



2019 Directors' Report

JOHNSON & JOHNSON FOUNDATION SCOTLAND





Directors’ Report and Financial Statements

Directors’ Report (including the Directors’ Strategic Report) and Financial Statements. For the year ended 31 December 2019.

2019 List of Directors

Directors Alissa Hsu Lynch (appointed 7 June 2019; resigned 20 March 2020) Angelika Elser Christoph Bronnimann (resigned 1 April 2019) Demet Gurunlu Russ Frank Welvaert Hani Souheill Abouhalka (appointed 10 June 2019) Inder Sheel Kumar Khosla Jaak Peeters (resigned 20 March 2020) Jane Griffiths (resigned 10 December 2019) Kris Emiel Sterkens (Chair) Luis Diaz Rubio Mark Larsen (resigned 8 April 2019) Michelle Brennan (resigned 4 April 2019) Neil Wood Patrick Smallcombe (appointed 12 June 2019) Paula Patino Conde (appointed 21 October 2019) Trevor Bond (resigned 5 April 2019) Wim Bossens Zeger Vercouteren Executive Director* Ben Davies	Company Secretary Gillespie MacAndrew LLP 5 Atholl Crescent Edinburgh EH3 8EJ United Kingdom Registered Office 5 Atholl Crescent Edinburgh EH3 8EJ United Kingdom Auditor Scott-Moncrieff Audit Services Exchange Place 3 Sempie Street Edinburgh EH3 8BL United Kingdom	Banker Royal Bank of Scotland 36 St. Andrews Square Edinburgh EH2 27B United Kingdom Solicitor Gillespie MacAndrew LLP 5 Atholl Crescent Edinburgh EH3 8EJ United Kingdom Company Number: SC327028 Charity Number: SC017977
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* Executive Director is a job title and not a director for Companies Act 2006 purposes.



Photo credit: Johnson & Johnson Foundation

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Front Cover Photo credit: Johnson & Johnson Foundation



Objectives and Activities

Mission

The mission of the Johnson & Johnson Foundation Scotland—“The Foundation”—is to make sustainable, long-term differences in human health. It does this by investing in strategic partnerships and innovative solutions that add value to society and impact people’s lives.

About Us

The Foundation, formerly known as Johnson & Johnson Corporate Citizenship Trust, is responsible for managing Johnson & Johnson’s Global Community Impact programs and initiatives across Europe, the Middle East and Africa (EMEA). The Foundation was founded in 2007 and is a registered charity and a company limited by guarantee. It is an independent organization that reflects the Johnson & Johnson Family of Companies’ commitment to improve the quality of life of the communities that its employees live and work in. The Foundation is funded by the Johnson & Johnson Family of Companies through Johnson & Johnson Global Community Impact and Johnson & Johnson Operating Companies in EMEA.

Strategic Framework

Our Strategic Framework guides the future direction of the Foundation. It is based on three strategic focus areas which are all closely interconnected and build-on and amplify the impact and reach generated by each:

1. Partnerships: Empowering strategic and innovative partnerships across EMEA
2. People: Connecting people and creating networks to share knowledge and skills
3. Impact Investment: Addressing social issues in a sustainable way through impact investment

**We support and
champion the people
on the front lines who
are at the heart of
delivering care.**

Alignment with the Johnson & Johnson Global Community Impact Strategy

The Foundation's Strategic Framework is fully aligned with the Johnson & Johnson Global Community Impact Strategy "to support and champion the people on the front lines who are at the heart of delivering care." These primarily include nurses, midwives and community health workers working at the intersection between community health and the primary health system in reaching vulnerable populations and contributing to the UN Sustainable Development Goal of Health for All (Universal Health Coverage).

Grant Making Policy

The Board of Directors has developed a Grant Making Policy to ensure that grant making decisions are made effectively and transparently. Given the geographical spread of the Foundation, consideration and thought are given to the individual needs and challenges of each country. To this end, the Foundation supports both cross-border programs and initiatives and national programs and initiatives (EMEA Partnerships).

With respect to the cross-border programs, the Aga Khan Development Network and INSEAD Business School have been approved by the Board of Directors. The respective work plan includes specific milestones with clear output and outcomes over respective three-year program frameworks. Progress and results are presented to the Board on an annual basis. These partnerships are entirely funded by the Foundation.

The EMEA Partnerships are co-funded 50% by the Foundation and 50% by Johnson & Johnson entities in the EMEA region. Programs and respective partners are scored against criteria that include relevance to the local context, strategic fit, projected health

outcomes data, sustainability and geographical spread. Every approved national and cross-border grant requires approval against strategic priorities and health care compliance. Each program supported by the Foundation has a dedicated Project Leader, Health Care Business Integrity Officer and Grant Coordinator, all of whom have a role in the grant application process. The Board of Directors gives final approval.

Impact Investment Policy

Our impact investing mission is to demonstrate that health and wellness investing in low-resource settings can generate sustainable social impact with financial returns. All impact investments are aligned with the Johnson & Johnson Global Community Impact Strategy and focus on health and wellness based social enterprises with a broad geographical spread.

All potential investments go through a rigorous due diligence process, with final decision on investment by the Foundation Board of Directors, following expert counsel from an Impact Advisory Committee (page 9). Post investment we are developing a coherent portfolio management strategy to ensure these investments achieve both social impact and meet our financial requirements.

In 2015 an impact investment effort was launched to focus on a limited number of investment opportunities over a 5-7 year time horizon, to demonstrate that health and wellness investing in low-resource settings could deliver sustainable impact and a financial return. The investment portfolio is determined by the Foundation Board of Directors, following expert counsel from an Impact Advisory Committee.

In 2019, the initiative formally launched as Johnson & Johnson Impact Ventures (JNJIV), targeting innovations including digital health platforms and artificial intelligence technologies to support the access and delivery of quality and affordable care. JNJIV has committed \$5 million to five impact investments in Kenya, the UK and South East Asia that have been 80% executed. One million dollars was granted in seed funding for impact investments.

JNJIV is building a global portfolio of innovative social enterprises and start-ups, focusing on addressing the needs of low-income populations.

A selection of our investments to date include:

- **Jacaranda Maternity**, a maternity hospital focused on providing affordable, patient-centered care to urban mothers in Kenya.
- **Flare**, a Kenya-based emergency response technology platform, that connects the largest network of first responders and has reduced emergency response time from an average of 162 minutes to 20 minutes.
- **WaterEquity**, a fund that invests in social enterprises and microfinance institutions that deliver access to clean water to homes and communities across Southeast Asia and is expected to provide 4.5 million people with water access in seven years.
- **TNH Health**, an AI-enabled digital health platform in Brazil to engage with the public and monitor health.

Strategic Report

Achievements and Performance

The Foundation's 2019 grant making activities were guided by the Johnson & Johnson Global Community Impact strategy, which is to support and champion people on the front lines of care.

In 2019, the Foundation engaged with 70 partners in 54 countries delivering over £8.8 million to programs within the EMEA region¹.

2019 Significant Areas of Activity

- **INSEAD** – The Foundation and INSEAD partner to transform health systems across EMEA by investing in increasing the leadership and innovation capacity of health leaders of tomorrow.
- **Aga Khan Development Network (AKDN)** – The Foundation has a long-term partnership with the AKDN, working on a number of innovative programs and initiatives aimed to improve the quality of life of communities.

The AKDN works to improve the welfare and prospects of people in the developing world, particularly in Asia and Africa, supporting marginalized communities to achieve a level of self-reliance through access to tools, knowledge and education.

- **AMREF** – To help address the acute shortage of oncology nurses to care for rising numbers of cancer patients in Kenya, the Foundation funded an oncology nursing program in September 2019 through AMREF in partnership with the National Cancer Control Program and The Nursing Council. The program trains higher diploma nurses in oncology at Moi Teaching and Referral Hospital's College of Health Sciences, with the first class of 22 oncology nurses scheduled to graduate in September 2020. This initiative has led to two additional colleges receiving accreditation to offer higher diplomas in Oncology Nursing, potentially training 120 nurses each year.

- **Secondment Program** – Launched in 2014, the Secondment Program provides Johnson & Johnson employees with the unique opportunity to give back to society by sharing their business skills and knowledge with our NGO partner organizations in long-term assignments (up to six months).
- **One Young World (OYW)** – Johnson & Johnson has partnered with OYW, an NGO which connects the world's most impactful young leaders to create a better world, since 2013. OYW leaders (aged 18-30) from across the globe have participated in providing a unique opportunity to debate and formulate innovative solutions to some of the world's most pressing health issues.

1. These numbers include donor advised funding partnerships. Excluding donor advised funding, the Foundation engaged with 19 partners in 28 countries delivering over £2.7 million to programs in EMEA



Financial Review

Results for the Period

The Statement of Financial Activities is reported on page 13 of the accounts. The Foundation incurred net income of £15.4m (2018: £6.2m, net income) as a result of increased grant awards towards the end of the year. The financial position at 31 December 2019 was £48.4m of net assets (2018: £33m) which primarily consisted of cash deposits of £34.5m (2018: £30.9m) and the impact investments of £3m (2018: £2.1m).

Principal Funding Sources

The Foundation's activities are funded through donations from the Johnson & Johnson Family of Companies. Within the portfolio of the Foundation, various types of funds have been created to effectively manage donations. These are *endowment funds* and *designated funds*.

Endowment Funds

These are restricted investment funds donated to the Foundation with the intention to produce income. While withdrawals from the principal amount may only be used for purposes of the Foundation upon the donors' decision, any investment income generated from the endowment can be spent for the Foundation's ongoing operations or other specific purposes.

Designated Funds

These are unrestricted funds that are earmarked by the directors to be used for particular purposes in the future. They are still accounted for as part of the charity's unrestricted funds, as the directors have the power to re-designate these funds to other purposes. Please refer to page 21 for a list of designated funds.

Restricted Funds

These are restricted funds that are earmarked by the donors to be used for particular projects. They are accounted for as part of the charity's restricted funds. Please refer to page 21 for a list of restricted funds.

Investment Policy

The Directors have full power of investment. In 2019, the Investment Committee established two low risk investment accounts following the guidance of the established investment policy.

Reserves Policy

The Foundation's reserves policy is set to a level of spending intended to deliver our charitable mission today and to meet our commitments to our partners in the future; unrestricted funds are maintained at the value of approximately four months of on-going activities.

Total funds held at 31 December 2019 were £48.4m (2018: £33m), of which £23k (2018: £22k) were restricted for specific purposes by the donor, £103k (2018: £103k) were endowment funds, £29.2m (2018: £16.2m) were designated, and a further £3m (2018: £2.1m) were held within programme-related investments. The remaining free reserves at 31 December 2019 were £16m (2018: £14.6m).

The Directors recognize that the free reserves exceeded the amount specified by the reserves policy in 2019. This was due to the transfer of an additional unrestricted donation of £10.2m in 2015, for the development of an impact investment portfolio over the period of 2016 – 2020.

Plans for the Future

As the COVID-19 pandemic continues to evolve, the management team will further discuss how the Foundation can help meet the critical needs of organizations supporting front line healthcare workers. This may result in action that could divert some of our uncommitted funds towards this critical outbreak. We do not see any significant impacts for the Foundation as it relates to our operations in 2020. The donation from Johnson & Johnson to fund our budgeted programs for the coming year is committed and our operating costs, as usual, will be covered by the J&J Corporate GCI team. As you would expect, with the travel restrictions that are in place globally, is likely to have a slowdown effect on a number of our programs but we will endeavour to keep moving forward using alternate technology avenues. Looking ahead, the Foundation will continue to deliver against its strategic framework, focused on partnerships, people and scaled investment, aligned with the Johnson & Johnson Global Community Impact Strategy. Continued efforts will be made to strengthen primary care systems and the health workers operating therewith, such as; nurses, midwives, doctors, community health workers and others who are at the very foundation of any health care system. Investments will be made to support formal and informal care structures to ensure there is a workforce ready and able to respond to the benefit of vulnerable populations who do not otherwise have access to quality basic health services.

Structure, Governance and Management

Governing Document

The Foundation is governed by its Memorandum and Articles of Association. The liability of the members of the charity is limited and every member undertakes to contribute such amount as may be required (not exceeding £1) in the event of the charity winding up.

Relationship to Johnson & Johnson Family of Companies

The Foundation is funded by the Johnson & Johnson Family of Companies as part of its commitment to Johnson & Johnson Global Community Impact in the EMEA region. The Johnson & Johnson Family of Companies' commitment to the Foundation extends to the provision of office space, facilities and the release of its employees to sit on local, informal committees that provide advice to the Foundation.

In 2010, the Foundation signed a trademark licensing agreement with the Johnson & Johnson Family of Companies for the use of the Johnson & Johnson name and logo.

As of the 31st of December 2019, all Directors are employees of the Johnson & Johnson Family of Companies.

Recruitment and Appointment of Directors

The Foundation is managed by a Foundation Board of Directors consisting of senior Johnson & Johnson leaders across the Pharmaceutical, Consumer, Medical Devices and Global Supply Chain organization in the EMEA region. The Directors are responsible for managing the affairs of the Foundation and ensuring that it delivers on its mandate of public benefit.

The Foundation has the capacity to appoint 15 Directors to its Board. Nominations for new appointees are made to and approved by the Board. The aspiration is to build a balanced and diverse board. Therefore, the following factors are taken into consideration when recruiting new Board members: an interest in the health and societal challenges of the EMEA region, relevant business track record, cultural background and gender.

Upon appointment, new Directors are provided with training and information on their role and responsibilities, the mission of the Foundation, and the Global Community Impact Strategy to which the Foundation adheres. They are also invited to meet and discuss their role, responsibilities and areas of interest with the Executive Director of the Foundation.

Directors who formally and contractually leave the Johnson & Johnson Family of Companies must tender their resignation to the Board.

The Directors are the decision-making body on the Foundation commitments and do not receive any remuneration for this.

Organization and Decision Making

The Board of Directors meets biannually and presides over the strategic direction of the charity, having responsibility and control of its affairs and activities.

The day-to-day running of the Foundation is delegated to the Executive Director, an employee of the Johnson & Johnson Family of Companies whom is not remunerated by the Foundation.

Program Operations Committee

Whilst overall management of the Foundation is decided by collective decision of the Board, much of the Foundation's functioning is undertaken by the Program Operations Committee (Foundation staff). The Committee is made up of employees of the Johnson & Johnson Family of Companies. The activities of the Program Operations Committee during 2019 were aligned to the Foundation strategy and in reflection of the Johnson & Johnson Global Community Impact organisational structure.

Finance Advisory Committee

The Finance Advisory Committee was created in January 2014. The role of the Finance Advisory Committee is to provide expert counsel to the Board on strategic finance decisions, build and prioritize the 2015 - 2020 Finance Strategy, and support the Foundation on the implementation of

its recommendations. The Committee is made up of senior finance executives of the Johnson & Johnson Family of Companies

Impact Advisory Committee

The Impact Advisory Committee was created in 2015. The role of the Impact Advisory Committee is to provide expert counsel on strategic investment decisions, assess and select for recommendation to the Board, build and prioritize the Johnson & Johnson Global Community Impact Strategy, and support the Foundation on the implementation of its recommendations.

The Committee is made up of senior internal and external experts from the field of impact investment.

Risk Management and Assessment

A risk matrix is reviewed on an annual basis ensuring the Directors have considered the major risks faced by the Foundation and to ensure the necessary steps are taken to mitigate against the risks.

One of the risks which has been identified by the Directors relates to the appropriate use of funds.

The Foundation regularly reviews its grant making policy and controls to monitor this risk and to ensure funds are spent according to highest standards of diligence and transparency. An example of one of the controls in place is the contractual "right to audit" clause allowing the Foundation to ensure that funding was used for the intended purposes.

Another risk identified relates to the ability of the Foundation to fulfil its multi-year grant making commitments without a guaranteed annual corporate grant making income. The resources that have come into the Foundation and the reserves set aside however provide a sufficient buffer to meet current and future intended expenditure. The Directors are of the opinion that the Foundation can continue to meet its obligations as they fall due for the foreseeable future. As a consequence, they have prepared the financial statements on the going concern basis.

Directors' Responsibilities

The directors (who are also the trustees of the Foundation for the purpose of charity law) are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under this law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law).

Under company law the directors 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 Foundation and of the income and expenditure of the Foundation for the period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the charities SORP;
- Make judgments and accounting 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; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping accounting records that are sufficient to show and explain the Foundation's transactions and disclose, with reasonable accuracy and at any time, the financial position of the Foundation. The records must also enable the directors to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended). In addition, the directors are responsible for safeguarding the assets of the Foundation, and hence for taking reasonable steps towards the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

As far as each of the directors, at the time the report is approved, are aware:

- There is no relevant information of which the organisation's auditor is unaware, and
- the directors have taken all steps needed to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.

The Directors' Report and Strategic Report is approved by the Directors on 18 May 2020, and signed on their behalf by:



Kris Emiel Sterkens
Chair, Johnson & Johnson
Foundation Scotland

Independent Auditor's Report to the Members and Directors

For the year ended 31 December 2019

Opinion

We have audited the financial statements of Johnson & Johnson Foundation Scotland (the 'charitable company') for the year ended 31 December 2019 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of

our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other

information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect

of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's directors as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's directors, as a body, 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, the charitable company's members, as a body, and the charitable company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

For and on behalf of
Scott-Moncrieff, Statutory Auditor

Michael Harkness

Michael Harkness
Senior Statutory Auditor

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL
Date: 18 May 2020

Statement of Financial Activities

(Incorporating the Income and Expenditure Account)
For the year ended 31 December 2019

	NOTES	ENDOWMENT 2019 £	RESTRICTED 2019 £	UNRESTRICTED 2019 £	TOTAL 2019 £	TOTAL 2018 £
Income from endowments from:						
Donations and legacies	4	-	219,484	26,477,365	26,696,849	16,928,821
Investments		-	-	208,057	208,057	45,000
Exchange gains		-	-	-	-	962,062
Other		-	-	37,376	37,376	38,455
Total		-	219,484	26,722,798	26,942,282	17,974,338
Expenditure on:						
Charitable activities	5	-	218,789	10,528,935	10,747,724	11,815,552
Exchange losses		-	-	833,267	833,267	-
Total		-	218,789	11,362,202	11,580,991	11,815,552
Net income and movement in funds						
		-	695	15,360,596	15,361,291	6,158,786
Reconciliation of funds:						
Total funds brought forward	14	102,629	22,034	32,887,536	33,012,199	26,853,413
Total funds carried forward	14	102,629	22,729	48,248,132	48,373,490	33,012,199

There are no recognised gains or losses other than those shown in the statement of financial activities above.
All the activities relate to continuing activities. The notes on pages 16 to 23 form part of these financial statements.



Photo credit: Johnson & Johnson Foundation



Balance Sheet

As at 31 December 2019

	NOTES	2019 £	2018 £
Fixed Assets			
Programme-related investments	10	2,954,881	2,067,574
Current assets			
Debtors	11	11,576,980	1,261,848
Cash at bank		34,473,276	30,914,988
		46,050,256	32,176,836
Creditors: amounts falling due within one year	12	(631,647)	(1,232,211)
Net current assets		45,418,609	30,944,625
Net assets		48,373,490	33,012,199
Funds			
Endowment funds	14	102,629	102,629
Restricted funds	14	22,729	22,034
Unrestricted	14	19,033,235	16,733,465
Designated funds	14	29,214,897	16,154,071
Total funds		48,373,490	33,012,199

The notes on pages 16 to 23 form part of these financial statements

Authorised for issue and approved and authorised by the Board on 18 May 2020 and signed on its behalf by:



Kris Emiel Sterkens

Company Registration No: SC327028
Charity Number: SC017977

Statement of Cash Flows

For the year ended 31 December 2019

	NOTES	2019 £	2018 £
Cash flows from operating activities:			
Net cash provided by operating activities	15	- 4,183,498	- 2,894,872
Cash flows from investing activities:			
Interest Income		208,057 -	45,000 -
Net cash provided by investing activities		- 208,057	- 45,000
Change in cash and cash equivalents in the year		- 4,391,555	- 2,939,872
Cash and cash equivalents at the beginning of the year		- 30,914,988	- 27,013,054
Change in cash and cash equivalents due to exchange rate movements		- (833,267)	- 962,062
Cash and cash equivalents at the end of the reporting period		- 34,473,276	- 30,914,988

	2018 £	CASH FLOWS £	FOREIGN EXCHANGE MOVEMENTS £	2019 £
Analysis of cash and cash equivalents and reconciliation of net debt				
Cash at bank	30,914,988	4,391,555	(833,267)	34,473,276

The charitable company has no debt financing.

The notes on pages 16 to 23 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2019

1. Charity information

The principal activity of the Johnson & Johnson Foundation Scotland is to make sustainable, long-term differences in human health. It does this by investing in strategic partnerships and innovative solutions that add value to society and impact people's lives.

The Johnson & Johnson Foundation Scotland is a charitable company limited by guarantee incorporated in the United Kingdom and registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC017977. In the event of the winding up of the charitable company a member is liable to contribute a sum not exceeding £1. Details of the registered office and company registration number can be found on page 2 of these financial statements.

The charitable company was known as Johnson & Johnson Corporate Citizenship Trust until 25 July 2019.

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" and the Companies Act 2006. They are prepared on the historical cost basis. Johnson & Johnson Foundation Scotland meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transition value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as the Foundation is incorporated in Scotland. The Foundation incurs transactions in sterling (GBP), US dollars and Euros. The Foundation's functional currency is US dollars, being the currency in which the highest value of transactions takes place.

Going concern

The directors are of the opinion that the Foundation can continue to meet its obligations as they fall due for the foreseeable future. The Foundation has sufficient levels of unrestricted funds to support ongoing activities. As a consequence, they have prepared the financial statements on the going concern basis.

Recognition and allocation of income

Income is recognised when the Foundation has legal entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Deferred income

Where the charity has received income in the current year that has time related restrictions for future years or will not be earned until future years, this income is deferred to be released in the year to which it relates.

Recognition and allocation of expenditure

Expenditure is recognised when the Foundation has entered into a legal or constructive obligation. Expenditure is allocated to the function to which it relates. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources. Governance costs are those incurred in connection with setting and monitoring the strategic direction of the Foundation and compliance with constitutional and statutory requirements.

Grants awarded

Grants awarded are recognised in full when there is a constructive obligation in the Foundation to make the payment.

Foreign currency transactions

Transactions in currencies other than in the presentational currency (Sterling - GBP) are recorded at exchange rates ruling at the date of the transaction. Balances at the year-end date are retranslated at the exchange rates ruling at the year-end date. All gains and losses arising are included in the Statement of Financial Activities in full in the year in which they arise.

Programme-related investments

Concessionary loans are measured at the amounts paid less any subsequent repayments, and adjusted if necessary for any impairment. As fair values could not be measured reliably, equity investments are measured at cost and adjusted if necessary for any impairment.

Fund accounting

Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the Foundation. Restricted funds are subjected to restrictions on their expenditure imposed by the donor. Designated funds are earmarked from the unrestricted funds by the directors for a specific purpose. Endowment funds are restricted investment funds donated to the Foundation with the intention to produce income. Withdrawals from the principal amount may only be used for purposes of the Foundation upon the donors' decision, any investment income generated from the endowment can be spent for the Foundation's ongoing operations or other specific purposes.

Financial assets and financial liabilities

Financial instruments are recognised in the statement of financial activities when the Foundation becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at transaction price. Subsequent to initial recognition, they are accounted for as set out below. Financial instruments are all classified as 'basic' in accordance with Chapter 11 of FRS102. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at amortised cost.

Debtors

Accrued donation income includes donations due in the year but not received until the next financial year.

Accrued donations are recognised at the undiscounted amount of cash receivable, which is normally the amount per the donation letter.

Taxation

The Foundation is a charity and is recognised as such for taxation purposes, therefore no corporation tax is payable. The Foundation is not registered for VAT and therefore all costs are shown inclusive of VAT.

Creditors

Grants payable and accruals are obligations to pay for commitments made before the year end. They are recognised at the undiscounted amount owed to the grantee or supplier, which is normally the amount per the grant agreement or the invoice price.

Pension costs

The Foundation is recharged the costs of a defined contribution pension scheme for employees. The cost of providing pensions is charged to expenditure in the period in which contributions are made.

3. Critical judgements and estimates

The preparation of financial statements requires the directors to exercise judgement in applying the company's accounting policies.

The directors are satisfied that the accounting policies are appropriate and applied consistently and that there are no critical accounting judgements or significant estimates required in preparing these accounts.

4. Donations and legacies

	2019 TOTAL £	2018 TOTAL £
Donations – Cilag	7,392,492	7,703,225
Donations – Janssen EMEA fund	14,061,029	5,306,842
Donations – Johnson & Johnson Headquarters US	-	2,661,456
Donations – GPH Funding	4,659,422	1,230,902
Donations – Matched funding	219,484	26,396
Donations – In-kind income	364,422	-
	26,696,849	16,928,821

5. Charitable activities – grant making

	2019 TOTAL £	2018 TOTAL £
Grants (note 7)	8,465,741	8,401,500
Staff costs (note 9)	547,783	1,306,420
Administrative costs	1,707,083	2,063,790
Governance costs (note 6)	27,117	43,842
	10,747,724	11,815,552

6. Governance costs

	2019 TOTAL £	2018 TOTAL £
Legal & professional fees	15,117	33,842
Audit fees	12,000	10,000
	27,117	43,842

7. Analysis of grants

The Foundation does not make grants to individuals. An analysis has been provided below of each of the main grants paid by beneficiary noting all projects that are included within the payments.

BENEFICIARY	PROJECT NAMES	2019	2018
INSEAD - The Business School for the World	Innovating Health for Tomorrow Middle East Health Leadership Program Innovation for Community Wellness (2018 only) Capacity building in pediatric care (2018 only) STICH (2018 only)	£694,858	£1,018,103
Aga Khan Foundation	Capacity-Building for Senior Caregivers Portugal ECD (2018 only) ECD Egypt (2018 only) ECD Madrasa (2018 only) AKU-SONAM MECP Transformation	£763,502	£813,271
Infectious Diseases Institute Limited	The Ugandan Academy for Health Innovation and Impact	£1,281,376	£685,771
AO Alliance	Fracture solutions Trauma Educational Development for West Africa	£386,569	-
Friends of UNFPA	UNFPA 2019 South Africa	£372,324	-
Tropical Health and Education Trust	The Tropical Health Education Trust, Sub-Saharan Africa THET AGP 2017/18 grants funds and THET support costs (2018 only)	£378,888	£587,636
Liverpool School of Tropical Medicine	Scaling up interventions for maternal and newborn care in Kwara Nigeria (2018 only) Sustaining the impact of mentorship program introduced in Sierra Leone	£76,746	£579,962
Global Health Committee	Global Health Committee (2018 only)	-	£364,056
Medical and Surgical Skills Institute Ghana	Medical and Surgical Skills Institute program	£143,844	£114,286
Amref Health Africa	Capacity building of Oncology Nurses in Kenya Amref Health Africa, 2018, Kenya	£276,883	-
International Confederation of Midwives	International Confederation of Midwives Young Midwifery Leaders Program	£237,718	-
PINPOINT	Infection control in community	£176,084	-
Boston Children's Hospital	Dengue Hotspot detection and monitoring	£147,280	-
Optidel	Kenya health system strengthening	£147,245	-
Partners in Health	Community-Based Mental Healthcare: PIH MESH Scale-up	£577,413	£256,003
Wildhearts	Education Equality Project across the UK (2018 only)	-	£178,228
Youth Advocates Zimbabwe	Youth Advocates Zimbabwe (2018 only)	-	£137,572
Stichting zin	Care days	£125,668	£129,299
SOS Children Villages Romania	“Strong & Healthy” Balkans Program	£134,481	-
North Star Alliance	North Star Alliance 2018, Mozambique, South Africa, Zimbabwe, Kenya, Tanzania, Uganda	£153,492	-
The Aurum Institute NPC	Program support for new regiment and medicines in MDR TB (2018 only) Oto-toxicity research for MDR TB	£221,117	£373,306
Global Health InnovationTechnology Fund	Global Health Innovation Technology Fund	£202,411	£193,501
World Health Organization	J&J collaboration on Deworming (2018 only)	-	£144,991
Hi Hopes	Hearing Loss and early intervention	£124,303	-
Mental Health UK	Mental Health UK, 2019, United Kingdom	£122,414	-
EUFAMI	Supporting Family Caregivers in Mental Health (Prospect Plus Program)	£115,299	-
SOS Children's Villages Austria	YouthCan	£106,688	-
Attigo	Ghanaian Community Project	£64,318	£94,412
Community Media Trust	WezeshaDada (2018 only)	-	£82,591
FONDAZIONE J&J	Dynamo Truck (2018 only) Nemo Clinical center for Caregivers (2018 only) Health Prevention Cure&Care Everywhere (2018 only)	-	£222,677
Medicines for Malaria Venture	Medicines for Malaria Venture (2018 only)	-	£475,155
Museum Dr Guislain	Museum Dr. Guislain	£127,834	£134,180
Transformational Business Network Foundation	Transformational Business Network Kenya (2018 only)	-	£180,705
Unjani	Unjani Clinics South Africa (2018 only)	-	£103,573
SOS Children Villages CEE	Grow Happily project CEE	£137,118	£136,160
Other grants below £100,000 in the current year		£1,169,868	£1,396,062
Total		£8,465,741	£8,401,500

8. Surplus for the year

	2019 £	2018 £
This is stated after (crediting)/charging:		
Exchange loss/(gain)	833,267	(962,062)
Auditor's remuneration in respect of		
- audit	12,000	10,000
- taxation services	1,550	20,130
- other non-audit services	3,000	4,285

9. Salaries

	2019 £	2018 £
Salaries and associated costs	322,775	942,719
Other staff costs	68,412	204,149
Temporary staff costs	156,596	159,552
	547,783	1,306,420

None of the staff carrying out work for the Foundation are employees of Johnson & Johnson Foundation Scotland (2018: none). The majority of salaries and associated costs relating to Johnson & Johnson Foundation Scotland are recognised as an in-kind donation. The Directors and Executive Director are deemed to be the only key management personnel. None of the Directors received any remuneration during the current or prior period. No expenses were reimbursed to Directors during the current or prior period. The donation in kind for the total employee benefits of Key Management Personnel is estimated to be approximately £101,000 (2018: £55,000).



Photo credit: Johnson & Johnson Foundation

10. Programme-related investments

	EQUITY INVESTMENT £	CONCESSIONARY LOANS £	2019 TOTAL £
Balance at 1 January 2019 at cost	564,862	1,502,712	2,067,574
Additions during the year	-	929,780	929,780
Adjustments and transfers	-	(42,473)	(42,473)
Balance at 31 December 2019 at cost	564,862	2,390,019	2,954,881

An investment of £0.6m was paid during 2018 to an unlisted Delaware Limited Partnership registered in Delaware, U.S.A., in the furtherance of the charitable objectives of the Foundation. As a limited partner the Foundation does not have control over the Delaware Limited Partnership. Under the terms of the limited partnership agreement, the Foundation is committed to a further investment of £0.2m, if required by the Delaware Limited Partnership, which was called and paid during 2020.

A concessionary loan of £1.5m was made in 2017, in the furtherance of the charitable objectives of the Foundation. The loan falls due for repayment during 2022. Interest accrues at 3% per annum; a total interest income of £45,000 (*2018: £45,000*) was received.

The loan is secured via share warrants issued by the borrower. There was no commitment to provide further loans at 31 December 2019.

Three further concessionary loans were made in 2019, in the furtherance of the charitable objectives of the Foundation:

- £0.4m repayable or convertible for share capital during 2020, with interest accruing at 7%. The loan is unsecured.
- £0.3m repayable based on certain key performance indicators of the borrower with any remaining balance to be repaid during 2029. The loan is interest-free until 2026, whereupon interest accrues at 7%. The loan is unsecured.
- £0.2m repayable based on certain key performance indicators of the borrower with any remaining balance to be repaid during 2031. The loan has an effective interest rate of 1% and is unsecured.

11. Debtors

	2019 £	2018 £
Accrued donation income	11,304,544	760,354
Other debtors	212,403	147,737
Prepayments	60,033	353,757
	11,576,980	1,261,848

12. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade Creditors	45,739	32,049
Grants payable	81,084	385,954
Accruals	62,364	772,205
Deferred income (note 13)	442,460	42,003
	631,647	1,232,211

13. Deferred income

	2019 TOTAL £	2018 TOTAL £
Balance at 1 January 2019	42,003	57,654
Donation income received in advance during the year	401,774	2,591
Income recognized on grants paid	(1,317)	(18,242)
	442,460	42,003

14. Analysis of reserves

	BALANCE AT 1 JANUARY 2019 £	INCOME £	EXPENDITURE £	TRANSFER £	BALANCE AT 31 DECEMBER 2019 £
Endowment funds	102,629	-	-	-	102,629
Restricted funds					
Matched Partnership Fund	22,034	219,484	(218,789)	-	22,729
Designated funds					
Janssen EMEA Fund	8,624,366	14,061,029	(1,825,539)	-	20,859,856
Designated Corporate Budget	3,445,265	763,698	(1,550,901)	-	2,658,062
Global Public Health Innovation Fund	4,084,440	4,659,422	(3,046,883)	-	5,696,979
Total designated funds	16,154,071	19,484,149	(6,423,323)	-	29,214,897
Unrestricted funds	16,733,465	7,238,649	(4,938,879)	-	19,033,235
Total	33,012,199	26,942,282	(11,580,991)	-	48,373,490

14. Analysis of reserves (continued) - prior year

	BALANCE AT 1 JANUARY 2018 £	INCOME £	EXPENDITURE £	TRANSFER £	BALANCE AT 31 DECEMBER 2018 £
Endowment funds	102,629	-	-	-	102,629
Restricted funds					
Matched Partnership Fund	22,034	26,396	(26,396)	-	22,034
Designated funds					
Janssen EMEA Fund	4,727,935	5,306,842	(1,410,411)	-	8,624,366
Lifescan Scotland Community Fund	18,937	-	(24,750)	5,813	-
Designated Corporate Budget	1,046,614	4,397,859	(1,999,208)	-	3,445,265
Global Public Health Innovation Fund	5,571,391	1,230,902	(2,717,853)	-	4,084,440
Total designated funds	11,364,877	10,935,603	(6,152,222)	5,813	16,154,071
Unrestricted funds	15,363,873	7,012,339	(5,636,934)	(5,813)	16,733,465
Total	26,853,413	17,974,338	(11,815,552)	-	33,012,199

14. Analysis of reserves (continued)

Endowment Fund	The endowment fund is for the benefit of the College of Surgeons West, East and Central Africa. These are restricted investment funds donated to the Foundation with the intention to produce income.
Matched Partnership Fund	This fund was created to facilitate the administration of co-funding payment of EMEA CSR Partnerships by Johnson & Johnson entities to approved external community-based partnerships in the EMEA region.
Janssen EMEA Fund	The Janssen designated fund, which is comprised of donations from Janssen EMEA entities, is used to explore and support innovative solutions that improve health and well-being in underserved communities.
Lifescan Scotland Community Fund	This fund is administered as part of the Lifescan Scotland (a Johnson & Johnson Family of Companies entity) commitment to communities in the Highlands and Islands of Scotland.
Designated Corporate Budget	Funds donated by Johnson & Johnson Global Community Impact, New Jersey and United States of America, are allocated towards a number of budgeted initiatives and are designated for these purposes.
Global Public Health Innovation Fund	Through a newly established partnership with the Johnson & Johnson Global Public Health organization, the Foundation plays an integral role in supporting the programs initiated by Global Public Health.
UNICEF and Rwanda Fund	This fund was created to support two programs, namely Rwanda and UNICEF, to strengthen and support primary health care development in Rwanda and to build a multi-year, multi-country approach to child health interventions with UNICEF.

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

	2019 £	2018 £
Net income for the year	15,361,291	6,158,786
Adjustments for:		
Interest income	(208,057)	(45,000)
Foreign exchange loss/(gain)	833,267	(962,062)
Increase in programme-related investment	(887,307)	(564,862)
Increase in debtors	(10,315,132)	(782,768)
Decrease in creditors	(600,564)	(909,222)
Net cash provided by/(used in) operating activities	4,183,498	2,894,872

16. Related party transactions

The charity is ultimately controlled by Johnson & Johnson as the majority of trustees and staff are employed by the Johnson & Johnson group of companies.

The majority of donation income was received from Johnson & Johnson group companies during the current and previous year, as detailed in note 4, of which £11,337,393 (2018: £908,089) was included within debtors at 31 December 2019. Johnson & Johnson group companies recharged £648,647 (2018: £1,563,335) of staff and other costs during the year, of which £nil (2018: £446,363) was included in accruals at 31 December 2019.

17. Membership

The Foundation is a company limited by guarantee. The liability of the members is limited to £1 each.

18. Grant funding commitments

The Foundation has awarded grant funding amounting to £5,300,480 at 31 December 2019. This amount has not been recognised in these financial statements as the Foundation retains the discretion to avoid the expenditure. The expenditure will be met from designated and unrestricted reserves.

19. Comparative Statement of Financial Activities

	ENDOWMENT 2018 £	RESTRICTED 2018 £	UNRESTRICTED 2018 £	TOTAL 2018 £
Income from endowments from:				
Donations and legacies	-	26,396	16,902,425	16,928,821
Charitable activities	-	-	45,000	45,000
Investments	-	-	962,062	962,062
Exchange gains	-	-	38,455	38,455
Total	-	26,396	17,947,942	17,974,338
Expenditure on:				
Charitable activities	-	26,396	11,789,156	11,815,552
Total	-	26,396	11,789,156	11,815,552
Net income and movement in funds	-	-	6,158,786	6,158,786
Reconciliation of funds:				
Total funds brought forward at 1 January 2018	102,629	22,034	26,728,750	26,853,413
Total funds carried forward at 31 December 2018	102,629	22,034	32,887,536	33,012,199



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