: 09595920

Big Win Philanthropy

Statement of Cash Flows For the year ended 31 December 2017

		2017		2016 as restated	
	Note	\$	\$	\$	\$
Cash (used in)/provided by operating activities	19		(1,253,346)		39,622,087
Cash flows from investing activities:					
Purchase of tangible fixed assets		298		4,639	
Purchase of fixed asset investments		(3,088,644)		(40,000,000)	
Sale of fixed asset investments		3,065,493		-	
Transfer of cash from investments		2,800,000		-	
Interest received		68,054		-	
Net cash used in investing activities			<u>2,844,605</u>		<u>(39,995,361)</u>
Increase/(Decrease) in cash and cash equivalents in the year			<u>1,591,259</u>		<u>(373,274)</u>
Total cash and cash equivalents at the beginning of the year			145,570		490,948
Effect of foreign exchange rate changes			24,800		27,896
Total cash and cash equivalents at the end of the year			<u><u>1,761,629</u></u>		<u><u>145,570</u></u>

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

1. Accounting Policies

Legal status of the charity

The charity is a private company limited by guarantee and has no share capital. The company is incorporated in England and Wales registration number 09595920. The liability of each member in the event of winding up is limited to \$1.35 (£1).

The registered office of the company is 10 Queen Street Place, London, United Kingdom, EC4R 1BE. The charitable company's objectives and aims are disclosed in the Trustees' Report.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) 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) 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.

During the year the trustees reassessed the functional currency of the charitable company. It was determined that in both the current and previous years this was US Dollars, and not Sterling as stated in the previous year's accounts. Based on this, the trustees have decided to change the presentational currency of these financial statements to US Dollars with the comparatives being restated. Further details can be found in note 2, which addresses the restatement of prior period figures. Monetary amounts in these financial statements are rounded to the nearest \$.

Public benefit entity

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

Going concern

The trustees consider that there are no material uncertainties about the charitable company'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. As such the financial statements have been prepared on a going concern basis.

Income

Income is recognised when the charity 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.

Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

The expendable endowment may be expended on both capital and revenue items in furtherance of the Charity's charitable purposes as determined by the trustees.

There are no restricted general funds in the current year or the previous period.

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:

- i. Expenditure on charitable activities: this relates to the costs of delivering services, including the research and design work required in order to plan for the implementation of the charitable investment programme aimed at improving the lives of children and youth of sub-Saharan Africa, and their associated support costs.

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

Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity, for example IT. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs, is apportioned on the basis of an estimate of staff time, attributable to each activity.

Governance costs, one of the support costs, are the costs associated with the governance arrangements of the charity. These costs relate to constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities as well as professional fees such as audit fees.

Tangible fixed assets

Items of computer equipment over \$200 are capitalised at cost. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

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:

Computer equipment	33.33% Straight line
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Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

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.

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. They are held to meet short term cash commitments as they fall due.

Creditors and provisions

Creditors and provisions are recognised where the charity 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.

Pensions

For defined contribution schemes the amount is charged to the Statement of Financial Activities as contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Financial Instruments

The Charity has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price. The Charity has not entered into any financing transactions.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements - Valuation of donated services

The charitable company makes an estimate of the value of management services provided by the Children's Investment Fund Foundation trading as Big Win Philanthropy, a charitable trust formed under the laws of New York, USA. This is accounted for as Income in Kind. The estimate is based on information provided by the donor.

2. Prior period adjustment

During the year, the trustees reassessed the functional currency of the charitable company. It was determined that this should be US Dollars and not Sterling as previously reported due to the large donations received in US Dollars which are subsequently held in a US Dollar investment fund. Based on this, the trustees have also decided to change the presentational currency of these financial statements to US Dollars with the comparatives being restated.

The change in presentational currency constitutes a change in accounting policy. The change in functional currency constitutes a prior period error as the information was available at the time, however the wrong determination was made. Both changes are adjusted retrospectively.

In the year to 31 December 2016 a gain on investments of £255,429 was recognised on conversion of the \$40,000,000 investment into Sterling. Due to the reassessment of the functional and presentational currency, this gain has been removed and an exchange rate gain of \$37,174 has been recognised when converting the Sterling transactions into US Dollars.

The \$40,000,000 investment was a transaction originally in US Dollars, so this transaction does not require recalculating from Sterling to US Dollars on the exchange rates below.

The following exchange rates have been used to convert Sterling transactions and balances in the year to 31 December 2016 into US Dollars:

As at 31 December 2016	1.2345
Average throughout 2016	1.3564

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

Converted Statement of Financial Activities:

	2016 £	2016 \$
Income from:		
TCI Fund Management Limited (pledge fulfilment)	32,260,666	40,000,000
Donations	492,285	667,710
Income in kind	87,134	118,184
Total income	<u>32,840,085</u>	<u>40,785,894</u>
Expenditure on:		
Charitable activities	884,496	1,199,688
Total expenditure	<u>884,496</u>	<u>1,199,688</u>
Net income	31,955,589	39,586,206
Net gains on investments	255,429	-
Foreign exchange gains	-	37,174
Net movement in funds	<u>32,211,018</u>	<u>39,623,380</u>
Total funds brought forward	<u>376,622</u>	<u>464,940</u>
Total funds carried forward	<u>32,587,640</u>	<u>40,088,320</u>

Converted Balance Sheet:

	2016 £	2016 \$
Fixed assets:		
Tangible assets	8,024	9,906
Investments	32,516,095	40,000,000
	<u>32,524,119</u>	<u>40,009,906</u>
Current assets:		
Debtors	16,097	19,870
Cash at bank and in hand	117,919	145,570
	<u>134,016</u>	<u>165,440</u>
Liabilities:		
Creditors: amounts falling due within one year	70,495	87,026
Net current assets	<u>63,521</u>	<u>78,414</u>
Total assets	<u>32,587,640</u>	<u>40,088,320</u>
The funds of the charity:		
Unrestricted funds	71,545	88,320
Expendable endowments funds	32,516,095	40,000,000
Total charity funds	<u>32,587,640</u>	<u>40,088,320</u>

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

3. Donations

	2017	2016
	\$	as restated \$
TCI Fund Management (pledge fulfilment)	-	40,000,000
Donations – Grant from The CAF American Donor Fund on behalf of Founder	-	667,710
Income in kind	100,000	118,184
	<u>100,000</u>	<u>40,785,894</u>

For the year to 31 December 2016, income from donations includes donation amounting to US \$40,000,000 which is attributable to endowment funds and \$785,894 attributable to unrestricted funds.

4. Investments

	2017	2016
	\$	\$
Dividends	26,614	-
Interest	68,054	-
	<u>94,668</u>	<u>-</u>

5. Analysis of expenditure on charitable activities

	2017	2016
	\$	as restated \$
Activities undertaken directly		
Staffing	898,961	701,694
Other direct costs	162,443	160,004
	<u>1,061,404</u>	<u>861,698</u>
Support costs (note 6)	294,988	337,990
	<u>1,356,392</u>	<u>1,199,688</u>

6. Analysis of support costs

	2017	2016
	\$	as restated \$
Governance (see below for analysis)	108,306	114,453
Staffing	71,218	121,033
Accountancy and financial management	8,833	21,568
Legal fees	18,518	9,541
Other (rent and operations etc.)	88,113	71,395
	<u>294,988</u>	<u>337,990</u>

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

Analysis of support costs (continued)	2017	2016
	\$	as restated
		\$
Governance costs are made up of:		
Audit fee (including VAT)	22,260	21,600
Accountancy and financial management	17,528	13,800
Legal and professional fees	18,518	19,961
Costs of services provided by Big Win USA	50,000	59,092
	<hr/>	<hr/>
Total	108,306	114,453
	<hr/>	<hr/>
7. Net income for the period	2017	2016
	\$	as restated
		\$
This is stated after charging/crediting:		
Depreciation (note 12)	6,252	6,252
Auditor's remuneration (including VAT)	25,749	32,552
Non-audit remuneration		
- Other services	6,487	-
- Taxation	5,344	2,848
Foreign exchange gains or losses	24,800	37,174
	<hr/>	<hr/>

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

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

	2017	2016
	\$	as restated \$
Staff costs were as follows:		
Salaries and wages	843,832	726,298
Social security costs	103,643	89,200
Pension costs	22,323	7,229
	<u>969,798</u>	<u>822,728</u>
	No.	No.
Higher paid employees were paid in the following bands:		
\$98,760 - \$111,105 (£80,001 - £90,000)	-	1
\$123,450 - \$135,795 (£100,001 - £110,000)	1	1
\$197,521 - \$209,865 (£160,001 - £170,000)	1	1
\$222,210 - \$234,555 (£180,001 - £190,000)	1	1

Key Management personnel is made up of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO), neither of whom received any benefits directly from the Charity during the periods ended 31 December 2017 and 2016. The value of Key Management's costs donated by Children's Investment Fund Foundation trading as Bin Win Philanthropy US was \$100,000 (2016 - \$118,184) as disclosed in Note 10.

The Charity's Trustees were not paid and did not receive any benefits from employment with the Charity in the year (2016 - \$Nil). The Trustees did not have any reimbursement of expenses (2016 - \$Nil). No Charity Trustee received payment for professional or other services supplied to the Charity (2016 - \$Nil).

9. Staff numbers

There were 5 employees at the year end (2016 - 4). The average number of employees (head count based on number of staff employed) during the accounting period was as follows:

	2017	2016
	No.	No.
All activities	<u>5</u>	<u>4</u>

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

10. Related party transactions

The relationship between Big Win Philanthropy and the Children's Investment Fund Foundation trading as Big Win Philanthropy, a charitable trust formed under the laws of New York, USA is a close working relationship. There is no control relationship between the organisations and they are legally independent of one another. While the two charities are not formally affiliated, they share certain Trustees and officers and cooperate on charitable endeavors, and Jamie Cooper in her individual capacity has certain authority over each charity as articulated in its organisational documents. There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

The related party transactions for 2017, and the prior year are as follows:

- i. In 2016 a grant was received for \$667,710 from the CAF American Donor Fund, a donor advised fund, at the suggestion of Jamie Cooper, the Founder and Chair of Big Win Philanthropy. There have been no further grants in the current year.
- ii. Management services valued at \$100,000 (2016 - \$118,184) provided by the Children's Investment Fund Foundation trading as Big Win Philanthropy, a charitable trust formed under the laws of New York, USA. This is accounted for as Income in Kind.
- iii. A \$40,000,000 donation to the Charity in December 2016 made by TCI Fund Management Limited pursuant to a Deed of Covenant. That Deed was made in connection with an agreement amongst TCI Fund Management Limited, the Children's Investment Fund Foundation (UK) and Jamie Cooper, the President and Chair of the Charity. Christopher Hohn, who is an authorised signatory of TCI Fund Management Limited and whom the Charity believes has an interest in TCI Fund Management Limited, is a Member and Trustee of Children's Investment Fund Foundation (UK) and the ex-husband of Jamie Cooper. No further donations have been made in the current year.

11. Taxation

Big Win Philanthropy is a registered charity and as such its income and gains falling within Sections 466 to 493 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

12. Tangible Fixed Assets

	Computer Equipment \$	Total \$
Cost		
At the start of the year, as restated	15,210	15,210
Additions during the year	298	298
At the end of the year	<u>15,508</u>	<u>15,508</u>
Depreciation		
At the start of the year, as restated	5,304	5,304
Charge for the year	6,252	6,252
At the end of the year	<u>11,556</u>	<u>11,556</u>
Net book value		
At the end of the year	<u>3,952</u>	<u>3,952</u>
At the beginning of the year, as restated	<u>9,906</u>	<u>9,906</u>

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

13. Fixed Asset Investments	2017	2016 as restated
	\$	\$
Movement in Fixed Asset Investments		
Market value brought forward at 1 January	40,000,000	-
Additions to investments at cost	3,088,644	40,000,000
Disposals and paydowns	(3,065,493)	-
Cash movement	(2,800,000)	-
Gains on investments	907,003	-
	<u>38,130,154</u>	<u>40,000,000</u>
Market value as at 31 December	38,130,154	40,000,000
Historic cost	<u>37,242,742</u>	<u>40,000,000</u>
Investments at fair value comprised:		
Cash held with investment managers	2,000,000	-
Cash held in solicitors client account	-	40,000,000
Listed investments	36,130,154	-
	<u>38,130,154</u>	<u>40,000,000</u>

Fixed Asset Investments represents the Charity's Expendable Endowment Fund (see Note 18).

14. Debtors	2017	2016 as restated
	\$	\$
Prepayments	9,050	7,762
Other debtors	14,553	12,108
	<u>23,603</u>	<u>19,870</u>

15. Creditors: amounts falling due within one year	2017	2016 as restated
	\$	\$
Trade creditors	1,447	13,254
Taxation and social security	33,992	44,144
Accruals	48,251	29,628
	<u>83,690</u>	<u>87,026</u>

16. Financial instruments	2017	2016 as restated
	\$	\$
Carrying amount of financial assets		
Debt instruments measured at amortised cost	14,553	12,108
Instruments measured at fair value through net income	38,130,154	40,000,000
	<u>38,130,154</u>	<u>40,000,000</u>
Carrying amount of financial liabilities		
Measured at amortised cost	49,698	42,882
	<u>49,698</u>	<u>42,882</u>

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

17. Movements in funds

	At the start of the year \$	Incoming resources \$	Outgoing resources \$	Transfers \$	Gains and (losses) \$	At the end of the year \$
Current Year						
Total unrestricted funds	88,320	194,668	(1,356,392)	1,215,256	24,800	166,652
Expendable Endowment Fund	40,000,000	-	(22,751)	(1,215,256)	907,003	39,668,996
Total Funds	40,088,320	194,668	(1,379,143)	-	931,803	39,835,648
Prior Period, as restated						
Total unrestricted funds	464,940	785,894	(1,199,688)		37,174	88,320
Expendable Endowment Fund	-	40,000,000	-		-	40,000,000
Total Funds	464,940	40,785,894	(1,199,688)	-	37,174	40,088,320

The Expendable Endowment Fund was created on 20 December 2016 following the receipt of \$40,000,000 from TCI Fund Management Limited. The Trustees may expend both capital and revenue items in furtherance of the Charity's charitable purposes.

A transfer has been made from the expendable endowment to cover operational expenses.

18. Analysis of net assets

	Unrestricted Funds \$	Expendable Endowment \$	Total Funds \$
At 31 December 2017			
Tangible Fixed Assets	3,952	-	3,952
Fixed Asset Investments	-	38,130,154	38,130,154
Cash at bank and in hand	222,787	1,538,842	1,761,629
Other net current liabilities	(60,087)	-	(60,087)
	<u>166,652</u>	<u>39,668,996</u>	<u>39,835,648</u>
At 31 December 2016, as restated			
Tangible Fixed Assets	9,906	-	9,906
Fixed Asset Investments	-	40,000,000	40,000,000
Cash at bank and in hand	145,570	-	145,570
Other net current liabilities	(67,156)	-	(67,157)
	<u>88,320</u>	<u>40,000,000</u>	<u>40,088,320</u>

Big Win Philanthropy

Notes to the Financial Statements For the year ended 31 December 2017

19. Reconciliation of net income to net cash flow from operating activities

	2017	2016
	\$	\$
Net income for the reporting period	(277,472)	39,586,206
Depreciation charges	6,252	5,460
Investment income	(68,054)	-
Gains on investments	(907,003)	-
(Increase)/Decrease in debtors	(3,733)	164
(Decrease)/Increase in creditors	(3,336)	30,257
	<hr/>	<hr/>
Net cash (used in)/provided by operating activities	(1,253,346)	39,622,087

20. Contingent assets

On 9 June 2017 Sir Geoffrey Vos, Chancellor of the High Court, approved a grant of \$360,000,000 from the Children's Investment Fund Foundation (UK) ("CIFF UK") to the Charity (the "CIFF UK Grant"), subject to the written approval of the Charity Commission. On 16 August 2017, the Fourth Defendant in that action, Dr Marko Lethimaki, made an application to the Court of Appeal for permission to appeal an aspect of the High Court judgment. On 6 July 2018 the Court of Appeal allowed the appeal in part. On 26 July 2018 Big Win Philanthropy's Chair, Jamie Cooper, filed a Notice of appeal to the Supreme Court of the United Kingdom. Ms Cooper has signed a Deed of Covenant to donate \$40,000,000 to the Charity upon a final Positive Determination with respect to the CIFF UK Grant. The receipt of the \$360,000,000 grant and the remainder of Ms Cooper's \$40,000,000 pledge remains contingent upon the actions and decisions of the courts, the Charity Commission, and potentially Dr Lethimaki.