

Annual Report

AND FINANCIAL STATEMENTS 2018/2019

COMPASSION FOR CHILDREN



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COMPASSION ANNUAL REPORT 2018 / 2019

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SEE HOW CHILD SPONSORSHIP CAN CHANGE ONE LIFE

“As a child, poverty began to speak to me. I felt I was nothing, that I didn’t matter - nobody cared to know my name.”

A church nearby heard about his family’s need and registered Richmond into their Compassion project.

Richmond soon received news that he had been sponsored by 15-year-old Heather.

“I cannot find the words to describe the joy that filled our home when we got the news,” Richmond explains with a smile.

*Richmond Wandera,
Compassion Graduate from Uganda*

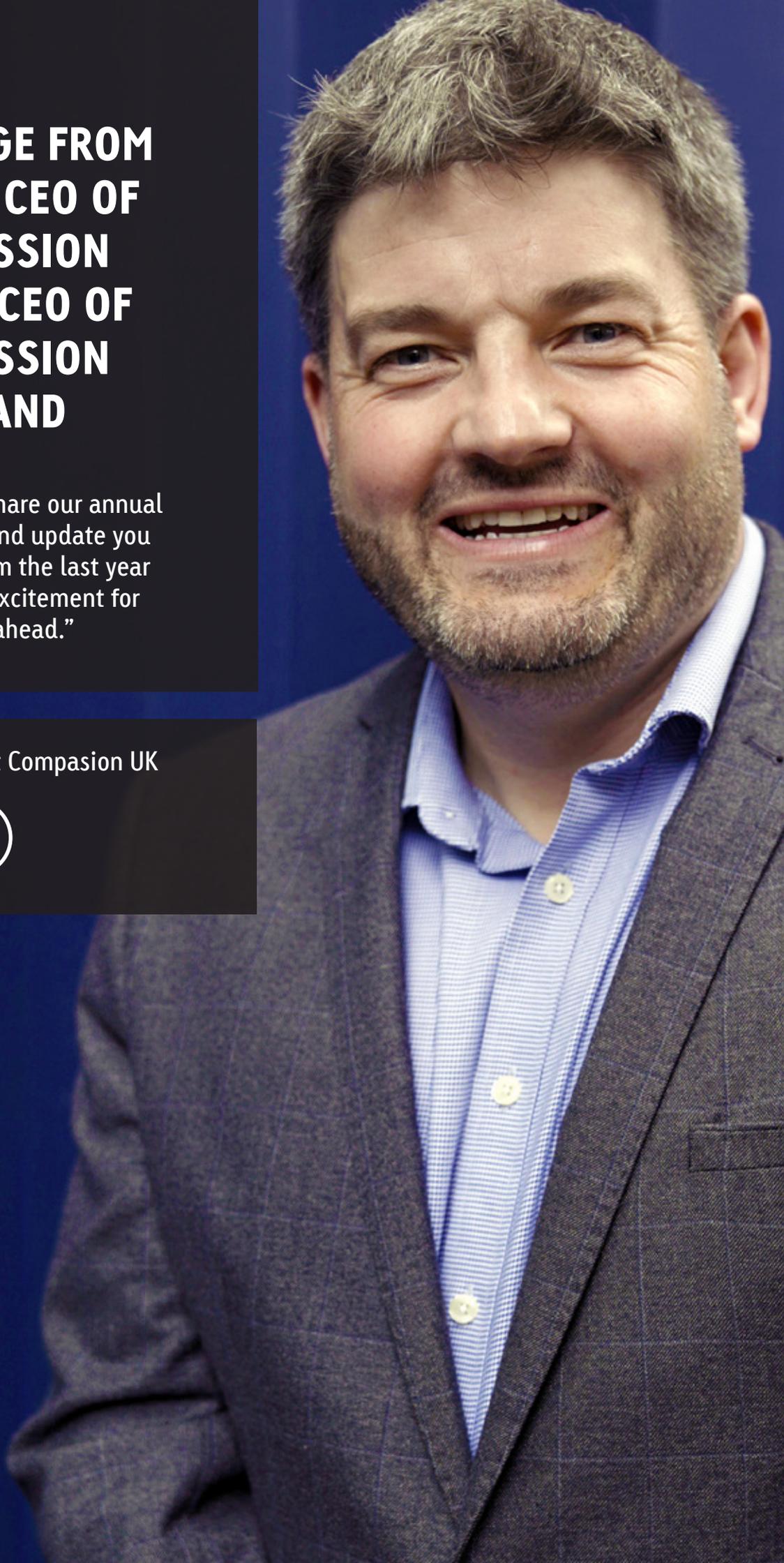
Watch Richmond’s story



A MESSAGE FROM JUSTIN - CEO OF COMPASSION UK AND CEO OF COMPASSION IRELAND

“I’m delighted to share our annual report with you and update you on highlights from the last year - and share my excitement for the year ahead.”

Watch more about Compassion UK



1

Objectives

&

Activities

OUR MISSION



Our Charitable Purpose is*:

The relief of poverty, suffering or distress amongst children

The education and training of children

To advance the Christian faith in all or any part of the world

The development of children to social and spiritual maturity

PUBLIC BENEFIT

Our trustees review our activities each year to ensure we follow the Charity Commission's general guidance on public benefit and their specific guidance on the prevention or relief of poverty and the advancement of religion.

* As defined by our articles of association

Compassion is
CHRIST-CENTERED

Our love of Jesus is central to everything we do.
We're responding to God's call to care for the poor and
show love to those in need.



Compassion is
CHURCH-BASED

Churches understand their communities inside out.
This means our incredible partners can go above and beyond to
provide tailored support to every child.



Compassion is
CHILD-FOCUSED

We believe it's an injustice that children are the most vulnerable to the effects of poverty and the least able to change their circumstances. That's why they're the focus of our work.

We believe in

HOLISTIC CHILD DEVELOPMENT

IMAGINE A HOUSE WITH NO ROOF.

When one component is lacking, it cannot live up to its full potential.



NOW WHAT ABOUT A CHILD LIVING IN POVERTY?

We believe that every child is **PRECIOUS AND UNIQUE**. Our programmes are tailored to meet the needs of each one. We want each child to have the opportunity to escape poverty and find **HOPE** for a better future.

THE BODY:

Through the local church:

- Nutritional support
- Health, sanitation and hygiene education
- Family health education
- Health and dental check-ups



THE MIND:

Through the local church:

- After school tutoring
- Assistance with school fees, supplies and uniforms
- Life skills
- Vocational training
- Literacy classes, craft and music workshops
- Career planning and goal setting



THE HEART:

Through the local church:

- Face-to-face contact with loving project staff
- Development of basic social skills, such as respect for others
- Love and encouragement from their sponsor
- Contact with their sponsor through letters, gifts and photos

THE SPIRIT:

Through the local church:

- Hearing the gospel
- Learning that God loves them
- Bible study, singing, prayer and Christian education
- Participation in community voluntary work



Mind, body, heart AND spirit:

IT MAKES ALL THE DIFFERENCE IN THE WORLD.

And research proves IT WORKS!

We have been releasing children from poverty for over 67 years and have seen sponsorship make a significant difference in the lives of millions of children and their families.



Everything we do is strategically focused on helping children achieve their God-given potential. This includes initiatives to support their families and communities.



Independent research* has shown that former Compassion-sponsored children were more likely than their unsponsored peers to:



**STAY IN SCHOOL
FOR LONGER**



**HAVE
SALARIED OR
WHITE-COLLAR
JOBS**



**BE LEADERS
IN THEIR
COMMUNITIES
AND CHURCHES**

*To find out more about the research conducted by Dr Bruce Wydick, please visit our website.

compassionuk.org



We serve *2,100,898* children
of which Compassion UK supports 113,263



AFRICA	COMPASSION UK	GRAND TOTAL
Burkina Faso	4,632	95,767
Ethiopia	8,471	121,498
Ghana	7,003	86,891
Kenya	13,566	128,124
Rwanda	7,454	99,731
Tanzania	5,051	100,627
Togo	4,180	66,794
Uganda	14,457	118,909

We serve *2,100,898* children
of which Compassion UK supports 113,263



ASIA	COMPASSION UK	GRAND TOTAL
Bangladesh	1,687	38,258
Indonesia	5,711	155,432
Philippines	3,707	94,574
Sri Lanka	1,222	14,791
Thailand	2,579	59,105

We serve *2,100,898* children
of which Compassion UK supports 113,263



CENTRAL AMERICA	COMPASSION UK	GRAND TOTAL
Dominican Republic	2,439	68,288
El Salvador	2,256	63,339
Guatemala	2,034	60,015
Haiti	6,204	121,768
Honduras	1,873	57,297
Mexico	1,907	57,835
Nicaragua	1,965	64,664

SOUTH AMERICA	COMPASSION UK	GRAND TOTAL
Bolivia	3,155	94,251
Brazil	2,692	57,552
Colombia	3,195	91,671
Ecuador	2,981	99,996
Peru	2,842	83,721

And we believe
each child should be...

Known

We want every child to realise they are known by name and valued as an individual.

Loved

Christ's love motivates us to show children that they are God's treasured creation.

Protected

We work tirelessly to keep vulnerable children safe from the dangers poverty brings.

We serve children through 3 key programmes...

SURVIVAL

0-1 YEARS

Community workers from local churches work closely with pregnant women to provide access to life-saving medical support, vaccinations, health screenings, hygiene supplies, nutritional supplements, education and skills training that will help secure a healthy future for their families.

SPONSORSHIP

1-22 YEARS

Our Child Sponsorship Programme connects children born into poverty with loving sponsors. Children and sponsors build relationship by writing regular letters to each other about their lives and sharing photographs and small gifts.

INTERVENTIONS

Interventions help us save lives and address development issues that sponsorship funds alone can't, like providing safe drinking water, tackling malnutrition, supplying emergency relief after a disaster and much more.

SURVIVAL

We reach at-risk children even before they've been born. Through the provision of pre and post-natal care, nutrition, vaccinations plus critical support and training for mums, we give children the best start in life.



SPONSORSHIP

We connect one child born into the vulnerability of poverty with one sponsor. Through sponsorship, every child is provided with holistic care in each area of their lives - their mind, body, heart and spirit.

What sponsored children receive

For just *83p* per day...



Educational support and school uniforms



The love of the local church where they have the opportunity to hear the gospel.



Letters translated into their native language



Medical check-ups and nutritional support



A one-to-one relationship with their only sponsor



Vocational training

What SPONSORS RECEIVE...



Photos and information updates



Child letters to keep connected and in-country insights.



Opportunities to hear about Compassion's work

How does it work?

Today, more than 2 million children attend Compassion programmes in 25 developing countries around the world



Every child attends their Compassion project for at least 44 weeks of the year.

This allows us to carefully assess their development over time as they grow.



Each child is lovingly cared for and known by name at their local project. Over the lifetime of a Compassion sponsorship, a child receives an average of 4,000 hours of face-to-face contact time with Christian project staff members.

MORE THAN 7,000 PROJECTS - MORE THAN 2 MILLION CHILDREN - 25 COUNTRIES



The children receive a Bible or an age appropriate portion of scripture and have opportunities to hear the gospel.



When the need arises, Interventions provide specialised care such as medical intervention, added educational support, disaster relief and child protection.

A close-up photograph of a young boy with dark hair, smiling broadly as he drinks water from his cupped hands. Water is falling from his hands, and his face is wet with droplets. He is wearing a blue shirt. The background is dark, making the boy and the water stand out.

INTERVENTIONS

Compassion Interventions equip us to take action in emergencies. From the provision of safe drinking water, initiatives to tackle malnutrition or emergency relief after a disaster, Compassion Interventions save lives.

SPEAKING UP

Nearly 385 million* children live in extreme poverty. We are a voice for children born into the toughest circumstances.

‘Speak up for those who cannot speak for themselves, for the rights of all who are destitute. Speak up and judge fairly; defend the rights of the poor and needy.’

Proverbs 31:8-9 (NIV)



550 VOLUNTEERS
helped Compassion at
182 EVENTS



35 volunteers worked
5,000 HOURS
in our office



7,145 MILES
covered to raise funds
for children

VOLUNTEERS

We have hundreds of passionate volunteers taking on operational roles at Compassion House, becoming team members at events, speaking in front of church congregations, partnering in prayer and fundraising.

2

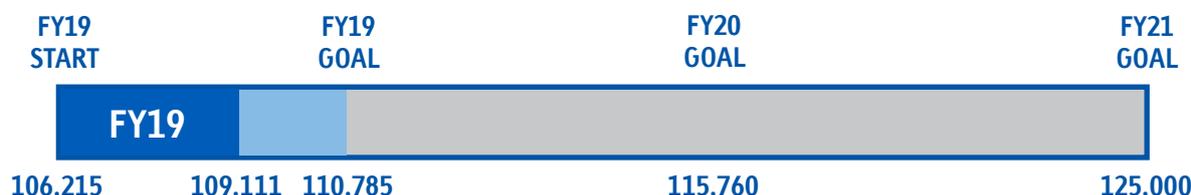
Strategic
Report

25 3 Year Strategic Goals

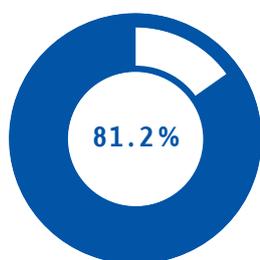
COMPASSION ANNUAL REPORT 2018/2019

1 July 2018 - 30 June 2021

For 125,000 children to be sponsored by end of FY21



The children we serve are never just a number. They have a face and they have a name. Each one is knitted together uniquely in their mother's womb. With nearly 385 million* children currently living in extreme poverty, we believe it's essential to accelerate rather than maintain our rate of growth to reach as many as we can. Our plan to increase our rate of growth is ambitious and we'll be building significant new capacity in FY20 to achieve this. We're currently 1,674 sponsorships behind our three year target and are aiming to correct this.

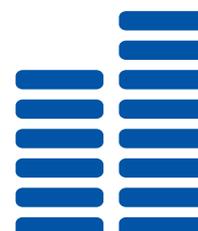


For a minimum of 80% of donations to be used for the direct benefit of children over the three year period

So we can maximise the impact to children in our projects, we ensure at least 80% of donations are used for their direct benefit each year. During FY19, 81.2% of donations were used for the direct benefit of children and we'll continue to use at least 80% of donations this way in FY20 and FY21. It's important that we ensure enough money is available to guarantee Compassion is well governed, run efficiently and that money is available to ensure we can find sponsors for thousands of children each year.

For our income in financial year 2021 to grow to £50 million annually

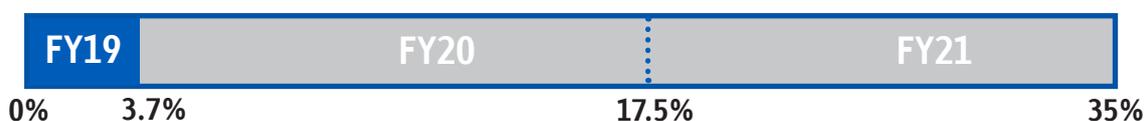
Without losing our focus on sponsorship, we want to diversify and grow our sources of income to help even more children. This year, we partnered with the UK government for the first time and we'll continue to pursue other funding sources to help support children. During FY19, we increased income by £2,865,000. Our forecasts currently indicate we will achieve income greater than £50 million by FY21. We're looking to diversify our income beyond sponsorship for long term sustainability.



For supporters to have the option of a fully digital process which exceeds the paper sponsorship experience

The rate of technological change is accelerating, and our supporters would like us to harness more digital technology to improve the speed and ease of communication with their sponsored children, create a richer experience, save money on print costs and protect the environment by sending less paper. In FY19, we launched the Compassion App - a key milestone in providing a fully digital sponsorship experience. The Compassion App has a 5 star rating in the Apple App Store.

For 35% of sponsors to be active on our Compassion UK App



The key way we believe our supporters want to interact with us digitally is through their smartphones. We consider an active sponsor userbase of 35% by the end of FY21 to be a realistic goal.

* World Bank/UNICEF

OUR IMPACT

DURING THE YEAR



16,386

children were newly sponsored



6,988

children left the programme



6,502

sponsors cancelled their sponsorship



2,896

Total growth in the number of children sponsored

AT THE END OF THE YEAR



109,111

children sponsored



488 babies &
483 mums in
Child Survival Projects



3,181

children being looked after while waiting for a sponsor



112,780 children &
483 mums in total



560,323

encouraging messages sent
between sponsored children
& their sponsors

THROUGH OUR INTERVENTIONS, WE ALSO...



Constructed

29

toilet
blocks



Provided safe
water through the
installastion of

21

boreholes



Distributed

24,000

mosquito nets



Counselled

15,975

refugees



Trained

2,676

parents in malnutrition
prevention



Helped

411

caregivers start
their own businesses
through micro-loans

FINANCIAL REVIEW

£44,463,000 OF INCOME



99.1%

of income through donations



Donations grew by

£2,819,000



Donations to child support grew by **£953,000** to **£30,885,000** because more children were sponsored.

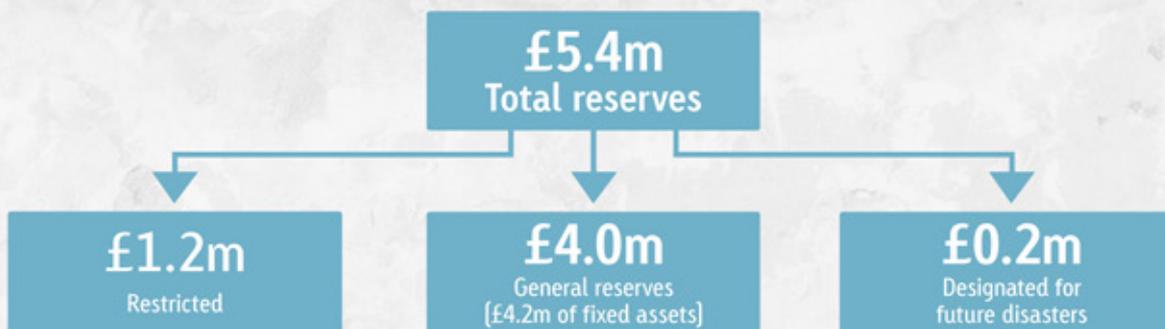
giftaid it

Gift Aid income grew by **£911,000** to **£7,240,000** because thousands of sponsors responded when we asked them if they could Gift Aid their donations.

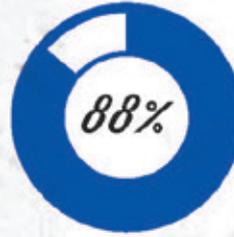
different
PATH

We received **£1,081,000** towards our Different Path appeal. The UK government will match **£1,047,000** of this over the next three years.

Our trustees monitor fund balances each year and seek to maximise additional grants where there are available reserves and no risk to operational stability. **£500,000** is the lower reserves limit.



How DONATIONS WERE USED



Donations are spent on charitable activities.



Directly benefit children in poverty.



Support costs.



Finding the next sponsor for a child in extreme poverty.

Unspent at the year end, giving us reserves to respond to future needs.



At least 80 percent of Gift Aid income received is also spent on additional grants, child ministry and advocating on behalf of children living in poverty.



100%

100 percent of additional **child, family and project financial gifts** given by a sponsor go to the field country. Gifts are decided and bought in consultation with the pastor and Compassion project staff.

30 PRINCIPLE RISKS AND UNCERTAINTIES - THE CHANGING LANDSCAPE AND COMPASSION UK'S RESPONSE



THERE ARE STILL NEARLY 385 MILLION CHILDREN LIVING IN EXTREME POVERTY

An ongoing and painful reality that we have a biblical mandate to act upon.



PRAYERFUL AND STRATEGIC PROGRESS

Finding ways to engage everyone with the problem of poverty in a way that doesn't feel overwhelming and inspires action rather than paralysis.

Ensure prayer is a key part of our strategy to allow for God to do his work, and provide divine hope into a situation that can appear unresolvable.



INCREASING OUR REACH VIA INVESTMENT IN CHURCH PARTNERSHIPS

A continued area of focus and growth for the organisation. The teams will be concentrating on building up the number of church partnerships and developing existing relationships further. We will create new ways to celebrate with partnering UK churches.



DIGITAL DISRUPTION

Technology continues to evolve at an ever-increasing rate and it can be difficult for charities to keep up. This is true both of the technology itself and the rules and regulations governing this growing area.

Failure to keep up with technology would mean a lost opportunity to improve supporter experience, and the scale and efficiencies of communications through the adoption of new technology.



TECHNOLOGICAL DEVELOPMENT

We're delighted that the Compassion UK App has already been downloaded by more than 3,000 supporters, as well as the growth in sponsorships from digital advertising this year. We will continue to grow our digital expertise and drive towards digital-first communications as standard across all our marketing and supporter engagement materials, preparing for future generations of supporters whilst serving and not alienating our current core.



ECONOMIC CLIMATE

With continued uncertainty around Brexit, the UK economy is still on unsure footing and suffers from currency fluctuations. This makes future financial planning difficult especially with political instability and the potential threat of recession.



HEDGING AND RATE CHANGE

Careful planning means we can increase stability via hedging. In addition to this, we are currently preparing for a rate change from £25 p/m to £28 p/m [in affect from April 2020], which should compensate for the purchasing power GBP has lost in the past three years.



DIVERSIFYING REVENUE STREAMS VIA DEPARTMENT FOR INTERNATIONAL DEVELOPMENT GRANT APPLICATIONS

Our first Aid Match campaign was highly successful, generating more income than we predicted. As we now work over the next 3 years to grow our Child Survival work in Togo, we hope this is the first of many partnerships with DfID and other institutional donors.



NEGATIVE MEDIA COVERAGE OF THE CHARITY SECTOR

Successive scandals and press exposés of charities has led to greater interest and focus on the activities and communications of the third sector.



INVESTMENT IN GOVERNANCE

We have made significant investments in child protection, including the launch of Compassion UK's Child Protection Strategy which outlines our increased levels of resourcing for safeguarding and provides UK specific application to prevention, reporting and response.

3

Structure,
Governance &
Management

32 Our Trustees



GRAHAM WILLIAMS - CHAIRMAN

Graham spent his career working with Warner Bros., before moving into the Christian music industry, running Word Music and then managing his own media consultancy business.



BERTRAM SHAUN SINNI AH

[Appointed 14 June 2019]

Shaun is the Head of Strategy with one of the world's leading professional service firms in the areas of risk, safety and people. He has a wealth of experience in multiple industries.



CATHRYN CLARKE

Cathy and her husband are the lead pastors of Hillsong Church UK, a thriving church in the heart of London and other cities across the UK.



DELFIN POSADA - SAFEGUARDING TRUSTEE LEAD

A former pastor, Delfin is an internationally experienced solicitor and founding member of his law firm.



JON TOOHEY - DATA PROTECTION TRUSTEE LEAD

Jon is a qualified accountant, treasurer and member of the Institute of Directors with more than 30 years' experience of senior finance, systems and change management roles with global multinational companies in various industries.



KENNETH MORGAN

- CHAIR OF THE FINANCE AND AUDIT COMMITTEE

Ken is a chartered accountant with more than 40 years' experience in making a difference in all kinds of organisations. He is also a board member of Compassion International.

LEADERSHIP TEAM

Authority to conduct the day-to-day operations of the charity is delegated to the Chief Executive Officer, who is responsible for carrying out the strategies and policies set by the trustees.



JUSTIN DOWDS

Chief Executive Officer



AMY HIORNS [nee Carter]

Chief Operating Officer and Company Secretary



JOHN DRAPER

National Partnerships Director



MARK PRESTON

Senior Director of Partnerships



NICK HARRIS

Senior Director of Marketing and Engagement



STEPHEN BLOW

Finance Director

SAFEGUARDING STATEMENT

Protecting children is the core of what we do.

We have a zero-tolerance approach when it comes to safeguarding children and we strive to protect everyone who comes into contact with our organisation through our work. Everyone in our organisation has mandatory training and our safer recruitment procedures help ensure we don't endanger others.

Safeguarding is a priority for the board members, who take collective responsibility for ensuring policies and procedures are fit for purpose, promoting a safeguarding culture within the organisation and appointing a designated Safeguarding Trustee Lead and Child Protection Officer.

We make a sincere commitment to reporting to regulators including the Charity Commission and are committed to funding good governance.

We interact regularly with the Senior Child Protection Advisor at Compassion International to ensure our UK strategy is inter-linked with our global approach.

Anyone can raise concerns without fear of victimisation, subsequent discrimination or disadvantage through our website.

FUNDRAISING STATEMENT

We believe that extreme poverty can be eradicated in our lifetime. This ambitious aim cannot be achieved without igniting members of the public to action. We are blessed and thankful for the long-term commitment and generosity of our supporters as we work together to empower children and their families to break free from extreme poverty.

We maintained our membership with the Fundraising Regulator and are keeping abreast of updates to the standards set out in the Code of Fundraising Practice.

We ensure everyone involved in fundraising activities is equipped to identify, interact and respond to our supporters who are in potentially vulnerable circumstances.

We remain committed to treating those who come into contact with our work respectfully and fairly.

We offer choice and control to personalise permissions and preferences to hear about our work and support this with robust data protection and privacy policies.

We monitor opt-in numbers and communication channels that our supporters most prefer.

Our incredible volunteers, church and corporate partners are able to inspire so many people across the country to empower a child to step out of poverty. We ensure that they are given guidance, information and support to keep to the fundraising standards.

We also take reasonable steps to monitor and review fundraising activities undertaken by others on our behalf and for the benefit of our organisation. This includes ensuring written agreements are in place. During the year, we did not engage any professional fundraisers.

Over the last year, we received 96 complaints. All complaints are treated seriously and prompt actions are taken to resolve these satisfactorily. Complaints are a standing agenda item at all board meetings. We will always be mindful to respond appropriately to the particular needs of a supporter and ensure we have effective policies and procedures in place to treat them respectfully and fairly.

Registered with



FUNDRAISING
REGULATOR

OUR ENVIRONMENT

We want to look after our beautiful planet. We know that it's the poorest who are most affected when we don't

This year, we commissioned an environmental roadmap to help us look at where we're doing well and where we can change our behaviour or mitigate environmental damage.

We identified that one of the things we're doing well is that our offices are energy efficient, including solar panels and other technologies.

We identified that we could remove the production and delivery of over half a million paper letters between our sponsors and their sponsored children each year by offering a paper free experience.

In order to fulfil our duties, we need to travel by plane. We are developing a strategy to fund renewable energy for Compassion projects around the world to more than offset our carbon footprint.

MODERN SLAVERY AND HUMAN TRAFFICKING

We fully support and respect the protection of human rights and are committed to ensuring slavery and human trafficking are not taking place in our ministry or supply chain.

We would never knowingly conduct business with suppliers or contractors who are complicit in human rights abuses or continue to purchase goods or services from any supplier who is found to be engaging in human trafficking or using slave labour.

We are dedicated to a workplace free from unlawful discrimination that is safe and healthy. Our employees are paid above the living wage and working hours are not excessive.

We are against corruption in all its forms, including extortion and bribery.

We prohibit harsh or inhumane treatment and believe freedom of expression is a fundamental human right.

We require anybody carrying out work for the organisation to adhere to these principles.

GOVERNING DOCUMENT

Compassion UK Christian Child Development Limited is a company limited by guarantee and governed by its Articles of Association dated 24 February 1999. It is registered as a charity with the Charity Commission in England and Wales and the Scottish Charity Regulator. Members must accept and believe in the Compassion UK Statement of Faith. Each member agrees to contribute £10 in the event of the charity being wound up.

APPOINTMENT OF TRUSTEES

Every trustee must be a member. The chair of the trustees is elected by the trustees from amongst them. New trustees are elected by the existing trustees according to Charity Commission guidelines and ensuring that the board have the appropriate balance of skills, experience, independence and knowledge to enable them to carry out their respective duties and responsibilities.

TRUSTEE INDUCTION AND TRAINING

Trustees are given training and documentation to brief them on their legal obligations under charity and company law, the content of the Articles of Association, the decision-making process, the business plan and the recent financial performance of the charity. Every three to four years, all trustees visit one of the countries where Compassion works to see the programmes first-hand.

ORGANISATION

The board of trustees must have at least three members and is responsible for setting strategies and policies and for ensuring that these are implemented.

All trustees give of their time freely and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in notes 9.11 and 9.18 to the accounts.

Trustees are required to disclose all relevant interests and, in accordance with the trustees' policy, withdraw from decisions where a conflict of interest arises.

The trustees conduct an annual board review to evaluate performance against the principles set out in the Charity Governance Code. The evaluation report is used to identify and explain areas of strength and areas for development. We have established procedures which ensure actions to implement the Code's principles are reviewed routinely at each board meeting to ensure ongoing accountability.

There is a Finance and Audit Sub-Committee which exists to provide support and advice to the board in its governance role in respect of finance and audit issues. The committee is appointed by the board with no less than four members, with a minimum of two members of the committee being members of the board and the balance, Compassion UK staff. The committee meets at least three times a year.

The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board maintains sound risk management and internal control systems.

Approximately every three years the board use an external organisation to conduct job evaluations for all roles and benchmark all staff salaries to ensure that salaries are fair and in line with other organisations in the charity sector. In the intervening periods, percentage increases are applied annually based on Compassion's performance and inflationary factors and these are agreed at board level.

CONNECTED CHARITIES

COMPASSION INTERNATIONAL

We are a member of the Compassion Global Partner Alliance, consisting of organisations throughout the world with a mutual commitment of purpose, structure and methodology. In order to be as effective as possible, the delivery of help to children in beneficiary countries is coordinated and implemented centrally through Compassion International.

Fundraising partner countries transfer funds raised to Compassion International which are then used to support programmes in the 25 frontline field countries. Grants paid to Compassion International cover the grants to the frontline church partners and running the field country and area offices, as well as programme costs at Compassion International as this is the most efficient way to distribute funds.

COMPASSION IRELAND

We have an agreement to provide support services to Compassion Ireland for a fixed fee of 12% of all donations received. This excludes gifts and appeals, of which 100% is sent to Compassion International.

38 4. Trustees' Responsibilities

IN RELATION TO THE FINANCIAL STATEMENTS

The trustees (who are also the directors of Compassion UK Christian Child Development for the purposes of company law), are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 charity and the income and expenditure of the charity for that period.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement Of Recommended Practice (SORP);
- 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms:

- That in so far as they are aware there is no relevant audit information of which the charity's auditor is unaware; and
- Each trustee has taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

AUDITOR

Menzies LLP are deemed to be re-appointed under section 487 [2] of the Companies Act 2006.

STRATEGIC REPORT

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the Strategic Report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

The Trustees' Report (incorporating the Strategic Report) was approved by the Board of Trustees (which is also the Board of Directors) on 18th October 2019 and signed on its behalf by Graham Williams (Chair).

On behalf of the board



Graham Williams (Chair)
Dated 18th October 2019

39 5. Independent Auditor's Report

TO THE MEMBERS OF COMPASSION UK CHRISTIAN CHILD DEVELOPMENT

OPINION

We have audited the financial statements of Compassion UK Christian Child Development for the year ended 30 June 2019 which comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 30 June 2019 and of its incoming resources and application of resources 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 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

BASIS FOR OPINION

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

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

- The trustees (who are also the directors of the

charitable company for the purposes of company law) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the 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 trustees' 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 trustees' report have been prepared in accordance with applicable legal requirements.

40 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 strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 which require us to report to you if, in our opinion:

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

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Janice Matthews FCA (Senior Statutory Auditor)
For and on behalf of MENZIES LLP Chartered Accountants
Statutory Auditor
Ashcombe House,
5 The Crescent,
Leatherhead,
Surrey,
KT22 8DY

Dated 18th October 2019

Menzies LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

41 6. Statement of financial Activities

[INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT]

	NOTE	2019				2018			
		RESTRICTED FUNDS [£'000]	DESIGNATED FUNDS MOST NEEDED [£'000]	GENERAL FUNDS [£'000]	TOTAL FUNDS 2019 [£'000]	RESTRICTED FUNDS [£'000]	DESIGNATED FUNDS MOST NEEDED [£'000]	GENERAL FUNDS [£'000]	TOTAL FUNDS 2018 [£'000]
INCOME FROM									
Donations and legacies	9.5	29,703	6,158	8,195	44,056	28,061	5,481	7,695	41,237
Charitable activities	9.6	-	-	381	381	-	-	351	351
Investments:									
Interest		-	-	22	22	-	-	10	10
Profit on disposal of assets		-	-	4	4	-	-	-	-
TOTAL INCOME		29,703	6,158	8,602	44,463	28,061	5,481	8,056	41,598
EXPENDITURE ON									
Raising funds	9.7	-	-	5,020	5,020	-	-	4,931	4,931
Charitable activities	9.8	28,938	6,769	3,092	38,799	28,099	4,816	2,819	35,734
TOTAL EXPENDITURE		28,938	6,769	8,112	43,819	28,099	4,816	7,750	40,665
Net movement in funds		765	[611]	490	644	[38]	665	306	933
RECONCILIATION OF FUNDS									
Total funds brought forward		423	811	3,485	4,719	461	146	3,179	3,786
TOTAL FUNDS CARRIED FORWARD		1,188	200	3,975	5,363	423	811	3,485	4,719

The statement of financial activities includes all gains and losses recognised in the year. All income and expenses derive from continuing activities.

TREATMENT OF RESTRICTED, DESIGNATED AND GENERAL FUNDS

Where appropriate in the financial statements, income, expenditure and reserves are classified as restricted, designated or general funds. The income and expenditure is shown after restrictions have been applied.

For example, a donation which is 80% restricted will be classified as 80% restricted income and 20% as general income. If Gift Aid was claimed on this donation, 80% would be classified as designated income and the remaining 20% would be general income.

The definitions of restricted, designated and general funds can be found in the accounting policies note 9.1J, 9.1K and 9.1L.

42 7. Balance Sheet

	NOTE	30 June 2019 [£'000]	30 June 2018 [£'000]
FIXED ASSETS			
Tangible assets	9.12	4,171	4,338
Intangible assets	9.12	26	341
TOTAL FIXED ASSETS		4,197	4,679
CURRENT ASSETS			
Debtors	9.13	1,560	843
Cash at bank and in hand		3,671	3,694
TOTAL CURRENT ASSETS		5,231	4,537
LIABILITIES FALLING DUE WITHIN ONE YEAR			
Creditors: Amounts falling due within one year	9.14	(4,002)	(4,431)
TOTAL LIABILITIES FALLING DUE WITHIN ONE YEAR		(4,002)	(4,431)
NET CURRENT ASSETS		1,229	106
TOTAL ASSETS LESS CURRENT LIABILITIES		5,426	4,785
LIABILITIES FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors: Amounts falling due after more than one year	9.15	(63)	(66)
TOTAL LIABILITIES FALLING DUE AFTER MORE THAN ONE YEAR		(63)	(66)
TOTAL NET ASSETS		5,363	4,719
THE FUNDS OF THE CHARITY			
UNRESTRICTED FUNDS			
General funds		3,975	3,485
Designated funds: <i>Most Needed Fund</i>		200	811
TOTAL UNRESTRICTED FUNDS		4,175	4,296
Restricted income funds		1,188	423
TOTAL FUNDS CARRIED FORWARD		5,363	4,719

Approved by the board on 18th October 2019 and signed
on its behalf by Graham Williams



Company Registration Number 3719092

43 8. Cash flow Statement

YEAR ENDED 30 JUNE 2019	30 June 2019 [£'000]	30 June 2018 [£'000]
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the reporting period (as reported in the Statement of Financial Activities)	644	933
Adjustments for:		
Depreciation and amortisation charges	512	420
Interest from investments	[22]	[10]
(Profit) on the sale of fixed assets	[4]	-
Decrease/(Increase) in debtors	[717]	536
(Decrease)/Increase in creditors	[432]	292
Creditors for fixed asset acquisitions unpaid at year end	2	111
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	[17]	2,282
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interest and rents from investments	22	10
Purchase of fixed assets	[35]	[4,307]
Creditors for fixed asset acquisitions unpaid at year end	[2]	[111]
Proceeds from the sale of fixed assets	9	69
NET CASH (USED IN) INVESTMENT ACTIVITIES	[6]	[4,339]
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	[23]	[2,057]

ANALYSIS OF CASH AND CASH EQUIVALENTS	30 June 2019 [£'000]	30 June 2018 [£'000]
Cash in hand at beginning of period	3,694	4,708
Notice deposits (less than three months) at beginning of period	-	1,043
TOTAL CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,694	5,751
Cash in hand at end of period	3,671	3,694
Notice deposits (less than three months) at end of period	-	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,671	3,694
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	[23]	[2,057]

Compassion UK Christian Child Development is a charitable company limited by guarantee incorporated in England and Wales. The address of its registered office is set out on page 3 and a description of its principal activities is set out on page 13.

9.1 Accounting Policies

A) BASIS OF PREPARATION

The financial statements have been prepared under the historic cost convention. These accounts have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The charity meets the definition of a public benefit entity under FRS 102. The reporting currency is GB Pounds Sterling (£). The principal accounting policies adopted in the preparation of the financial statements are set out below.

B) INCOME

This is included in the Statement of Financial Activities (SoFA) when:

- The charity becomes entitled to the resources;
- The trustees believe it is probable they will receive the income; and
- The monetary value can be measured with sufficient reliability.

100% of child gifts and appeal donations are restricted. 80% of all other donations received are restricted. Restricted donations are granted to Compassion International.

Income which relates to a future period is carried forward as deferred income. An example of this would be where a sponsor pays child support a year in advance.

Income from Gift Aid reclaims is recognised in the SoFA when the donation is made. Where backdated Gift Aid claims have been made which relate to donations in a prior period this has been recognised in the current period.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification

has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate.

Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Gifts in kind are accounted for at a reasonable estimate of their value to the charity or the amount actually realised.

Donated services and facilities are only included in income (with an equivalent amount in expenditure) where the benefit to the charity is reasonably quantifiable, measurable and material. The value placed on these resources is the estimated value to the charity of the service or facility received.

The value of any voluntary help received is not included in the accounts but is described in the Trustees' Annual Report.

Investment income is included in the accounts when receivable.

C) CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The main area of judgement is in relation to the allocation of central overhead costs between the various expenditure categories on the Statement of Financial Activities, the basis of which is set out in note 9.1[F].

Compassion makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. In the opinion of the trustees, the main estimate and assumption that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the useful life of fixed assets, which are written-off in accordance with the depreciation policies set out in note 9.1[E].

D) FIXED ASSETS

Fixed assets are capitalised if they can be used for more than one year and cost at least £1,500. They are valued at cost on receipt.

E) DEPRECIATION AND AMORTISATION

Depreciation and amortisation are calculated to write off the cost of the assets brought into use less their residual value over their expected useful lives using the following rates:

- Computer equipment: 25% straight line
- Motor vehicles: 25% straight line
- Software: 25% straight line
- Furniture, fixtures and plant: 10% straight line
- Building Structure: 2% straight line

Our assessment of our office valued the land at £1.3m. The rest of the structure, including the car park, is constructed from durable materials and has been estimated to have a useful life of 50 years.

F) EXPENDITURE

All expenditure is accounted for gross, and when incurred. Expenditure is included in the SoFA on an accruals basis and, because the charity is unable to recover any UK Value Added Tax paid, inclusive of that irrecoverable VAT. Expenditure includes the direct costs of the activities and depreciation on related assets.

Where such costs relate to more than one functional cost category, they have been split on an estimated time, floor space or other basis, as appropriate. A functional breakdown of expenditure is shown in notes 9.7 to 9.9.

Expenditure on Raising Funds are the direct costs and an appropriate allocation of support costs that were used to attract donations.

Expenditure on Charitable Activities include: monies remitted to Compassion International and other organisations in respect of child sponsorship income; costs of supporting and providing information and education to child sponsors, including a share of the costs of the charity's magazine; and other costs incurred directly in meeting the aims of the charity. Child grants include all monies paid to Compassion International and other organisations for the direct benefit of children. Child Ministry and Advocacy Costs include all costs incurred in the ministry of children and raising awareness on their behalf.

This expenditure includes an appropriate allocation of support costs of central functions which have been allocated to activity cost categories on a basis consistent with the use of resources, for example by estimated staff time or floor space.

G) FOREIGN CURRENCIES

Assets, liabilities, revenues and expenditure in foreign currencies are translated into Sterling at the rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date where material.

Transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract are translated at those contracted rates. Differences arising on the translation of such items are dealt with in the SoFA.

H) GRANTS

Grants payable are recognised as expenditure when the commitment is entered into. Where such a grant is to be paid over instalments, the outstanding balance is disclosed as a liability.

I) OPERATING LEASES

Rentals payable under operating leases are charged to the SoFA on a straight-line basis over the period of the lease.

J) GENERAL FUNDS

General funds are funds available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

K) DESIGNATED FUNDS

Designated funds are unrestricted funds that have been set aside at the discretion of the trustees for a specific, but not legally binding, purpose.

L) RESTRICTED FUNDS

Restricted funds are income received for a particular purpose as specified by the donor or supplier, less expenditure applied for such a purpose.

M) PENSION COSTS

Compassion UK operates a money purchase pension scheme whereby it pays eligible employees defined contributions into the charity pension scheme. The contributions are charged to the Statement of Financial Activities as they become payable and the Charity's liability is limited to the amount of the contributions.

N) LIABILITIES

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

46 9.2 Legal Status of the Charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.

9.3 Compassion Charities

COMPASSION INTERNATIONAL

The charity has a commitment to donors that at least 80 percent of monies received from child sponsorship and other child grants are transferred to Compassion International in the USA, who administer the distribution of funds for the benefit of each child on behalf of the charity (and other Compassion partners).

The amount of these funds collected during the year was £32,938,000 [FY18 £30,591,000] of which £2,681,000 [FY18 £2,844,000] was outstanding at the year-end. The outstanding amount represents the June 2019 grant and small grant corrections and was transferred to Compassion International after the year-end.

The UK charity is actively involved in the overall administration of the support given to children and in the decisions made by the international partnership of Compassion charities.

Compassion International paid expenses of £296,000 [FY18 £206,000] to Compassion UK. Compassion UK paid expenses of £72,000 [FY18 £74,000] to Compassion International.

There is one Compassion UK board member (Ken Morgan) who sits on the board of Compassion International.

COMPASSION IRELAND

During the year, Compassion Ireland's administration requirements have been undertaken for a fixed fee of 12% of donations received, excluding gifts and Christmas donations.

Out of 109,111 sponsored children 1,262 were sponsored through Compassion Ireland.

During the year £49,000 [FY18 £43,000] was received in income from servicing Compassion Ireland and costs were £65,000 [FY18 £105,000] and a grant was made to Compassion Ireland of £34,000 [FY18 £33,000]. The intercompany balance owing by Compassion Ireland is £58,000 [FY18 £56,000].

There are two board members (Graham Williams and Ken Morgan) who sit on both boards.

9.4 Net movement in resources for the year

	2019 [£'000]	2018 [£'000]
THIS IS STATED AFTER CHARGING		
Depreciation and amortisation of fixed assets	512	420
(Profit) on disposal of fixed assets	(4)	0
Annual audit fees	24	22
Other fees paid to Auditor for advice/consultancy etc.	2	1
Foreign exchange (gains)/losses	(3)	1

47 9.5 Donations and Legacies

	2019				2018			
	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2019	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2018
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
MINIMUM 80% RESTRICTED								
Child support	24,708	-	6,177	30,885	23,946	-	5,986	29,932
RESPOND Interventions	683	-	114	797	625	-	162	787
Sponsorship Plus	386	-	92	478	278	-	69	347
Child Survival Programme	990	-	248	1,238	437	-	73	510
HIV and AIDS Campaign	79	-	20	99	85	-	21	106
Other donations	8	-	2	10	22	-	6	28
100% RESTRICTED								
Gifts for children	2,066	-	-	2,066	1,915	-	-	1,915
Christmas Appeal	779	-	-	779	727	-	-	727
Disaster Relief	4	-	-	4	26	-	-	26
MINIMUM 80% DESIGNATED								
Gift Aid	-	5,792	1,448	7,240	-	5,063	1,266	6,329
General unrestricted income	-	366	92	458	-	418	104	522
OTHER DONATIONS								
Other Donations	-	-	2	2	-	-	8	8
TOTAL	29,703	6,158	8,195	44,056	28,061	5,481	7,695	41,237

Included in the figures above is legacy income of £168,000 (FY18 £221,000).

48 9.6 Charitable Activities

	2019 [£'000]	2018 [£'000]
Compassion Ireland Service Income	49	43
Field Experience	318	175
Compensation for leaving premises	-	125
Other	14	8
TOTAL	381	351

Sponsors have the opportunity to visit projects and their sponsored children on a Compassion Insight trip. Field Experience income represents fees paid for trips which took place in the period.

9.7 Expenditure on Raising Funds

	NOTE	2019 [£'000]	2018 [£'000]
Direct Costs Excluding Staff		2,709	2,480
Direct Staff Costs		1,509	1,565
Apportioned Support Costs	9.9	802	886
TOTAL		5,020	4,931

49 9.8 Expenditure on Charitable Activities

	NOTE	2019				2018			
		RESTRICTED FUNDS [£'000]	DESIGNATED FUNDS MOST NEEDED [£'000]	GENERAL FUNDS [£'000]	TOTAL FUNDS 2019 [£'000]	RESTRICTED FUNDS [£'000]	DESIGNATED FUNDS MOST NEEDED [£'000]	GENERAL FUNDS [£'000]	TOTAL FUNDS 2018 [£'000]
Child support		24,708	3,140	-	27,848	23,944	-	-	23,944
Gifts for children		2,067	-	-	2,067	1,909	-	-	1,909
Christmas Appeal		791	-	-	791	714	-	-	714
RESPOND Interventions		796	800	-	1,596	753	1,963	-	2,716
Child Survival		487	57	-	544	634	[34]	-	600
HIV and AIDS Campaign		79	3	-	82	108	563	-	671
Other funds		10	-	-	10	37	-	-	37
TOTAL CHILD GRANTS TO COMPASSION INTERNATIONAL	a	28,938	4,000	-	32,938	28,099	2,492	-	30,591
Compassion Ireland grant		-	-	34	34	-	-	33	33
Compassion Norden & Germany grants		-	-	40	40	-	-	42	42
Other grants	b	-	101	-	101	-	89	-	89
TOTAL GRANTS		28,938	4,101	74	33,113	28,099	2,581	75	30,755
Grant making support costs	9.9	-	-	512	512	-	-	471	471
TOTAL COSTS OF GRANT MAKING		28,938	4,101	586	33,625	28,099	2,581	546	31,226
Child ministry direct costs	c	-	2,668	-	2,668	-	2,235	-	2,235
Child ministry support costs	9.9	-	-	2,050	2,050	-	-	1,881	1,881
TOTAL CHILD MINISTRY AND ADVOCACY COSTS		-	2,668	2,050	4,718	-	2,235	1,881	4,116
COMPASSION IRELAND COSTS		-	-	65	65	-	-	105	105
Field Experience direct costs		-	-	292	292	-	-	189	189
Field Experience support costs	9.9	-	-	99	99	-	-	98	98
TOTAL FIELD EXPERIENCE COSTS		-	-	391	391	-	-	287	287
TOTAL CHARITABLE EXPENDITURE		28,938	6,769	3,092	38,799	28,099	4,816	2,819	35,734

(a) Direct costs for child support and other child grants are grants for the benefit of children. Grants paid to Compassion International cover the grants to the projects, costs to run the field country and area offices as well as programme costs at Compassion International.

(b) Other grants include financial support towards Christian youth work within the UK and abroad at the discretion of the board of trustees.

(c) Direct costs for child ministry are costs of supporting and providing information to child sponsors. This includes child letter postage and the proportion of facilities, IT and staff time allocated to supporting the relationship between the sponsor and the child.

50 9.9 Analysis of Support Costs

	2019				TOTAL SUPPORT COSTS [£'000]
	RAISING FUNDS [£'000]	GRANT MAKING [£'000]	CHILD MINISTRY AND ADVOCACY [£'000]	FIELD EXPERIENCE [£'000]	
Facilities management	96	28	110	11	245
Information technology	262	144	576	9	991
Operations and finance	119	55	221	24	419
Support salaries	325	276	1,104	55	1,760
Audit and accounting fees	-	5	21	-	26
Trustee and board meeting costs	-	4	18	-	22
	802	512	2,050	99	3,463

	2018				TOTAL SUPPORT COSTS [£'000]
	RAISING FUNDS [£'000]	GRANT MAKING [£'000]	CHILD MINISTRY AND ADVOCACY [£'000]	FIELD EXPERIENCE [£'000]	
Facilities management	150	40	157	13	360
Information technology	313	109	436	12	870
Operations and finance	25	40	159	2	226
Support salaries	398	277	1,107	71	1,853
Audit and accounting fees	-	5	21	-	26
Trustee and board meeting costs	-	-	1	-	1
	886	471	1,881	98	3,336

All *Support Costs* are paid from unrestricted funds. Total support costs are allocated on the basis of staff time attributable to that cost centre.

51 9.10 Staff Costs

	2019 [£'000]	2018 [£'000]
Wages and salaries	3,432	3,349
Pensions	369	367
Social security costs	356	310
Health insurance and other HR costs	99	184
	4,256	4,210
AVERAGE NUMBER OF EMPLOYEES (FULL TIME EQUIVALENT)		
Management	6.0	6.0
Support and administration	23.2	23.5
Supporter relations	35.8	33.6
Raising funds and communications	34.6	36.3
	99.6	99.4
Percentage change in staffing levels	0.2%	3.4%
Average number of employees (<i>headcount</i>)	124.5	111.5
The number of employees whose remuneration for the period fell within the following bands:		
£60,000 up to £70,000	2	3
£70,000 up to £80,000	1	-
£80,000 up to £90,000	-	-
£90,000 up to £100,000	-	1
£100,000 up to £110,000	1	-

Pension contributions of £31,000 [FY18: £29,000] were made during the year for the above higher paid staff.

The company operates a defined contribution pension scheme on behalf of its employees. The pension charge for the year was £369,000 [FY18: £367,000], of which £37,000 [FY18: £31,000] was payable at the year end.

The key management personnel are listed on page 3. The total employee remuneration, including National Insurance and benefits, of the key management personnel of the charity was £528,000 [FY18 £504,000].

9.11 Trustees' Remuneration

No trustees' remuneration was voted during the year. Every three to four years the trustees visit our projects. This year the trustees travelled to Togo to see first-hand the work of Compassion and to help fulfil their obligations as trustees. This trip cost £19,000 [FY18 nil]

The total premiums paid for trustee indemnity insurance in the year were £1,000 [FY18 £1,000].

52 9.12 Fixed Assets

TANGIBLE ASSETS	TANGIBLE ASSETS				INTANGIBLE ASSETS	
	FURNITURE & EQUIPMENT [£'000]	COMPUTER HARDWARE [£'000]	MOTOR VEHICLES [£'000]	PROPERTY [£'000]	TOTAL TANGIBLE ASSETS [£'000]	COMPUTER SOFTWARE [£'000]
COST						
Balance at 1 July 2018	398	314	109	3,656	4,477	1,245
Additions for the year	19	16	-	-	35	-
Disposals for the year	-	-	(33)	-	(33)	-
BALANCE AT 30 JUNE 2019	417	330	76	3,656	4,479	1,245
DEPRECIATION / AMORTISATION						
Balance at 1 July 2018	51	45	38	5	139	904
Disposals for the year	-	-	(28)	-	(28)	-
Depreciation for the year	41	79	25	52	197	315
BALANCE AT 30 JUNE 2019	92	124	35	57	308	1,219
NET BOOK VALUE						
At 1 July 2018	347	269	71	3,651	4,338	341
At 30 June 2019	325	206	41	3,599	4,171	26

9.13 Debtors

	2019 [£'000]	2018 [£'000]
Compassion Ireland	58	56
Gift Aid reclaimable	601	218
Other debtors and grants receivable	209	18
Prepayments	692	551
	1,560	843

9.14 Creditors: Amounts falling due within one year

	Note	2019 [£'000]	2018 [£'000]
Compassion International		2,681	2,844
Deferred income	9.16	150	141
Trade creditors		402	685
Accruals		634	644
Other taxation and social security		98	86
Pension contributions outstanding		37	31
		4,002	4,431

9.15 Creditors:

Amounts falling due after more than one year

	Note	2019 [£'000]	2018 [£'000]
Deferred income	9.16	63	66

9.16 Deferred Income

	2019 [£'000]	2018 [£'000]
Deferred income brought forward	207	269
Deferred income released in the year	141	203
Income deferred in the year	147	141
Deferred income carried forward	213	207

Deferred income represents sponsorship received in advance.

54 9.17 Restricted funds

2019 RESTRICTED FUNDS	BALANCE AT 1 JULY 2018 [£'000]	RESTRICTED INCOME [£'000]	TRANSFERS [£'000]	RESTRICTED EXPENDITURE [£'000]	RESTRICTED 30 JUNE 2019 [£'000]
Child support	2	24,708	-	[24,708]	2
Gifts for children	6	2,066	-	[2,067]	5
Christmas Appeal	13	779	-	[791]	1
RESPOND Interventions	385	683	8	[796]	280
Disaster Relief	17	4	-	[2]	19
Child Survival Programme	-	990	378	[487]	881
Leadership Development	-	8	-	[8]	-
HIV and AIDS Campaign	-	79	-	[79]	-
Sponsorship Plus	-	386	[386]	-	-
	423	29,703	-	[28,938]	1,188

2018 RESTRICTED FUNDS	BALANCE AT 1 JULY 2017 [£'000]	RESTRICTED INCOME [£'000]	TRANSFERS [£'000]	RESTRICTED EXPENDITURE [£'000]	BALANCE AT 30 JUNE 2018 [£'000]
Child support	-	23,946	-	[23,944]	2
Gifts for children	-	1,915	-	[1,909]	6
Christmas Appeal	-	727	-	[714]	13
RESPOND Interventions	455	625	58	[753]	385
Disaster Relief	6	26	-	[15]	17
Child Survival Programme	-	437	197	[634]	-
Leadership Development	-	22	-	[22]	-
HIV and AIDS Campaign	-	85	23	[108]	-
Sponsorship Plus	-	278	[278]	-	-
	461	28,061	-	[28,099]	423

PURPOSE OF RESTRICTED FUNDS

Child Support - To relieve poverty amongst sponsored children.

Un-sponsored children - To support children registered in the programme, but awaiting sponsorship.

Gifts for children - To bless the child, their family or their project with additional gifts.

Christmas Appeal - To provide a present and a celebration for each child.

RESPOND Interventions - To meet vital needs outside of what sponsorship covers.

Disaster Relief - Critical relief for sponsored children and their projects, including reconstruction.

Child Survival Programme - Pre- and post-natal care for mothers and babies.

Leadership Development - To support and develop emerging leaders.

HIV and Aids Campaign - To support sponsored children and their families affected by HIV and AIDS.

Sponsorship Plus - Additional support for beneficiaries. To address critical needs of children around the world, including child survival programmes, medical emergencies, disaster relief and preventative health. During the year £386,000 [FY18 £278,000] was transferred to other appropriate restricted funds.

55 9.18 Related Party Transactions

During the year there were no related party transactions.

9.19 Leasing Commitments

At 30 June 2019 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	2019			2018		
	CARS	OTHER	TOTAL	CARS	OTHER	TOTAL
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Less than one year	44	441	485	36	180	216
Two to five years	66	446	512	79	17	96
Greater than five years	-	-	-	-	1	1
	110	887	997	115	198	313

9.20 Analysis of net assets between funds

This analysis shows the fund balances at year-end split into tangible fixed assets and net current assets. The analysis also shows the Restricted and Unrestricted funds in these categories.

	2019				2018			
	FIXED ASSETS	NET CURRENT ASSETS	LIABILITIES FALLING DUE AFTER GREATER THAN ONE YEAR	TOTAL 2019	FIXED ASSETS	NET CURRENT ASSETS	LIABILITIES FALLING DUE AFTER GREATER THAN ONE YEAR	TOTAL 2018
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Restricted Funds	-	1,188	-	1,188	-	423	-	423
Designated Funds <i>Most Needed</i>	-	200	-	200	-	811	-	811
General Funds	4,197	(159)	(63)	3,975	4,679	(1,128)	(66)	3,485
	4,197	1,229	(63)	5,363	4,679	106	(66)	4,719

9.21 Taxations

Compassion is a charity and is entitled, for the current year, to the exemptions provided by Chapter 3 of Part 11 of the Corporation Tax Act 2010. As a consequence, no provision for taxation is regarded as necessary.

9.22 Derivatives

In order to mitigate exchange rate risk with certain suppliers, at the year end Compassion UK held future contracts to purchase \$200,000 at fixed UK exchange rates. The profit on these contracts is immaterial and has not been reflected in the accounts.

References and Administrative Details

REGISTERED CHARITY NO. 1077216 [England and Wales]
SC045059 [Scotland] COMPANY NUMBER 03719092

COMPANY SECRETARY
Amy Hiorns (nee Carter)

REGISTERED AND PRINCIPAL OFFICE
Compassion House, Barley Way,
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BANKERS
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Tunbridge Wells Group