

Charity Registration No. 1147341

Company Registration No. 07980355 (England and Wales)

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Novak Djokovic Jelena Djokovic David Lumley
Secretary	Temple Secretarial Limited
Charity number	1147341
Company number	07980355
Registered office	Third Floor 20 Old Bailey London EC4M 7AN
Independent examiner	Lewis Evans Partnership LLP The Oaks 3 Village Road West Kirby Wirral CH48 3JN
Bankers	Adam & Company plc 6 Adelaide Street London WC2N 4HZ
Solicitors	Withers LLP 20 Old Bailey London EC4M 7AN

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

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THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2019

The trustees present their report and financial statements for the year ended 31 December 2019.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "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 2019)".

Objectives and activities

a. Policies and objectives

The general objects of the charity are:

- The advancement and furtherance of education anywhere in the world;
- The prevention or relief of poverty or financial hardship anywhere in the world by providing or assisting in the provision of education, training, healthcare projects and all the necessary support designed to enable individuals to generate a sustainable income and be self-sufficient;
- The relief of sickness and the preservation of health among people anywhere in the world; and
- The promotion of such other purposes being exclusively charitable according to the law of England and Wales as the Trustees may from time to time determine.

There has been no change in the objects during the year.

b. Strategies for achieving objectives

The charity furthers its charitable purposes for the public benefit through its grant making policy. The main focus of this policy is to award grants to fund organisations and projects that promote early childhood education and the development of young children who are from disadvantaged backgrounds and to fund research to fill the gaps in the body of academic knowledge in early childhood development. The Trustees' intention is that by investing in these children and helping them to reach their full potential they will be able to bring positive changes to their communities in the future.

The Trustees ensure that all grantees are given clear guidance as to the exclusively charitable purposes for which the grant funds are to be applied and also seek to satisfy themselves that each grant aims to provide an identifiable benefit to the public or a significant section of the public in furthering the objects of the charity. The Trustees have regard to the Charity Commission's guidance on public benefit to ensure that the statutory public benefit requirement is met.

c. Activities for achieving objectives

The charity receives donations from its Founder, Novak Djokovic, and members of the public, as well as funds raised through various fundraising events and initiatives. These funds are principally invested in projects for public benefit in Serbia and the Trustees' particular focus is on promoting the education, health and development of pre school children living in disadvantaged communities.

The charity achieves its objectives by making grants to other organisations whose projects for charitable works are consistent with the charity's grant making policies.

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Achievements and performance

a. Key financial performance indicators

There are various financial performance indicators used by the Foundation. Monthly management accounts are presented to the senior management, showing both consolidated and regional performance. Reserves, investment performance, income and expenditure, and variance from any budgeted figures are checked regularly. Checks are also conducted to ensure ongoing project activity and fixed costs are appropriate for existing reserves.

b. Review of activities

During the year, no major grants were made partly because funding under grants to NDF Serbia made in the previous year turned out to be sufficient, together with funds raised locally, for their programmes during 2019. Money was spent on normal support and governance costs. No major fund raising campaigns were undertaken either.

c. Fundraising activities/Income generation

Fundraising activities were limited during the year. No campaigns or fundraising activities took place in the UK.

Financial review

a. Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b. Principal risks and uncertainties

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Key risks identified by the Foundation focus primarily on monitoring projects in the frontlines and matters pertaining to reputation risk. The Foundation provides grants to NDF Serbia and, therefore, regular conversations take place with the management team at NDF Serbia. The project management team in Serbia also provide regular updates on project progress and relevant data. Reputation risk is also an important consideration, keeping in mind the high profile of the Founder, Novak Djokovic. The Board has passed various policies in relation to Risk, Investment and Reserves and Conflict of Interests, among others. The financial reserves are strong, covering in excess of 12 months' operational activity.

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

c. Reserves policy

The Trustees recognise that determining the level of reserves to be held by the Foundation is an important part of their financial management duties. 'Income reserves' are defined as 'that part of a charity's income funds that is freely available for its general purposes', which normally excludes (a) permanent endowment; (b) expendable endowment funds; (c) restricted income funds; and (d) any part of unrestricted funds not readily available for spending.

The Trustees are aware that they are under a legal duty to apply the income of the Foundation's funds within a reasonable time of receipt. However, the Trustees have the power, under article 16.1(c) of the Articles of Association of the Foundation, 'to reserve funds for special purposes or against future expenditure'.

As part of their reserves policy, the Trustees aim:

- to ensure that any income is held in reserve for a justified reason;
- to maintain sufficient reserves in order to fulfil future expected funding requirements of projects or grants that extend over several years;
- to ensure there is enough reserved funds to cover any known liabilities;
- to review the level of reserves every year; and
- to ensure the level of reserves held are in the Foundation's best interests.

An analysis of the reserves held at the year end is included within the financial statements.

d. Material investments policy

The Trustees have passed an Investment and Reserves Policy in prior years and an ongoing objective for the foreseeable future is the management of an expendable endowment in support of the Foundation, to help ensure the Foundation thrives and continues to make a difference for decades to come.

The Foundation appointed Adam & Company as discretionary investment managers and £500,000 was invested initially using an income and capital preservation strategy, with a further £1 million invested during 2017. The Foundation's aim in investing its funds is to generate returns on capital in order to provide funds to further its charitable aims and to cover future core and administration costs. Investment performance is assessed by the Trustees with reference to benchmarks and targets and investment reports are reviewed internally on a quarterly basis.

Structure, governance and management

a. Constitution and Trustees

The charity is registered as a members' limited liability company and was incorporated on 7 March 2012. The charity is constituted under its Memorandum and Articles of Association and is a registered charity number 1147341. In the event of the charity being wound up, any surplus assets remaining after the satisfaction of all debts and liabilities may not be paid to or distributed among the members, but must be transferred to such other charitable institution or institutions having objects similar to the objects of the charity.

Trustees

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

Novak Djokovic
Jelena Djokovic
David Lumley

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

b. Method of appointment or election of Trustees

The directors of the company are also charity Trustees for the purposes of charity law. The management of the charity is the responsibility of the Trustees who are elected and co opted under the terms of the Articles of Association.

The number of Trustees shall not be less than three and the Trustees are appointed by resolution of a meeting of the Trustees or by written resolution signed by all the Trustees. Under the requirements of the Articles of Association, Trustees are elected to serve for a period of three years after which they must be re-elected.

c. Organisational structure and decision making

Early in 2019, the Foundation's Global CEO left the organisation and was not replaced but his work was taken on by the Trustees assisted by staff in Belgrade and London. Meetings of the Board of Trustees were held both in person and by telephone. There was also contact between Trustees and their equivalents in the USA and Serbia to discuss strategy and major decisions.

d. Policies adopted for the induction and training of Trustees

The Trustees are satisfied that they have put in place appropriate procedures concerning the proper governance and management and decision making of the charity, including the induction and training of Trustees.

e. Pay policy for senior staff

Board members discuss senior staff remuneration as required.

f. Related party relationships

The charity is a wholly owned subsidiary of the Novak Djokovic Foundation ('NDF USA'), a charity founded in the USA. The Novak Djokovic Foundation (Serbia) and The Novak Djokovic Foundation ONLUS (Italy) are charities founded in Serbia and Italy respectively which are treated as related parties for the purposes of these accounts.

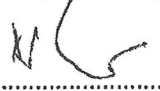
g. Risk management

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Plans for future periods

The foundation will continue to focus on projects that promote early childhood education and the development of young children from disadvantaged backgrounds and to fund research into early childhood development.

This report was approved by the Trustees and signed on their behalf by:



.....
David Lumley

Trustee

Dated: 26/10/2020

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

I report to the trustees on my examination of the financial statements of The Novak Djokovic Foundation (UK) Limited (the charity) for the year ended 31 December 2019.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.



Simon Evans FCA
Lewis Evans Partnership LLP

The Oaks
3 Village Road
West Kirby
Wirral
CH48 3JN

Dated: 26/10/2020

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

Current financial year

		Unrestricted funds general 2019 £	Unrestricted funds designated 2019 £	Total 2019 £	Total 2018 £
	Notes				
<u>Income and endowments from:</u>					
Donations and legacies	3	3,357	-	3,357	2,602
Interest income	4	577	-	577	261
Other income	5	-	3,560	3,560	30,105
Total income		3,934	3,560	7,494	32,968
<u>Expenditure on:</u>					
Raising funds	6	-	29,909	29,909	137,628
Charitable activities	7	293	41,736	42,029	1,387,705
Total resources expended		293	71,645	71,938	1,525,333
Net gains/(losses) on investments	12	-	197,807	197,807	18,047
Net incoming/(outgoing) resources		3,641	129,722	133,363	(1,474,318)
<u>Other recognised gains and losses</u>					
Other gains or losses	13	5,439	(6,086)	(647)	56,556
Net movement in funds		9,080	123,636	132,716	(1,417,762)
Fund balances at 1 January 2019		68,193	1,699,906	1,768,099	3,185,861
Fund balances at 31 December 2019		77,273	1,823,542	1,900,815	1,768,099

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

Prior financial year

		Unrestricted funds general 2018 £	Unrestricted funds designated 2018 £	Total 2018 £
	Notes			
<u>Income and endowments from:</u>				
Donations and legacies	3	2,602	-	2,602
Interest income	4	261	-	261
Other income	5	30,105	-	30,105
Total income		32,968	-	32,968
<u>Expenditure on:</u>				
Raising funds	6	-	137,628	137,628
Charitable activities	7	271	1,387,434	1,387,705
Total resources expended		271	1,525,062	1,525,333
Net gains/(losses) on investments	12	-	18,047	18,047
Net incoming/(outgoing) resources		32,697	(1,507,015)	(1,474,318)
Other recognised gains and losses				
Other gains or losses	13	(38,553)	95,109	56,556
Net movement in funds		(5,856)	(1,411,906)	(1,417,762)
Fund balances at 1 January 2018		74,049	3,111,812	3,185,861
Fund balances at 31 December 2018		68,193	1,699,906	1,768,099

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

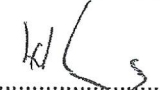
	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	14		1,779,981		1,592,182
Current assets					
Debtors	15	17,327		14,767	
Cash at bank and in hand		106,207		172,978	
		<u>123,534</u>		<u>187,745</u>	
Creditors: amounts falling due within one year	16	(2,700)		(11,828)	
Net current assets			120,834		175,917
Total assets less current liabilities			<u>1,900,815</u>		<u>1,768,099</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds:					
Novak Djokovic donation fund		1,823,542		1,699,906	
	18	<u>1,823,542</u>		<u>1,699,906</u>	
General unrestricted funds		77,173		68,093	
Share capital		100		100	
			<u>1,900,815</u>		<u>1,768,099</u>
			<u>1,900,815</u>		<u>1,768,099</u>

The charitable company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2019. No member of the charitable company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for ensuring that the charitable company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 26th October, 2020



 David Lumley
 Trustee

Company Registration No. 07980355

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Charity information

The charity is a limited liability company and the issued share capital is held by the Novak Djokovic Foundation (USA), a charity registered in the USA. In the event of the charity being wound up, any surplus assets remaining after the satisfaction of all its debts and liabilities must be given or transferred to such other charitable institution or institutions having similar objects.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Assets for distribution are recognised only when distributed. Assets given for use by the charity are recognised when receivable. Stocks of undistributed donated goods are not valued for balance sheet purposes.

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent.

Fundraising costs are those incurred in seeking voluntary contributions in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Head Office. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

1.6 Fixed asset investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The charity has elected to apply 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.

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.9 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

The charity contributes to personal pension plans for employees. The pension charge represents the amounts payable by the charity to the funds in respect of the year.

2 Critical accounting estimates and judgements

In the application of the charity'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.

3 Donations and legacies

	Unrestricted funds general 2019 £	Unrestricted funds general 2018 £
Donations and gifts	3,357	2,602

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Interest income

	Unrestricted funds general 2019 £	Unrestricted funds general 2018 £
Interest receivable	577	261

5 Other income

	Unrestricted funds designated 2019 £	Unrestricted funds general 2018 £
Other income	3,560	30,105

Income of £2,560 (2018: £30,105 - unrestricted) has been generated in the year from management and administrative services provided to the Novak Djokovic Foundation (USA).

6 Raising funds

	Unrestricted funds designated 2019 £	Unrestricted funds designated 2018 £
<u>Fundraising and publicity</u>		
Support costs	19,901	127,302
<u>Investment management</u>	10,008	10,326
	29,909	137,628

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Charitable activities

	Charitable Expenditure 2019 £	Charitable Expenditure 2018 £
Grant funding of activities (see note 8)	-	1,251,446
Share of support costs (see note 9)	3,780	46,922
Share of governance costs (see note 9)	38,249	89,337
	<u>42,029</u>	<u>1,387,705</u>
Analysis by fund		
Unrestricted funds - general	293	271
Unrestricted funds - designated	41,736	1,387,434
	<u>42,029</u>	<u>1,387,705</u>

8 Grants payable

	2019 £	2018 £
Grants to institutions:		
NDF Serbia	-	1,175,481
Harvard University	-	75,965
	<u>-</u>	<u>1,251,446</u>

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Grants payable

(Continued)

During the prior year various grants were made by the Foundation to the Novak Djokovic Foundation Serbia (NDF Serbia) to cover core administrative costs, projects and programs. The charitable work supported included the flagship Schools of Life projects, The Original Magazine, and the creation of the Djokovic Scholars Program and support for one 'early career academic' in Early Childhood Education at the University of Belgrade.

The Schools of Life initiative establishes schools for children to learn and play.

The Original Magazine is aimed at young adults and supports the vision of universal access to quality education -- throughout its relatively short history, the Magazine has managed to secure excellent content by interviewing and featuring global leaders, including Sir Richard Branson (founder of the Virgin Group), Dame Anna Wintour (editor in chief of Vogue), Dr Jim Kim (president of the World Bank) and Arianna Huffington (founder of the Huffington Post).

The Djokovic Scholars Program at the University of Belgrade aims to support PhD candidates researching Early Childhood Education and also to support one early career academic -- part of the vision is to enrich both the pool of talent researching Early Childhood Education at the doctoral level and, also, to help ensure they have access to remarkable PhD supervisors and mentors.

The Harvard University grant of £75,965 (\$100,000) covers the academic year 2019/20, providing funding to Harvard for the Djokovic Science and Innovation fellowship, supporting four Djokovic Fellows who are advanced doctoral students researching various components of Early Childhood Education.

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THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Support costs

	Support costs	Governance costs	2019	Support costs	Governance costs	2018
	£	£	£	£	£	£
Staff costs	7,327	3,664	10,991	77,265	38,633	115,898
Consultancy fees	-	-	-	6,080	-	6,080
Bank charges	231	115	346	193	96	289
PR, media & advertising	10,800	-	10,800	72,000	-	72,000
Computer & IT support	-	-	-	-	8,575	8,575
Travel, hotels, subsistence	2	-	2	3,580	-	3,580
Entertainment	-	-	-	376	-	376
Printing, postage, stationery	-	-	-	73	36	109
Telephone and mobile	-	-	-	198	99	297
Website costs	-	-	-	6,912	-	6,912
Subscriptions	5,321	-	5,321	7,547	-	7,547
Examination / Audit fees	-	3,150	3,150	-	2,250	2,250
Legal and professional	-	4,970	4,970	-	15,642	15,642
Accountancy fees	-	26,022	26,022	-	23,040	23,040
Other administrative charges	-	328	328	-	321	321
Insurance	-	-	-	-	646	646
	<u>23,681</u>	<u>38,249</u>	<u>61,930</u>	<u>174,224</u>	<u>89,338</u>	<u>263,562</u>
Analysed between						
Fundraising	19,901	-	19,901	127,302	-	127,302
Charitable activities	3,780	38,249	42,029	46,922	89,338	136,260
	<u>23,681</u>	<u>38,249</u>	<u>61,930</u>	<u>174,224</u>	<u>89,338</u>	<u>263,562</u>

The Foundation places a high degree of importance on good governance. Please note there is a contribution from the Novak Djokovic Foundation (USA) within the management and administrative services fee for part of the governance costs, including wages and salaries allocated.

Governance costs include payments of £3,150 ((2018- £2,250) for independent examination fees.

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Employees

Number of employees

The average monthly number of employees during the year was:

	2019 Number	2018 Number
Chief Executive Officer	-	1
Employment costs	2019 £	2018 £
Wages and salaries	8,718	101,217
Social security costs	1,106	9,681
Other pension costs	1,167	5,000
	<u>10,991</u>	<u>115,898</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2019 Number	2018 Number
In the band £90,001 - £100,000	-	1

Contributions totalling £1,167 (2018: £5,000) were made to defined contribution pension schemes on behalf of employees.

12 Net gains/(losses) on investments

	Unrestricted funds designated 2019 £	Unrestricted funds designated 2018 £
Revaluation of investments	<u>197,807</u>	<u>18,047</u>

13 Other gains or losses

	Unrestricted funds general 2019 £	Unrestricted funds designated 2019 £	Unrestricted funds general 2018 £	Unrestricted funds designated 2018 £	Total 2018 £
Foreign exchange (gains) / losses	<u>(5,439)</u>	<u>6,086</u>	<u>38,553</u>	<u>(95,109)</u>	<u>(56,556)</u>

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Fixed asset investments

	Listed investments £	Cash in portfolio	Total £
Cost or valuation			
At 1 January 2019	1,515,350	76,832	1,592,182
Additions	32,010	(32,010)	-
Valuation changes	139,756	-	139,756
Investment income net of fees	41,937	6,106	48,043
Transfers	(41,937)	41,937	-
Disposals	(27,249)	27,249	-
At 31 December 2019	1,659,867	120,114	1,779,981
Carrying amount			
At 31 December 2019	1,659,867	120,114	1,779,981
At 31 December 2018	1,515,350	76,832	1,592,182

	2019 £	2018 £
Investments at fair value comprise:		
Equities	969,611	844,155
Fixed interest securities	690,256	671,195
Cash held within the investment portfolio	120,114	76,832
	1,779,981	1,592,182

The investment objective is income and capital preservation, meaning that the portfolio is invested to generate income whilst maintaining the real value of capital over the longer term. The portfolio is invested across a range of asset classes and with a medium attitude to risk.

Valuation

All investments are carried at their fair value and investments in equities and fixed interest securities are traded in quoted public markets, primarily the London Stock Exchange. The year end valuation is prepared on the basis of mid-market prices from the appropriate stock exchange, the bid price from the relevant fund manager or the last traded price where applicable. Where holdings are priced in a currency other than the reporting currency, their value is converted at the balance sheet date into sterling.

The main risks to the charity are from uncertainties within investment markets and yield volatilities and these risks are managed by the use of expert fund managers externally and the operation of a diversified investment strategy of income and capital preservation. Performance is assessed by the Trustees and targets and investment reports are reviewed internally on a quarterly basis.

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Amount owed by parent undertaking	17,327	14,767

Amounts owed by group undertakings relate to amounts due at the year end from the Novak Djokovic Foundation (USA).

16 Creditors: amounts falling due within one year

	2019	2018
	£	£
Other taxation and social security	-	3,818
Accruals and deferred income	2,700	8,010
	<u>2,700</u>	<u>11,828</u>

17 Share capital

	2019	2018
	£	£
Ordinary share capital Issued and fully paid 100 Ordinary shares of £1 each	100	100

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 January 2018	Resources expended	Revaluations, gains and losses	Balance at 1 January 2019	Movement in funds			Balance at 31 December 2019
	£	£	£	£	Incoming resources	Resources expended	Revaluations, gains and losses	£
Novak Djokovic donation fund	3,111,812	(1,525,062)	113,156	1,699,906	3,560	(71,645)	191,721	1,823,542
	<u>3,111,812</u>	<u>(1,525,062)</u>	<u>113,156</u>	<u>1,699,906</u>	<u>3,560</u>	<u>(71,645)</u>	<u>191,721</u>	<u>1,823,542</u>

A separate Novak Djokovic donation fund has been created for the donations received from its Founder, Novak Djokovic, and as far as possible the Trustees have decided to meet core and administration costs from this separately designated fund. It is intended that the balance of these designated funds will be put towards direct charitable activities and future fundraising expenditure.

In 2016, £500,000 of the Novak Djokovic donation fund was invested in order to help support the Foundation's objectives into the future and a further £1 million was invested in 2017. The Foundation's aim in investing these funds is to generate returns on capital in order to provide funds to further its charitable aims for years to come.

As part of the designated funds are intended to cover core and administration costs, it is anticipated that the majority of the unrestricted general funds will be made available for direct grant funding to other organisations whose projects for charitable works are consistent with the Foundation's grant making objectives.

THE NOVAK DJOKOVIC FOUNDATION (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Analysis of net assets between funds

	General fund	Novak Djokovic donation fund	Total General fund	Novak Djokovic donation fund	Total
	2019	2019	2019	2018	2018
	£	£	£	£	£
Fund balances at 31 December 2019 are represented by:					
Investments	-	1,779,981	1,779,981	-	1,592,182
Current assets/ (liabilities)	77,273	43,561	120,834	68,193	175,917
	<u>77,273</u>	<u>1,823,542</u>	<u>1,900,815</u>	<u>68,193</u>	<u>1,768,099</u>

20 Financial commitments

During the prior year the Foundation entered into a funding agreement with Harvard University and their Center on the Developing Child, which included a second funding payment of \$100,000 due on or before 1 July 2020. Subsequent to the year end this agreement was amended by both parties and the second payment of \$100,000 no longer fell due for payment by the Foundation.

21 Events after the reporting date

In May 2020 the Foundation has approved two grants to the Novak Djokovic Foundation Serbia (NDF Serbia) to help fund their Emergency Covid-19 Relief Fund. In total these grants were €550,000.

22 Related party transactions

Included within the accountancy and professional fees in note 9 are amounts payable to Arena Wealth Partners LLP of £26,022, inclusive of VAT (2018: £23,640). D P Lumley is a partner of Arena Wealth Partners LLP.

Legal and professional fees of £Nil (2018: £2,538) have been incurred by the charity on behalf of the Novak Djokovic Foundation (USA) and recharged in the year.

A charge of £2,560 (2018: £30,105) for management and administrative services has also been made to the Novak Djokovic Foundation (USA) in respect of the year.

The amounts and details of grants awarded to The Novak Djokovic Foundation (Serbia), a related charity registered in Serbia, are included within notes 8 and 21 of these financial statements.

23 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is the Novak Djokovic Foundation (USA), a charity registered in the USA.