

# elrha

ANNUAL REPORT AND  
ACCOUNTS 2018

Elrha registered charity number 1177110  
(England & Wales). Private company limited  
by guarantee, registered in England & Wales  
under company no. 11142219

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# ABOUT US

## OUR IDENTITY

Elrha is a global charity that finds solutions to complex humanitarian problems through research and innovation.

## OUR VISION FOR CHANGE

**We want to see a world equipped to mitigate the impact of humanitarian crises.**

We want to contribute to a global community where humanitarian actors at all levels are well prepared to respond effectively and efficiently when a crisis happens. Their response will be led by the latest evidence of what works, and they will routinely use cutting-edge solutions. As a result, people affected by crises will get the right help when they need it most.

## OUR MISSION (WHAT WE DO)

To improve humanitarian outcomes through partnership, research and innovation.

## OUR PURPOSE (WHY WE'RE DOING IT)

To empower the humanitarian community to improve humanitarian response. We make this happen by supporting and championing the outcomes of robust research and proven innovations.

## HOW WE ACHIEVE THIS

We are an established actor in the humanitarian community, working in partnership with humanitarian organisations, researchers, innovators and the private sector to tackle some of the most difficult challenges facing people all over the world. We equip humanitarian responders with knowledge of what works, so that people affected by crises get the right help when they need it most.

To meet our vision, we work primarily through our **research** and **innovation** funding programmes:

- The **Humanitarian Innovation Fund (HIF)** – Our aim is to improve outcomes for people affected by humanitarian crises by identifying, nurturing and sharing more effective, innovative and scalable solutions.

- **Research for Health in Humanitarian Crises (R2HC)** – Our aim is to improve health outcomes for people affected by humanitarian crises by strengthening the evidence base for public health interventions.

## OUR GUIDING PRINCIPLES


In pursuing our vision of a world equipped to mitigate the impact of humanitarian crises, we want to make sure that our work is undertaken in an ethical and robust way. We have six guiding principles:

- 1) Improving outcomes for people affected by crisis is at the heart of our work.
- 2) People have a right to quality humanitarian response that is informed by robust evidence.
- 3) Research and innovation should always be undertaken within a responsible and ethical framework.
- 4) Evidence must be made widely available and accessible to achieve the greatest possible impact.
- 5) Collaboration and partnership, including with people affected by crisis, improves the quality, impact and uptake of research and innovation.
- 6) Creativity, exploration and informed risk-taking is crucial to learn and bring about change.

## SAFEGUARDING AND ETHICAL BEHAVIOUR

Maintaining the safety and protection of those we work with and our staff is a priority. This includes staff, governance groups, grantees and the people our grantees work with. We have a zero-tolerance approach towards all forms of unethical behaviour, including bribery, facilitation payments, tax evasion and money laundering.

Criminal record checks are completed for all staff and trustees, and more enhanced checks are performed following a risk-based approach. As part of our due diligence process for grantees, we review their safeguarding policies to make sure they are in line with our policies.



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We have a Safeguarding Policy – with a wide definition of vulnerable groups – and Codes of Conduct. These policies set out the standards of behaviour expected from all employees, our Board of Trustees, our grantees and all others that we work with. R2HC research studies are subject to review by an Institutional Review Board (IRB) to ensure they achieve recognised ethical approval before research is funded.

We have an incident reporting mechanism and are committed to investigating any potential breaches of our policies, whether within Elrha or the projects and studies we fund. All complaints are investigated, following established investigation guidelines, and should internal breaches be substantiated, disciplinary action would be taken, up to and including dismissal. With our grantees, substantiated breaches may result in us withdrawing funding and any other support.

We are committed to openness, and to keeping our donors informed of any complaints and the progress of any investigations. We are also committed to inform and work with our regulators and any relevant law enforcement agency where the complaint warrants this.

While we believe that our systems are effective, we are committed to their ongoing review and development. Over the course of the next year, we will continue to identify and implement measures that will enhance policy and practice in this area.

# TRUSTEE'S REPORT AND FINANCIAL STATEMENTS

## LEGAL AND ADMINISTRATIVE INFORMATION

### TRUSTEES OF THE CHARITY

The following were members of the Board of Trustees (and also Directors of Elrha for company law purposes), at the date on which the financial statements were approved:

- Wendy Fenton (interim chair) – appointed 10 January 2018
- Andrew Shellard (treasurer) – appointed 10 January 2018
- Matthew Clancy – appointed 19 April 2018
- Andrew Katz – appointed 19 April 2018
- Jamie Cooper – appointed 19 April 2018, resigned 13 March 2019

**Legal name:** Elrha

**Registered office:** 1 St. John's Lane, London EC1M 4AR

**Other offices:** Phoenix House, 8 Cathedral Road, Cardiff, CF11 9LJ

**Auditor:** KPMG LLP, 15 Canada Square, London E14 5GL

**Bankers:** National Westminster Bank, PO Box 83, Tavistock House, Tavistock Square, London WC1H 9NA

**Solicitors:** Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH and Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ

# TRUSTEES' REPORT (INCORPORATING A STRATEGIC REPORT AND DIRECTOR'S REPORT)

The Trustees (who are also Directors of Elrha for company law purposes), have pleasure in submitting their Annual Report and audited financial statements of the company for the period ended 31 December 2018.

## 1. STRUCTURE, GOVERNANCE AND MANAGEMENT

### 1.1 LEGAL STATUS

Elrha is a company limited by guarantee registered in England incorporated under the Companies Act 1985 (11142219). The company is registered as a charity with the Charity Commission for England and Wales (Charity Number 1177110).

Save the Children UK (SCUK) Fund are the sole member of Elrha, therefore Elrha acts as a wholly owned subsidiary of the SCUK Fund.

### 1.2 ORGANISATION AND RELATED ORGANISATIONS

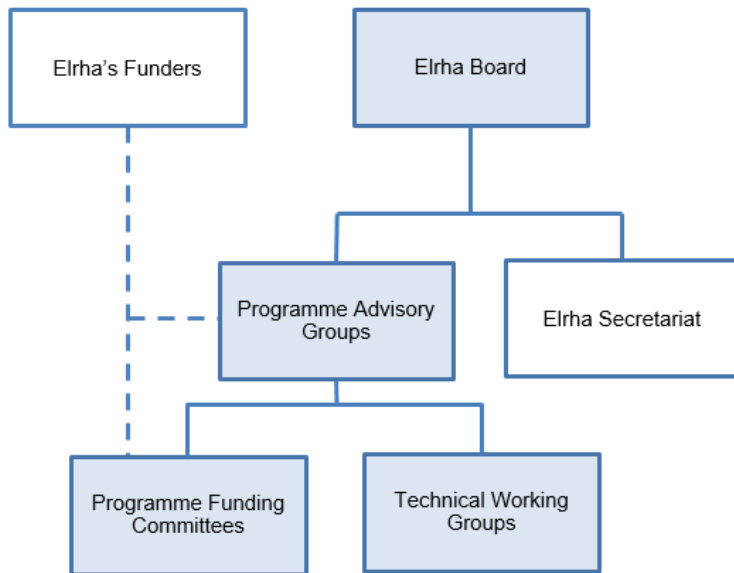
The company was incorporated on 10 January 2018. The activities of Elrha commenced in 2009 within the entity of SCUK. The assets relating to Elrha were transferred to the separate legal entity on 1 May 2018 for nil consideration.

Under Elrha's Articles of Association, dated at incorporation, certain decisions are reserved for the Member. These include, but are not limited to:

- i) any changes to the Articles of Association,
- ii) any alteration to the Charity name or registered office,
- iii) any structural change to the organisation e.g. setting up of subsidiaries mergers, sales, disposals and liquidations, and
- iv) the appointment and removal of all trustees.

### 1.3 BOARD OF TRUSTEES

As indicated above, Elrha is a limited company and all Trustees are also full Directors of Elrha for company law purposes.



- Key**
- - - Reporting or liaison (NB Elrha Secretariat reports to & liaises with all bodies)
  - Governance responsibility
  - Governance body

Trustees, all of whom are non-executive, have been drawn from diverse backgrounds in business and professional life, and bring a broad range of experience and skills to Board deliberations. The Trustees have been appointed in accordance with the provisions of the Articles of Association for Elrha.

All Trustees have received a full induction including meeting with members of the senior leadership team so that they could familiarise themselves with their statutory responsibilities, their role as Board members, the governance framework within Elrha, Elrha's work, and the risk environment. Ongoing training is arranged as and when a need is identified.

There are clear distinctions between the role of the Board and the executive management team to which day-to-day management is delegated. The principle that 'management proposes,' 'Board decides,' 'management implements,' 'Board monitors,' forms the basis of Board and the executive management team interaction. Matters such as policy, strategic planning and budgets are prepared by the executive management team for consideration and approval by the Trustees. The members of the Board cannot, under the governance regulations of the charity, receive remuneration for services to Elrha and may only be reimbursed for incidental expenses incurred.



The terms of reference for the Board are to meet four times a year. As the Board commenced operations in April 2018, there were only 3 meetings in 2018.

Board attendance was as follows:

<b>NAME</b>	<b>MEETINGS</b>
Wendy Fenton (interim chair)	3/3
Andrew Shellard (treasurer)	3/3
Andrew Katz	3/3
Matthew Clancy	2/3
Jamie Cooper	1/3

## 1.4 OTHER BODIES IN GOVERNANCE FRAMEWORK

Each governing body has a clear terms of reference which sets out their roles and responsibilities. It also sets out a conflict of interest process to ensure that the bodies uphold the highest standards of transparency and accountability.

### 1.4.1 PROGRAMME ADVISORY GROUPS

The Advisory Groups advise the Elrha Board in terms of the strategic direction of our grant making programmes. The Advisory Groups provide the Elrha secretariat with technical advice and make recommendations regarding programmatic priorities, set the direction and framework for grant-making, and select Funding Committee members. The Chairs of the Advisory Groups report to the Elrha Board.

### 1.4.2 TECHNICAL WORKING GROUPS

The Technical Working Groups provide a greater depth of technical expertise in Elrha's focus areas. The Programme Advisory Groups delegate their duties to the Technical Working Groups in these specific thematic areas. The Chairs of the Technical Working Groups report to the Programme Advisory Groups. Our technical working groups for 2018 included one for Water, Sanitation and Hygiene (WASH). A Disability and Older Age Inclusion technical working group was set up in 2019.

### 1.4.3 PROGRAMME FUNDING COMMITTEES

Our two Funding Committees, one for the HIF and one for R2HC, provide independent assessment and recommendation of funding decisions. The Chairs of the Funding Committees report to the respective Advisory Group.

### 1.4.4 PROGRAMME FUNDERS

R2HC's Programme Funders retain the ability to veto a proposal before a final decision is made to grant restricted funds to a third party. However, Programme Funders cannot require that a third party receive a grant, and any final decision on whether a grant should be made remains with Elrha. Each funder has equal weight in this process, and recommendations made will reflect a simple majority view.

In addition, Elrha's funders may have observer status on the Advisory Groups and/or Funding Committees. This may be an ad-hoc or a regular arrangement and is agreed on a case by case basis.

## 1.5 GRANT MAKING PROCESS

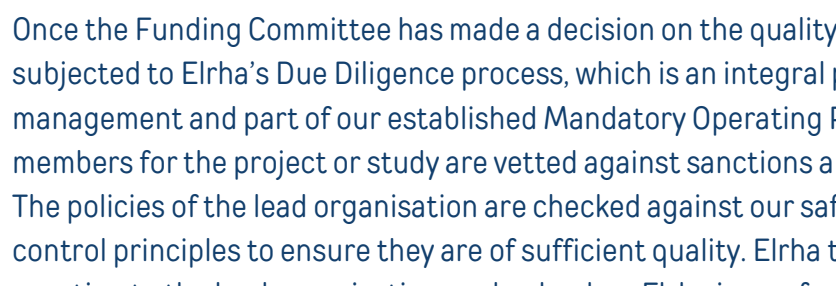
Elrha designs its grant-making calls so that funded projects contribute maximally to its strategic aims. Examples of particular projects are detailed later in this report. Any registered legal entity may apply for grant funding from one of Elrha's programmes, although particular calls may have additional eligibility requirements, depending on the nature of the challenge being set or other needs.

Proposals submitted to Elrha go through the following process.

- 1) Initially either the Elrha secretariat screen the proposal to ensure the proposal is eligible for funding, or Expressions of Interest are short-listed by the Funding Committee, with successful applicants being asked to submit a full proposal.
- 2) Proposals that pass the screening/short-listing stage are reviewed technically by:
  - a. At least one technical reviewer with subject area expertise
  - b. Elrha, who will review the proposal budget

Comments from these reviews are passed to the Funding Committee for consideration alongside the proposal.

The Funding Committee has the authority to make funding decisions up to the amounts agreed in the budget. Its decision-making must follow the agreed process, which varies depending on the size of the grant, but in all cases is transparent and pre-agreed.



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Once the Funding Committee has made a decision on the quality of each project, it is subjected to Elrha's Due Diligence process, which is an integral part of Elrha's risk management and part of our established Mandatory Operating Procedures. Key staff members for the project or study are vetted against sanctions and other financial risk lists. The policies of the lead organisation are checked against our safeguarding and financial control principles to ensure they are of sufficient quality. Elrha then weighs the risk of granting to the lead organisation, and only when Elrha is comfortable that risks are within its appetite, or that sufficient mitigations have been put in place to achieve this, will a grant be confirmed.

## 1.6 FUNDRAISING ACTIVITIES

Elrha's fundraising activities are currently limited to institutional donors and trusts, as well as a new consultancy offering from 2019. Elrha does not engage in fundraising from members of the public.

## 2. PUBLIC BENEFIT STATEMENT

Charity trustees have a duty to develop strategic plans to ensure that we provide public benefit and achieve our objectives as set out in our governing document. These objectives include tackling some of the most difficult problems facing people globally by working in partnership with humanitarian organisations, researchers, innovators and the private sector. These objectives fall under the purposes defined by the Charities Act 2011. We have referred to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

### 3. STRATEGIC REPORT

Elrha became a legal subsidiary organisation of SCUK on 1st of May 2018. This report covers the period of transition from hosted entity within SCUK to subsidiary organisation, including the process to develop a new 2019–2023 strategy to guide our work. The strategic objectives reported against here cover activities under our previous strategic document (2016–2020), which was approved by the *Elrha Steering Committee*, an appointed but non-legal body that had oversight of Elrha’s workplans and activities. The report also includes an additional objective relating to the work undertaken in 2018 to achieve Elrha’s successful transition to subsidiary status and the development of our new 2019–2023 strategy as an independent organisation with an appointed Board of Trustees.

#### ELRHA’S STRATEGIC OBJECTIVES FOR 2018

Elrha supports world-class research and innovation projects, championing new ideas and different approaches to evidence what works in humanitarian response.

We provide high quality grants and transformative technical support and capacity development, all with the ambition of empowering the humanitarian community to improve humanitarian response.

We make this happen by supporting and championing the outcomes of robust research and proven innovations.

This combined focus on research and innovation defines us. It is central to our belief that the humanitarian system urgently requires robust evidence-based solutions. We understand the synergies between research and innovation, and this allows us to invest in both with confidence, specific knowledge and expertise. This gives our projects an edge, and a real opportunity to become a catalyst for strategic change in global humanitarian response.

Our impact is focused on our contributions to a humanitarian sector that is fully equipped to mitigate and reduce the impact of crises around the world.

In this report we set out our three strategic objectives from our 2016 strategy and our work in 2018 towards achieving them.

## 1) ENABLING PARTNERSHIPS

We enable people to work effectively together on research and innovation programmes.

*Elrha will provide opportunities and expertise to support the humanitarian community to develop and sustain effective research and innovation partnerships. We will work with our funding partners to design programmes that support research and innovation structured around the principles of collaboration and partnership.*

### REPORT:

Elrha believes that collaboration and partnership, including with people affected by crises, improves the quality, impact and uptake of research and innovation. Elrha's core programmes, the Humanitarian Innovation Fund (HIF) and Research for Health in Humanitarian Crises (R2HC) are designed to enable and support unique research and innovation partnerships within the humanitarian community. In 2018 our programmes were supported by a total of six funding partners<sup>1</sup>.

To ensure the successful management and ultimate impact of our funding programmes we continue to support the unique partnership challenges and needs of our global research and innovation communities. In 2018 we significantly increased our range of partnership support activities and guidance.

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<sup>1</sup> For the HIF: the UK Department for International Development (DFID); the Norwegian Ministry of Foreign Affairs (NMFA); the Swedish International Development Agency (SIDA); and ECHO.  
For R2HC: Wellcome; the UK Department for International Development (DFID); and UK National Institute for Health Research (NIHR).

## Research for Health in Humanitarian Crises (R2HC)

The R2HC programme works to improve health outcomes for people affected by humanitarian crises by strengthening the evidence base for public health interventions. A distinctive feature of the R2HC is the requirement that research is undertaken by collaborative partnerships between academic institutions and humanitarian organisations. Many research teams reflect multi-partner teams and an increasing number reflect collaboration between northern and southern research institutions.

Since the launch of R2HC a total of **218 partners** have been included in our funded research consortia. For the 8 projects that were selected for grant funding during the reporting period, **a total of 33 partners** were formally listed within the research teams: 15 research institutions, 16 practitioner organisations and 1 local hospital and 1 government department. Of these a total of 8 southern organisations are represented, including 5 southern research institutions.

The R2HC programme has promoted and supported partnerships between researchers and humanitarians across the year through multiple activities which have been designed to both encourage the formation of new partnerships and provide technical guidance and support to strengthen existing partnerships. Healthy and transparent partnerships are considered particularly important to the success of R2HC research studies due to the particularly challenging humanitarian contexts in which research is undertaken. Partnership support activities undertaken by the programme included providing **dedicated seed funding** to support the development of research partnerships to applicants that are invited to submit full proposals to our annual call, the provision of additional in-person and **bespoke partnerships support and training** to selected applicants and the provision of written **guidance materials on effective partnerships management** to all shortlisted applicants. Further partnerships guidance was provided to all new grantees during R2HC inception and set-up meetings.

Supporting our work on partnerships at the grantee level, R2HC has also prioritised **strategic partnership and collaboration** with key stakeholder communities to enable us to better facilitate impactful research proposals and promote our funding opportunities within key communities of practice. Building on work started in 2016 to encourage the humanitarian Clusters to engage more with health research, we have consolidated our collaboration with selected humanitarian clusters and thematic communities of practice. This year we have focused on further developing our relationship with the water, sanitation and hygiene (WASH) cluster and the World Health Organization's Sexual and Reproductive Health (SRH) research prioritisation group and the SRH Inter-Agency Working Group (IAWG).

## Humanitarian Innovation Fund (HIF)

The HIF supports organisations and individuals to identify, nurture and share innovative and scalable solutions to the challenges facing effective humanitarian assistance. In 2018 we particularly focused on providing targeted research and development resources and innovative partnership brokering to address current and long-standing challenges in two focus areas: **gender-based violence (GBV)** and **water, sanitation and hygiene (WASH)**. We also began establishing a major new focus area supporting innovation on **disability and older age inclusion (DOAI)**, by formalising a new partnership with HelpAge international and CBM (co-chairs of the Age and Disability Capacity Programme – ADCAP). The partnership will enable us to ensure coordination with the ongoing work in humanitarian inclusion standards.

Effective partnership between diverse actors is considered an essential element of successful innovation. Since its inception the HIF has supported **160 unique innovation projects and partnerships**. This year the HIF provided **17 new grants** in the reporting period. Of these grants there **were a total of 42 partners**, including: 11 international non-governmental organisations (INGOs), 12 national non-governmental organisations (NGOs) or civil society organisations (CSOs), 9 research institutions, 4 private companies, 1 government agency, 1 UN agency, and 1 red cross or red crescent movement.

This year, we further developed and shared our expertise in effective partnerships for humanitarian innovation. This is accessible through our [new \*Innovation Insights\* webinar series](#), which is based on our [Humanitarian Innovation Guide](#). Topics in our webinar series focused on some of the unique types of partnerships essential to successful innovation in the humanitarian context including:

- [Do no harm: Towards a responsible, ethical form of humanitarian innovation](#) (11 Oct).
- [Beyond “beneficiaries”: Engaging crisis-affected populations as leaders, co-creators and users of humanitarian innovation](#) (28 Nov).
- [Partnerships for innovation: Managing cross-sector collaboration throughout the innovation process](#) (7 Dec).

## 2) DRIVING RESEARCH AND INNOVATION

We invest in the highest quality research and innovation to address pressing humanitarian challenges.

Elrha will design tailored mechanisms to support high quality, timely and appropriate research and the development and testing of appropriate innovative solutions. Through these we will seek and support teams that are motivated to undertake high quality research and innovation. We will work to increase visibility of and improve coordination between the global research and innovation communities around pressing humanitarian challenges.

### REPORT:

In 2018 Elrha provided support to a total of 122 research and innovation projects around the world, of which 25 were new grants awarded during the reporting period. Elrha also continued to provide the humanitarian community with the capacity to respond immediately to urgent and acute public health crises through our responsive research mechanism.

### Humanitarian Innovation Fund (HIF)

#### WATER, SANITATION AND HYGIENE (WASH)

Through our WASH focus area we continued to develop and invest in innovation through three major challenges.

*Our User-Centred Sanitation Design through Rapid Community Engagement Challenge* has enabled collective action to address a major problem identified in our WASH Gap Analysis – namely the lack of a methodology for quickly engaging with communities affected by crises to understand how to build emergency sanitation that people can, and will, use. We have funded five pilot projects through [three partnerships](#) to develop approaches to solving this, as well as a **Research & Evaluation Partner** who has independently [evaluated all five projects](#) and shared the learning across the sector.

*Our Emergency Household Water Filter Challenge* was developed from the findings of our [Water Treatment Problem Exploration Report](#) to address the need for better evidence on the performance of household water filters in emergencies. The challenge also asked for the development of more suitable filters for emergencies. The Challenge has [funded the testing of five selected filters](#) in emergencies, as well as **two innovation projects** – [Faircap Open Water Filter](#) and [Tulip FLOW Siphon Water Filter](#) – to develop better emergency filters.

*Our Challenge on Developing and Disseminating Guidance for Faecal Sludge Disposal Sites* supported a unique partnership between German sanitation expert BORDA and Solidarités International. Together, they've developed new understanding of how WASH practitioners access knowledge and guidance, and are currently piloting a platform, [Octopus](#),



for Faecal Sludge Disposal guidance. The platform will be embedded into all of the most accessed sources for WASH knowledge.

## GENDER-BASED VIOLENCE (GBV)

Through our GBV focus area we **launched a new call in 2018 on GBV Monitoring and Evaluation**. The Challenge focused on innovation in impact evaluation of GBV with a focus on local actors and perspectives. We have [funded five projects](#) that have the capacity and expertise to tackle the problem of impact assessment of GBV programmes from a local, contextual perspective.

Beyond our work to support innovation teams on thematic challenges, the HIF also continued our strategic partnership work with the **Asian Disaster Reduction and Response Network (ADRRN) to support locally led and country focused innovation**. This year we began work on our first country-based pilot to support local innovation in the Philippines, through a package of co-designed workshops and tailored funding support.

We continued to support [three grantees](#) and their partners with bespoke expertise and partnerships guidance through our ground-breaking '*Accelerating the Journey to Scale*' initiative – helping them scale their innovations. In May 2018, we hosted a **four-day Sustainability Sprint** in Oxford with the three Scale teams. Through a structured agenda, and guided by advisers, external guests and peer feedback, teams received the chance to future-proof and articulate their sustainability plans in teams and as a Scale cohort. The event culminated in each team presenting and receiving feedback on their “pitch” from the panel of external guests including private sector investors and social innovation funders.

## Research for Health in Humanitarian Crises (R2HC)

In March we held our annual R2HC Funding Committee meeting to review shortlisted applications to our **5<sup>th</sup> Call for Proposals**. We completed the contracting of [8 new research grants](#) recommended for funding by our Committee totalling £3.35 million. The awarded new grants cover a breadth of research topics relevant to evidence gaps in humanitarian public health programming including hypertension and diabetes care; trauma rehabilitation; intimate partner violence; pneumococcal vaccination; abortion services; and child-friendly spaces.

In June the R2HC launched their **6<sup>th</sup> annual Call for Proposals**, with a focus on evaluation of interventions for health system strengthening in fragile states and protracted crises. We received over 200 expressions of interest to the call and the Funding Committee shortlisted 30 for the final Funding Committee review in 2019. **18 Seed Funding grants** were awarded to shortlisted applicants to support the development of research partnerships and proposals.

We continued to maintain our standing capacity to support urgent public health research needs through our bespoke **Responsive Research Mechanism**. We actively monitored and reviewed humanitarian crises throughout the year and worked with our new Advisory Group to

assess several acute phase crises against our 'trigger' criteria. While no crises were considered suitable for the mechanism in 2018, we continued to support the close-out of **three rapid response grants** that we contracted in 2017 to support the humanitarian response to the Food and Nutrition Crisis in the Horn of Africa. We also undertook a review and update of the mechanism's trigger criteria and governance processes to enable the timelines for responsive calls to be fine-tuned.

### 3) TRANSFORMING PRACTICE:

**We commit to sharing quality research and innovations within our stakeholder communities to improve humanitarian policy and practice**

We will build and sustain relationships between those who produce and those who use research and innovation for humanitarian action. Through each of our programmes we will work to better understand and influence the multi-dimensional relationships between humanitarian research, innovation, policy and practice. This will enable us to work with diverse stakeholders and to identify and enhance networks for sharing and developing new ideas and knowledge.

We will make sure all of our funded research is free to access, and we will support the translation of research into practical tools and guidance.

#### REPORT:

In 2018 a total of [40 peer reviewed articles](#) were produced by our grantees from across the HIF and R2HC. These were published and free to access in reputable journals including: PLOS Neglected Tropical Diseases, Wiley Online Library Child Development, The Lancet, BMJ Global Health, JAMA, Critical Public Health, Trials, World Psychiatry, Journal of Biosocial Science, Chemical Science and Waterlines.

In addition, we focused our efforts on the publication of several major new reports and guidance tools and the convening of key events for our stakeholder communities.

#### Humanitarian Innovation Fund (HIF)

In June we held our [Humanitarian Innovation Forum in Brussels](#). We brought together nearly 60 individuals focused on humanitarian innovation, including our grantees, donors, innovation hubs/labs/accelerators, global innovation actors, country-based innovation networks and consultants. Our Forum provided the opportunity to focus and build on discussion and learnings around the key challenges facing the sector, including the engagement of affected populations, ethical innovation, scale, monitoring and evaluating, building effective partnerships, as well as problem recognition and pilot testing innovation.

We launched our online [Humanitarian Innovation Guide](#) at the Forum in June. The Guide is a flagship online resource providing practical guidance, methods and tools for the effective, ethical and responsible management of humanitarian innovation. The Guide is designed to provide targeted support to individuals and organisations attempting to develop innovative solutions to the challenges facing humanitarian assistance, resulting in a more effective humanitarian response. During its development we held two workshops to ‘field test’ the content: the first in Beirut, with the UNHCR Innovation Service, and the second in Kathmandu, with World Vision’s Nepal Innovation Lab. From its launch in June 2018 to December 2018, the Guide had more than 2,000 users viewing over 13,000 pages. Further chapters have been developed for inclusion in 2019.

In October we published our [Too Tough to Scale? Challenges to scaling innovation in the humanitarian sector report](#), providing in-depth analysis of why more innovations aren’t successfully scaling, and identifying key barriers to scale. The report draws on our experience funding more than 150 humanitarian innovations and on our relevant learning and experience from the social and development sectors. The report was published alongside an accompanying webinar and launch of a [blogging series](#) to delve deeper into the particular barriers to scale.

### Research for Health in Humanitarian Crises (R2HC)

In July we co-edited a special edition of the Overseas Development Institute’s (ODI) Humanitarian Exchange publication on [Mental Health and Psychosocial Support in Humanitarian Crises](#). This edition contains a series of articles featuring our R2HC-funded projects, sharing their studies’ findings, methodologies and approaches. The launch event (also live streamed) at ODI’s offices – ‘[Improving mental health care in humanitarian crises](#)’ – was ODI’s most viewed event online that month, with 1,245 unique pageviews.

This year we began developing our **Research Impact Toolkit (RIT)** in response to requests from grantees for additional support on how to deliver stronger impact through their research. We commissioned ODI to adapt its ROMA (Rapid Outcome Mapping Approach) tool into a RIT specifically targeting our R2HC humanitarian health research partnerships. The RIT provides grantees with a strategic approach to research impact planning and has enabled us to further develop and strengthen our own approach to advancing the global public health evidence base. We’ll be delivering workshops with our grantees in 2019 to roll out this tool.

HIF and R2HC staff continued to engage with strategic communities of practice to support better focus and engagement with research and innovation priorities and needs. They attended several external events, contributing to panel discussions where Elrha-generated experience was shared. For R2HC-related work, these included:

- NIH/Fogarty consultation: *Advancing Health Research in Humanitarian Crises* (April 2018).

- Wilton Park dialogue: *Addressing the needs of adolescent girls in humanitarian settings (July 2018)*.
- WHO: *Technical Consultation for Research on Sexual & Reproductive Health & Rights in Humanitarian Settings (June 2018)*.
- American University of Beirut: *Expert Group Meeting on Research and Action on Health and War/ Armed Conflict (June 2018)*.
- Inter-Agency Working Group on SRH: *Research Priority Setting Workshop (Sept 2018)*.

For HIF-related work, these included:

- Global WASH Cluster meeting and Emergency Environmental Health Forum: Berlin, (April 2018). We supported five grantees to submit abstracts and present findings at the conference
- WEDC Conference, Kenya (July 2018):
  - o Participated in a panel discussion on the importance of failure in learning and innovation.
  - o Ran a 1-day side event workshop on WASH innovation with [HDIF](#)
- ALNAP two-day workshop: Making humanitarian response more flexible (September 2018). We presented our work on user-centred design in WASH and its potential to support adaptive humanitarian programming.

Our publications – developed by both us and our grantees – are available on our [Tools and Research Resource](#), which is searchable by theme, region, author and institution.

#### 4) ESTABLISH ELRHA AS A LEGAL SUBSIDIARY OF SCUK

On 10 January 2018, we became an **independent charity and company**.

**Elrha was initially established in 2009 as a hosted initiative by SCUK** and has received invaluable operational support from SCUK throughout its lifetime. However, Elrha's strong and consistent growth in both size, financial value and operational reach led to a recognition of the need for greater legal independence by the leadership within both Elrha and SCUK. Planning for a transition to subsidiary status began for both parties in 2016.

*The transition to subsidiary status has included:*

- Registration with the Charity Commission and Companies House.

- The development of our new website and key messaging to support our new legal status and strategy
- The establishment of a new Senior Leadership Team
- Engagement activities with all staff through away days meetings and all staff consultations and briefings
- The development of a new income streams for introduction in 2019

*Elrha would like to express sincere thanks to SCUK for their continuous support to Elrha in achieving our subsidiary status and for their generous contribution of £300,000 to our Reserves in 2018.*

## 4. FINANCIAL REVIEW

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 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 published on 16 July 2014.

The financial outcome for 2018 is set out in the Statement of Financial Activities on page 33. There are no comparative figures included as this is the first set of statutory financial statements for the organisation.

### INCOME

Total income (£5.6m): income from charitable activities comprised primarily of income received to support our HIF and R2HC programmes. This came in the form of grants from institutional donors including the UK Department for International Development (DFID), Wellcome, MFA Netherlands, MFA Denmark, Swedish International Development Agency (SIDA), ECHO, and the Department of Foreign Affairs and Trade Australia (DFAT).

Additional funding was received to meet the operating costs of the Global Alliance for Humanitarian Innovation (GAHI), which is hosted by Elrha. A donation of £0.3m was received from SCUK, our parent organisation, to support our transition to subsidiary status and financial independence. Gift in kind (£0.04m) consisted of professional services donated to the organisation in support of our activities.

### EXPENDITURE

Total expenditure (£5.4m): the main driver of expenditure in the organisation was grants provided to other organisations of £3.7m. Activities undertaken directly (£1.1m) included staff and other costs associated with management of our activities, as well as activities

undertaken by GAHI. Support costs of £0.6m included office running costs and the salaries of staff not-directly attributable to programmes.

## 4.1 RESERVES AND FINANCIAL POSITION

Our total unrestricted reserves at 31 December 2018 were £0.3m. We hold unrestricted reserves to enable us to continue our activities in the event of:

- a temporary loss of income
- a permanent loss of income, to enable us to meet the cost of winding down the organisation if needed

It is Elrha's policy to retain only sufficient reserves to safeguard the continuity of its operations, or to achieve an orderly wind-down if this were not possible, thereby committing the maximum possible resources to further our charitable objectives.

The Trustees are confident that future incoming resources to the charity will be adequate to support the continuation of existing projects and activities and also to meet other needs which may arise. Accordingly, Elrha continues to adopt the 'going concern' basis in preparing the financial statements.

## 4.2 INVESTMENTS

Elrha held no investments during the period.

## 4.3 PLANS FOR FUTURE PERIODS

### OUR NEW STRATEGY

Our 2019–23 strategy sets out a new ambitious direction for us. Its outcome focused: it positions us as a key influencer, effectively coordinating our programmes, guidance and experience on research, innovation and partnerships to understand and address some of the most complex humanitarian problems.

Our new strategy is true to [our guiding principles](#). It builds on our success and expertise and represents a responsible and exciting evolution of our work to date.

### **There is a need for humanitarian research and innovation.**

We believe research and innovation should be central to global efforts to improve humanitarian response. We know that sectors that consistently invest in research and development are proven to be more productive and adaptive than those that don't. However, spend on research and development in the humanitarian sector remains low.



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## OUR VISION

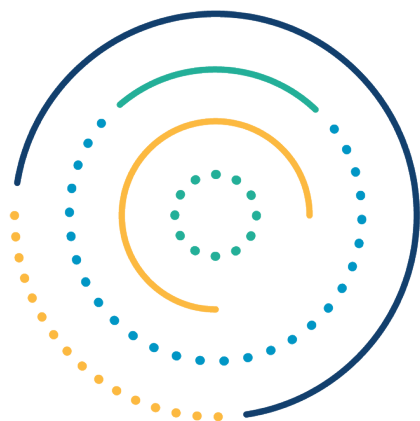
**We want to see a world equipped to mitigate the impact of humanitarian crises...**

We want to contribute to a global community where **humanitarian actors** at all levels are prepared to respond effectively and efficiently when a crisis happens. They will be equipped with the latest evidence of ‘what works’, and they’ll routinely use cutting-edge solutions. As a result, people affected by crises will get the right help when they need it most.

## WHAT WE DO

Our strategy is made up of four interconnected areas of work. Collectively, they maximise the potential for research and innovation to achieve change and transform the effectiveness of humanitarian response:

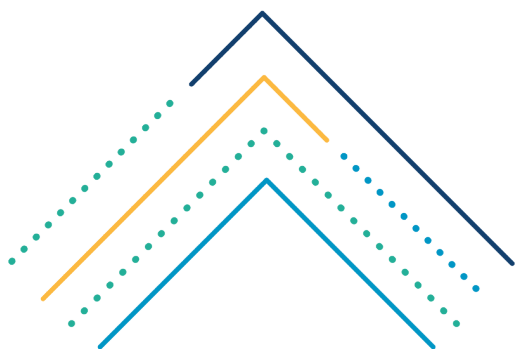




### 1) DEFINE

**We identify and prioritise the most pressing problems within humanitarian response and plan the research and innovation approaches needed to tackle them.**

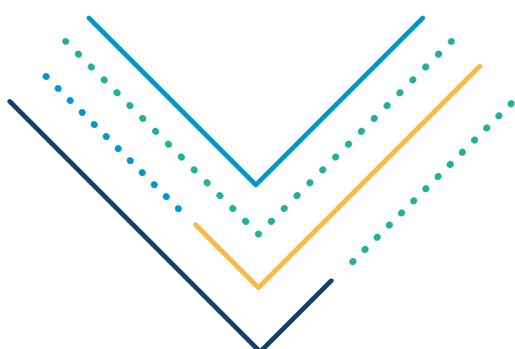
We will be solution-focused, even where problems are at their most complex. We will deepen our understanding around both the context of those problems, and the needs of those who are affected by them. In developing new evidence and solutions, we will continue to collaborate with others so that efforts are coordinated around our key focus areas.



### 2) DEVELOP

**We invest in the right people to research, explore, develop, and test the solutions to these problems.**

We will continue to fund the highest quality research and innovation programmes in the humanitarian system. We will use our experience and expertise supporting over 200 research studies and innovation projects to make sure our funded work has the highest chance of success.

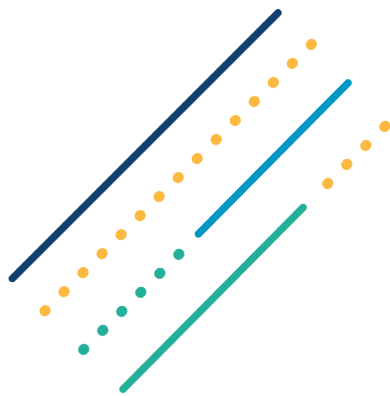


### 3) DISTIL

**We create and share practical tools and guidance based on evidence of 'what works'.**

We will systematically collect evidence on study findings and effective innovation solutions from across the humanitarian community. We will develop tools and guidance based on what we've learnt from carrying out research and innovation in humanitarian contexts. These will be made available in user-friendly, accessible and appropriate formats.





#### 4) DRIVE

**We empower the humanitarian community to adopt ‘what works’.**

We will support projects from start to finish, focusing on ensuring maximum impact. We will engage early and regularly with key influencers and decision makers at global and national levels to ensure their involvement and commitment from the very beginning – a crucial component of success in this area of work.

### LOOKING AHEAD

Those ‘Four Ds’ – our primary areas of work – will lead us over the next five years. We will report against them, noting what we’ve achieved in each area and how this is affecting the changes we want to see.

### 4.4 PRINCIPAL RISKS AND UNCERTAINTIES

The major risks to which Elrha is exposed have been identified by the executive management team and reviewed by the Trustees as part of the annual risk review process. Appropriate systems and procedures are in place to manage these risks and provide reasonable but not absolute assurance against occurrence.

- 1) **Insufficient funds to continue activities:** Like all organisations, Elrha is dependent on ongoing donor funding in order to achieve our organisational objectives. We have a range of income streams and are not dependent on any single donor. We continue to diversify our donor base, and are introducing new income streams, for example by having a consultancy offering.
- 2) **Safeguarding or ethical issue:** There is a risk that our funded project teams do not conduct themselves or carry out their project in an appropriate way. This could result in people affected by crises being put at risk of harm or that ethics are not appropriately applied. As well as the inherent harm, Elrha's name, or the names of its donors could be brought into disrepute. We have comprehensive policies in relation to safeguarding in place, including the requirement for all staff to attend safeguarding training. All staff and members of governance groups are required to sign up to our code of conduct which outlines the expectations we have of those we seek to work with. We perform due diligence on prospective grantees, and monitor

projects and studies on an ongoing basis to highlight potential risks and so that any allegations of incidents can be reported.

- 3) Elrha fails to have the desired impact: There is a risk that, after a number of years of funding many projects and studies, that the sector is not becoming more efficient or effective, and outputs of our projects are not being taken up at sufficient scale to have the impact we are striving for. Elrha has developed an impact strategy and set of measurements to enable us to assess progress against our impact target. R2HC funded projects benefit from a workshop, run by ourselves during the early stages of the project and using our Research Impact Tool, which enables them to establish their impact ambition for the project, and how they will achieve that impact, for example, through outreach and engagement work to drive uptake of the research.
- 4) Income generation activities detract from other delivery: income generation activity could detract us from being able to deliver on other key aspects of our mission. We have considered this risk when planning our resources for the coming years and have ensured that we have sufficient staff and other appropriate resources in place in order to enable us to continue to deliver our key mission effectively. By focussing on strategic planning of our programmes over a number of years, we are reducing the long-term effort attached to fundraising, which enables Elrha to increase its focus on our overall objectives.
- 5) Hosting arrangement risks: we had previously identified and considered the risks associated with the hosting of GAHI. This arrangement was discontinued in May 2019, which was subsequent to the last risk review by the board of trustees, and these risks are therefore now considered to have dissipated.

## 5. STAFF

Elrha recognises the commitment and quality of its staff's work and that of others we worked with in 2018. The major achievements during this period, and since Elrha was created, are due to the dedication and belief of all these people.

Elrha is an equal opportunities employer. The aim of our equal opportunities policy is to support the principles of equal opportunities and diversity in employment and is fully compliant with the provisions of the Equality Act 2010.

## 6. POLITICAL DONATIONS

No political donations were made during the period.

## 7. POST BALANCE SHEET EVENTS

In the first quarter of 2019, Elrha confirmed to its donors its intention to terminate its hosting arrangement of the GAHI at the expiry of its current donor agreements in Q2 2019. This would cause GAHI to be a discontinued operation from Elrha's perspective from the end date of those agreements.

No other significant events have taken place since the period end that would result in adjustment of the financial statements or inclusion of a note thereto.

## 8. AUDITOR

KPMG LLP have expressed their willingness to continue to act as auditors. A resolution to reappoint them, under section 485 of the Companies Act 2006, was approved at the AGM on 11 June 2019.

By order of the Board



Wendy Fenton  
Trustee



Andrew Katz  
Trustee

11 June 2019

## STATEMENT OF TRUSTEES' RESPONSIBILITIES: IN RESPECT OF THE STRATEGIC REPORT, THE TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS.

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the trustees to prepare financial statements for each financial year in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of expenditure over income for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate and proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each of the persons who were directors of the company at the date of approval of this directors' report that they confirm, that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that s/he ought to have taken as a director to make [himself/herself] aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF ELRHA

### OPINION

We have audited the financial statements of Elrha (“the charitable company”) for the period ended 31 December 2018 which comprise the Statement of Financial Activities, Balance Sheet and related notes, including the accounting policies in note 1.

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 2018 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### THE IMPACT OF UNCERTAINTIES DUE TO BRITAIN EXITING THE EUROPEAN UNION ON OUR AUDIT

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the trustees and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the charity’s future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the charity’s future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a charity and this is particularly the case in relation to Brexit.

## GOING CONCERN

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model, including the impact of Brexit, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

## OTHER INFORMATION

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate and proper accounting records 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

## TRUSTEES' RESPONSIBILITIES

As explained more fully in their statement set out on page 28, 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

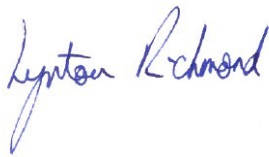
## AUDITOR'S RESPONSIBILITIES

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



**Lynton Richmond (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

*15 Canada Square, London E14 5GL*

18 June 2019



# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL ACTIVITIES

For the period ended 31 December 2018

	Notes	Unrestricted	Restricted	Period to 31 December 2018
		£	£	£
<b>Income from:</b>				
Donations	3	347,095	-	347,095
Charitable Activities	4	-	5,283,598	5,283,598
<b>Total Income</b>		<b>347,095</b>	<b>5,283,598</b>	<b>5,630,693</b>
<b>Expenditure on:</b>				
Raising Funds	5	-	-	-
Charitable Activities	5	(91,354)	(5,283,598)	(5,374,952)
<b>Total Expenditure</b>		<b>(91,354)</b>	<b>(5,283,598)</b>	<b>(5,374,952)</b>
<b>Net Income for the Period</b>		<b>255,741</b>	<b>-</b>	<b>255,741</b>
<b>Net Movement in Funds</b>		<b>255,741</b>	<b>-</b>	<b>255,741</b>
<b>Reconciliation of Funds:</b>				
Total Funds Brought Forward		-	-	-
Movement in Funds		255,741	-	255,741
<b>Total Funds Carried Forward</b>		<b>255,741</b>	<b>-</b>	<b>255,741</b>

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

## BALANCE SHEET

As at 31 December 2018

	Notes	31 December 2018 £
<b>Current Assets</b>		
Debtors: amounts falling due within one year	11	829,662
Cash at bank and in hand		300,000
		<u>1,129,662</u>
<b>Liabilities:</b>		
Creditors: amounts falling due within one year	12	(873,921)
		<u>(873,921)</u>
<b>Net assets</b>		<u>255,741</u>
<b>The funds of the charity:</b>		
Restricted income funds	15	-
Unrestricted funds		255,741
<b>Total Funds</b>		<u>255,741</u>

The notes on pages 36 to 45 form part of the financial statements.

On behalf of the board



Wendy Fenton  
Trustee



Andrew Katz  
Trustee

11 June 2019

## CASHFLOW STATEMENT

For the period ended 31 December 2018

	Notes	Period to 31 December 2018 £
<b>Cash flows from operating activities</b>		
<i>Net cash provided by operating activities</i>	a)	<u>300,000</u>
<b>Cash flows from financing and investing activities</b>		
<i>Net cash provided from financing and investing activities</i>		<u>-</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>300,000</u>
Cash and cash equivalents at the beginning of the reporting period		-
<b>Cash and cash equivalents at the end of the reporting period</b>	b)	<u>300,000</u>

### NOTES TO THE CASH FLOW STATEMENT

<i>a) Reconciliation of net income to net cash flow from operating activities</i>	Period to 31 December 2018 £
Net income	255,741
Adjustments for:	
(Increase) in debtors	(829,662)
Increase in creditors	873,921
<b>Net cash provided by operating activities</b>	<u>300,000</u>

<i>b) Analysis of cash and cash equivalents</i>	Period to 31 December 2018 £
Cash at bank and in hand	300,000
<b>Total cash and cash equivalents</b>	<u>300,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

### GENERAL INFORMATION AND BASIS OF ACCOUNTING

Elrha is a charitable company incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act. The address of the registered office is:

1 St. John's Lane  
London  
EC1M 4AR

Elrha is a public benefit entity. The nature of Elrha's operations and its principal activities, and how these meet the public benefit criteria, are set out in the trustees' report (including the strategic report).

SCUK (company number 00178159; charity numbers 213890 (England and Wales) and SC039570 (Scotland)) is the sole member of Elrha. SCUK's principal purpose is to save children's lives and tackle global child poverty. Elrha's results will be consolidated with those of SCUK and the consolidated accounts can be obtained by the public at the registered office address given above.

### BASIS OF PREPARATION

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The functional currency of Elrha is pounds sterling because that is the currency of the primary economic environment in which Elrha operates.

Elrha's business was transferred from SCUK on 1st May 2018 through a business transfer agreement. In line with that agreement, the financial period covered by these statements is from 1st May 2018 to 31st December 2018.

### GOING CONCERN

The accounts have been prepared under the historical cost convention, the applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", and the Companies Act 2006.

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of Elrha to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of approval of the financial statements.

Accordingly, the Trustees have prepared these financial statements on a going concern basis.

## FUND ACCOUNTING

**Unrestricted funds** are those which are available for the general purposes of Elrha at the discretion of the trustees. The trustees may elect to dedicate some funds for specific purposes. No funds have been dedicated in this way during the period.

**Restricted funds** are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the charity for particular purposes. Costs are charged against the specific fund in line with donor wishes. An analysis of each restricted fund is set out in the notes to the financial statements.

## INCOME

Income is recognised in the statement of financial activities when Elrha is legally entitled to the income, receipt is probable, and it can be effectively measured.

## GRANT INCOME

Most of Elrha's income is donor funding sub-granted from SCUK. In general, grants and sub-grants represent restricted income from governments, agencies and foundations, corporates and trusts and have been included as 'Incoming resources from charitable activities' where these grants specifically outline the goods and services to be provided to beneficiaries. For these performance related grants, in the absence of specific milestones to determine entitlement, income is recognised to the extent that resources have been committed to the agreed outcomes and outputs as this is deemed to be a reliable estimate of the right to receive payment for the work performed. In this case cash received in excess of expenditure is included as a creditor (as deferred income) and expenditure in excess of cash included as a debtor (as accrued income). Unless otherwise specified by donors, restricted funds are not held in separate bank accounts.

## GIFTS IN KIND INCOME (GIK)

GIK includes goods for project distributions or resale, pro-bono services and supplies. GIK must be included in the accounts as income and expenditure and valued at market value by the members of the executive team and/or the donor. No monetary value is attributed to volunteer work.

## EXPENDITURE

All expenses are recognised on an accruals basis.

Expenditure on charitable activities is any that relates directly to fulfilling the charitable objects of Elrha.

Expenditure on raising funds is that incurred in seeking grant income.

Support costs, such as general management, governance, human resources, financial management and premises costs are allocated across the categories of charitable activities in proportion to the direct expenditure on those activities.

Staff costs are analysed and apportioned on the basis of management's estimation of the time spent on each activity. Costs which do not directly relate to one activity are apportioned on the same basis.

## INVESTMENTS

Investments are stated at market value on the balance sheet date. Elrha held no investments at the balance sheet date.

## PROVISIONS

Provisions for liabilities are recognised when there is a legal or constructive obligation for which a measurable future outflow of funds is probable. Elrha held no provisions at the balance sheet date.

## FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when Elrha becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). Elrha only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

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

## DEFINED CONTRIBUTION PENSION SCHEME

SCUK operates a defined contribution retirement benefit scheme for all qualifying employees of group companies, including Elrha. For all schemes the amount charged to the statement of financial activities is in respect of the pension contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## FOREIGN CURRENCIES

Monetary assets and liabilities are translated into pound sterling at the exchange rate ruling on the balance sheet date. Foreign exchange gains are recognised as other income and foreign exchange losses are recognised within the relevant category of charitable activity expenditure for the period in which they are incurred.

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Elrha's accounting policies, which are described in note 1, the trustees are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure, with the exception of income recognition. In light of the guidance set out in the Charities SORP (FRS 102) all awards have been reviewed to determine their performance related conditions, see Accounting Policies (Grant income).

### 3. INCOME FROM DONATIONS

	Unrestricted	Restricted	Total period to 2018
	£	£	£
Donation from SCUUK	300,000	-	300,000
Gift in kind income	44,095	-	44,095
Other	3,000	-	3,000
<b>Total</b>	<b>347,095</b>	<b>-</b>	<b>347,095</b>

### 4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total period to 2018
	£	£	£
Humanitarian Innovation Fund (HIF)	-	2,067,672	2,067,672
Research for Health in Humanitarian Crises (R2HC)	-	2,714,751	2,714,751
Global Alliance for Humanitarian Innovation (GAHI)	-	501,174	501,174
<b>Total</b>	<b>-</b>	<b>5,283,598</b>	<b>5,283,598</b>

### 5. EXPENDITURE

	Grant Funding	Activities undertaken directly	Support Costs	Total period to 31 December 2018
	£	£	£	£
<b>Charitable activities</b>				
Humanitarian Innovation Fund (HIF)	1,370,071	492,784	204,817	2,067,672
Research for Health in Humanitarian Crises (R2HC)	2,321,299	209,656	183,797	2,714,752
Global Alliance for Humanitarian Innovation (GAHI)	-	403,588	97,586	501,174
Other Charitable Activities	-	5,750	85,604	91,354
	<b>3,691,370</b>	<b>1,111,778</b>	<b>571,803</b>	<b>5,374,952</b>

Total resources expended include the following amounts:

#### Fees payable to the auditor

	Period to 31 December 2018
	£
Audit of financial statements	15,000
<b>Total audit</b>	<b>15,000</b>

### 6. ANALYSIS OF SUPPORT COSTS

	Period to 31 December 2018
	£
Governance	89,240
General Management	223,797
Financial Management	128,020
Human Resources	64,321
Information Technology	38,269
Premises and Facilities	28,156
<b>Total</b>	<b>571,803</b>



## 7. ANALYSIS OF GRANT EXPENDITURE

	HIF £	R2HC £	Total £
Action Against Hunger (Various Members)	18,528		18,528
Anglia Ruskin University		166,908	166,908
BRCK Ltd	9,193		9,193
Bremen Overseas Research And Development Association Cascade Designs Inc	18,125		18,125
CBCP Caritas Filipinas Foundation	10,000		10,000
Centre For Affordable Water and Sanitation Technology	5,000		5,000
Church World Service Japan	5,000		5,000
Coventry University	50,000		50,000
Dalberg Design	42,158		42,158
Durham University	24,600		24,600
Fachhochschule Nordwestschweiz		61,171	61,171
Field Ready	80,000		80,000
Flinders University	60,000		60,000
The George Washington University	19,928		19,928
Handicap International	4,848		4,848
Host International Ltd		122,635	122,635
International Federation of Red Cross And Red Crescent Societies	1,000		1,000
International Rescue Committee	12,352		12,352
Ipas		265,187	265,187
Jesuit Refugee Service		182,478	182,478
Johns Hopkins University	59,945		59,945
Kube Energy		395,081	395,081
London School of Hygiene and Tropical Medicine	15,000		15,000
Make Music Matter		114,277	114,277
McMaster University	34,000		34,000
No Strings International		25,476	25,476
Nonviolent Peaceforce	35,040		35,040
Örebro University	49,777		49,777
Ove Arup And Partners Ltd		16,061	16,061
Oxfam	39,966		39,966
Panzi Foundation USA	119,878		119,878
Queen Margaret University, Edinburgh	100,000		100,000
Queen Mary University Of London		33,520	33,520
Queen's University at Kingston		153,421	153,421
Real Relief	22,796		22,796
REDR	82,733		82,733
SCUK	9,986		9,986
Social Solutions Research Association	79,938		79,938
Solidarités International	15,000		15,000
Terre Des Hommes Foundation	27,600		27,600
Tufts University	134,492		134,492
Université Laval		91,200	91,200
University of Edinburgh	8,676		8,676
University of New South Wales		5,000	5,000
University of Rwanda		160,070	160,070
University of Victoria		158,333	158,333
War Trauma Foundation	45,000		45,000
Women And Health Alliance International		34,340	34,340
Womens Uganda	9,438		9,438
Women's Refugee Commission	74,083		74,083
World Health Organization		50,881	50,881
World Vision International		48,514	48,514
YAKKUM Emergency Unit		241,717	241,717
York University	991		991
Other (refunds of grants previously contracted)	45,000	(4,971)	(4,971)
<b>Total</b>	<b>1,370,071</b>	<b>2,321,299</b>	<b>3,691,370</b>

## 8. TRUSTEES

The trustees received no remuneration during the period. During the period £88 was expended on travel and accommodation expenses to attend and participate in meetings of the Board of Trustees for one trustee. No donations were received from trustees during the period.

## 9. EMPLOYEES

The payroll costs were as follows

	Elrha Period to 31 December 2018	GAHI Period to 31 December 2018	Total Period to 31 December 2018
	£	£	£
Wages and salaries	471,852	195,392	667,244
Social security costs	48,761	13,675	62,436
Pension costs	30,463	5,347	35,810
Other staff costs	14,603	360	14,963
<b>Total</b>	<b>565,679</b>	<b>214,774</b>	<b>780,453</b>

The average monthly number of employees during the period was:

	Average headcount <sup>1</sup> Period to 31 December 2018 Number	Average FTE headcount <sup>2</sup> Period to 31 December 2018 Number
Elrha	19	18
GAHI	4	4
	<b>23</b>	<b>22</b>

<sup>1</sup> Headcount is defined as the number of roles filled by employees.

<sup>2</sup> Headcount equivalent is defined as headcount adjusted to take into account hours worked, where employees do not work on a full-time basis.

During the eight month period from the transfer of operations on 1st May to the balance sheet date, the following number of employees received employee benefits (excluding employer pensions costs) within the bands shown below.

	Period to 31 December 2018 Number
£60,001-£70,000	1
	<b>1</b>

The total amount of employee benefits received by key management personnel during the period was £233,240.

## 10. TAXATION

Elrha is a registered charity and as such is not liable to United Kingdom income or corporation tax on charitable activities.

## 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018
	£
Amounts due from parent company	826,642
Other debtors	3,020
<b>Total</b>	<b>829,662</b>

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018
	£
Trade creditors	427,188
Taxes and social security costs	27,927
Accruals	409,376
Other creditors	9,430
<b>Total</b>	<b>873,921</b>

## 13. FINANCIAL COMMITMENTS

### Donor Grant Commitments

The table below shows the charity's commitment to donors in delivering projects on their behalf, which will be completed over a number of years as detailed below.

	31 December 2018
	£
Within one year	10,407,229
In years two to five	6,123,381
After five years	-
<b>Total</b>	<b>16,530,610</b>

### Subgrant Commitments

The table below shows the charity's commitment to subgrantees to provide funds for them to undertake projects, subject to the subgrantee fulfilling their contractual obligations to Elrha.

	HIF	R2HC	Total
	£	£	£
Within one year	1,010,930	3,082,607	4,093,537
In years two to five	-	1,269,397	1,269,397
After five years	-	-	-
<b>Total</b>	<b>1,010,930</b>	<b>4,352,004</b>	<b>5,362,934</b>

## 14. ANALYSIS OF CHARITABLE FUNDS

	Opening balance	Income	Expenditure	At 31 December 2018
	£	£	£	£
Unrestricted funds	-	347,095	(91,354)	255,741
Restricted funds	-	5,283,598	(5,283,598)	-
<b>Total</b>	<b>-</b>	<b>5,630,693</b>	<b>(5,374,952)</b>	<b>255,741</b>

## 15. RESTRICTED FUNDS

	Opening balance	Income	Expenditure	At 31 December 2018
	£	£	£	£
<b>HIF</b>				
DFID – Department for International Development	-	1,296,691	(1,296,691)	-
ECHO – European Civil Protection and Humanitarian Aid Operations (European Commission)	-	359,712	(359,712)	-
MFA Netherlands	-	299,405	(299,405)	-
SIDA – Swedish International Development Cooperation Agency	-	111,864	(111,864)	-
	-	2,067,672	(2,067,672)	-
<b>R2HC</b>				
Wellcome Trust	-	2,536,943	(2,536,943)	-
DFID – Department for International Development	-	177,809	(177,809)	-
	-	2,714,752	(2,714,752)	-
<b>GAHI</b>				
DFID – Department for International Development	-	137,664	(137,664)	-
MFA Netherlands	-	117,093	(117,093)	-
MFA Denmark	-	117,315	(117,315)	-
DFAT – Department of Foreign Affairs and Trade Australia	-	129,102	(129,102)	-
	-	501,174	(501,174)	-
<b>Total restricted funds</b>	<b>-</b>	<b>5,283,598</b>	<b>(5,283,598)</b>	<b>-</b>

SCUK subgrants to Elrha from original donor

## 16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Total at 31 December 2018
	£	£	£
Debtors: amounts falling due within one year	1,564	828,098	829,662
Cash at bank and in hand	300,000	-	300,000
Creditors: amounts falling due within one year	(45,823)	(828,098)	(873,921)
<b>Total</b>	<b>255,741</b>	<b>-</b>	<b>255,741</b>

## 17. EMPLOYEE BENEFITS

SCUK operates a defined contribution retirement benefit scheme for all qualifying employees of group companies, including Elrha. The total expense charged to the statement of financial activities in the year ended 31 December 2018 was £35,810. Pension contributions are included under Expenditure as 'Activities undertaken directly' in Note 5 to these financial statements.

The contributions outstanding at 31 December 2018 were £9,348.

## 18. RELATED PARTY TRANSACTIONS

Transactions, including grants, with SCUK are not disclosed on the basis of the exemption available under FRS 102. No other related party transactions have occurred.

## 19. POST BALANCE SHEET EVENT

In the first quarter of 2019, Elrha confirmed to its donors its intention to terminate its hosting arrangement of the GAHI at the expiry of its current donor agreements in Q2 2019. This will cause GAHI to be a discontinued operation from Elrha's perspective from the end date of those agreements.