

# Annual Report

AND FINANCIAL STATEMENTS 2019/2020

TORFAN,  
AGED 7,  
THAILAND

# Highlights

2019/2020



**107,760**

SPONSORED CHILDREN



**482,665**

LETTERS WRITTEN



**1,520**

BABIES AND MOTHERS  
BEING HELPED IN CHILD  
SURVIVAL INTERVENTIONS,  
OF WHICH

**708**

WERE DUE TO OUR  
DIFFERENT PATH APPEAL



**£46.3m**

DONATED, OF WHICH

**£0.7m**

WAS DONATED TO THE  
CORONAVIRUS RESPONSE



**92%**

OF SPONSORS CHOSE  
TO INCREASE THEIR  
MONTHLY DONATION BY

**£3**

PER MONTH

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**BRIAN, AGED 8, KENYA**  
Celebrating recovery from  
life-saving heart surgery,  
funded by Compassion.



# HOW CHILD SPONSORSHIP CHANGES LIVES

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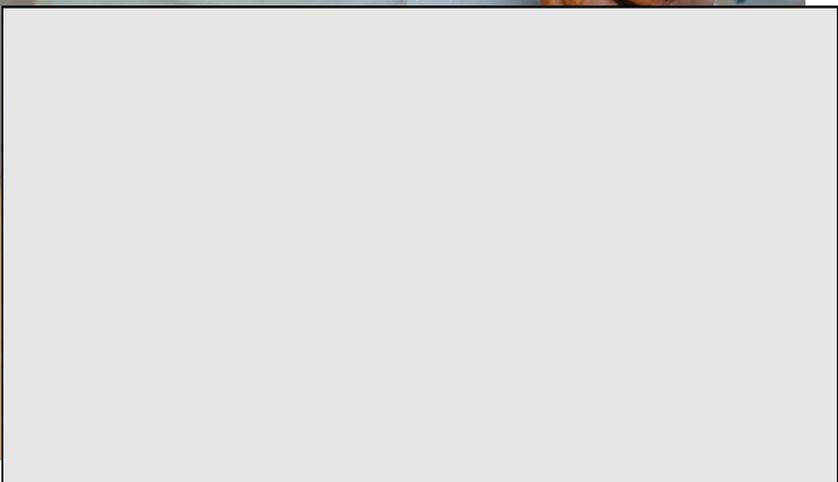
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“On several occasions I asked myself ‘Does God care about me?’ Because poverty was teaching me that God didn’t care, that I wasn’t important, that I was not valuable. And it was in the middle of that, that God used Compassion to show me His love and His care for me.

“When I was 7, I was shining shoes in the street; when I was 14, I was fixing and assembling computers; when I was 23, I was already an IT manager.

“We don’t know how God is going to use the child you are sponsoring today, but we do know for sure we are changing one life, we are impacting a community, we are bringing glory to the Lord.”

**TONY BELTRAN,**  
Compassion International  
National Director,  
Dominican Republic



# A MESSAGE FROM **JUSTIN DOWDS** CEO COMPASSION UK & IRELAND

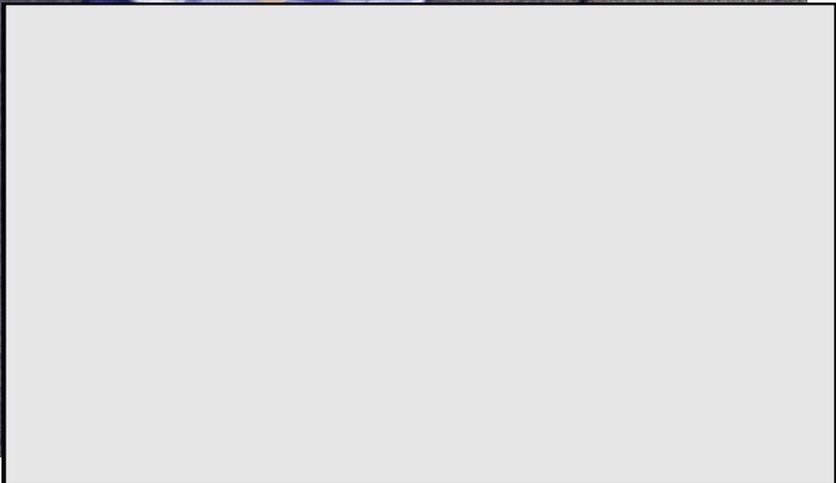
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## Listen to Justin speak about the highlights and challenges of this year.

### Hear how:

- Our wonderful supporters' loyalty has been a testimony of God's goodness in this season.
- Passionate and committed volunteers stepped up to speak on behalf of Compassion at churches and events throughout the UK.
- In February 2020 we opened 23 Child Survival Projects in Togo funded in partnership with the UK government.
- We worked towards implementing a fully digital sponsorship journey through the Compassion UK app.
- The COVID-19 pandemic affected the work of Compassion across all countries. Supporters responded powerfully to this crisis with £700,000 donated in the UK.

Watch to find out more.



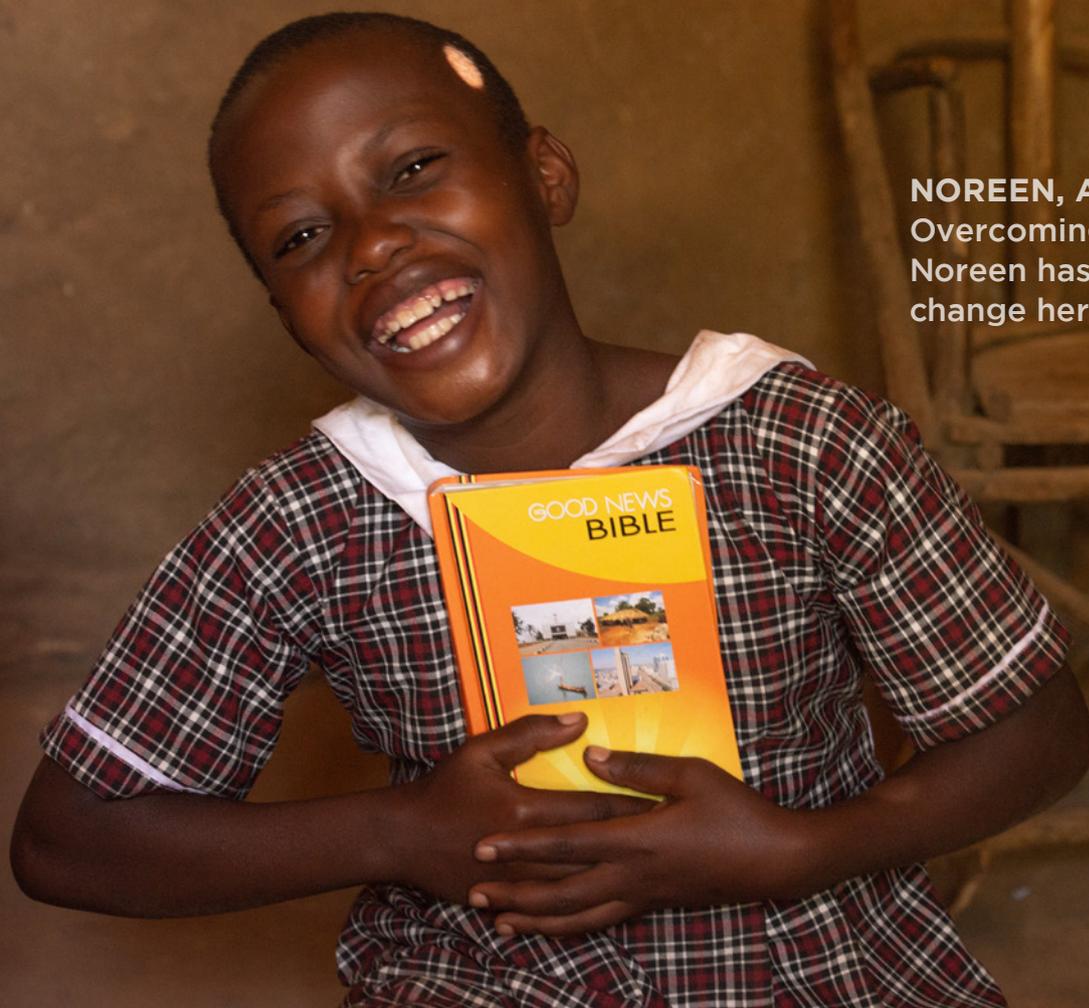
# Objectives & ACTIVITIES

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**ESTEFANY WITH HER SON AXEL, EL SALVADOR**  
Estefany is a young mother, raising her son with support from Compassion's Child Survival Interventions.

**NOREEN, AGED 12, UGANDA**

Overcoming adversity,  
Noreen has great dreams to  
change her community.



# OUR MISSION:

## RELEASING CHILDREN FROM POVERTY IN JESUS' NAME

Our charitable purpose as defined by our articles of association:

**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.



**DOMIC, AGED 9, EL SALVADOR**  
Prays daily with his little brother Diego.

# WHO WE ARE



## CHRIST CENTRED

Jesus is at the heart of everything we do. Our programmes show God's love to children born into extreme poverty. Whilst Christ's love motivates us, we help children from all backgrounds, regardless of belief.



## CHILD FOCUSED

We intentionally focus on caring for children, the most vulnerable to the devastating effects of poverty. We support children in every area of their lives, tackling the root causes of poverty that hold them back.

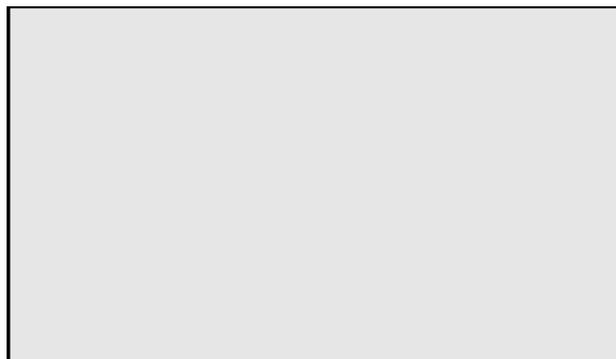


## CHURCH BASED

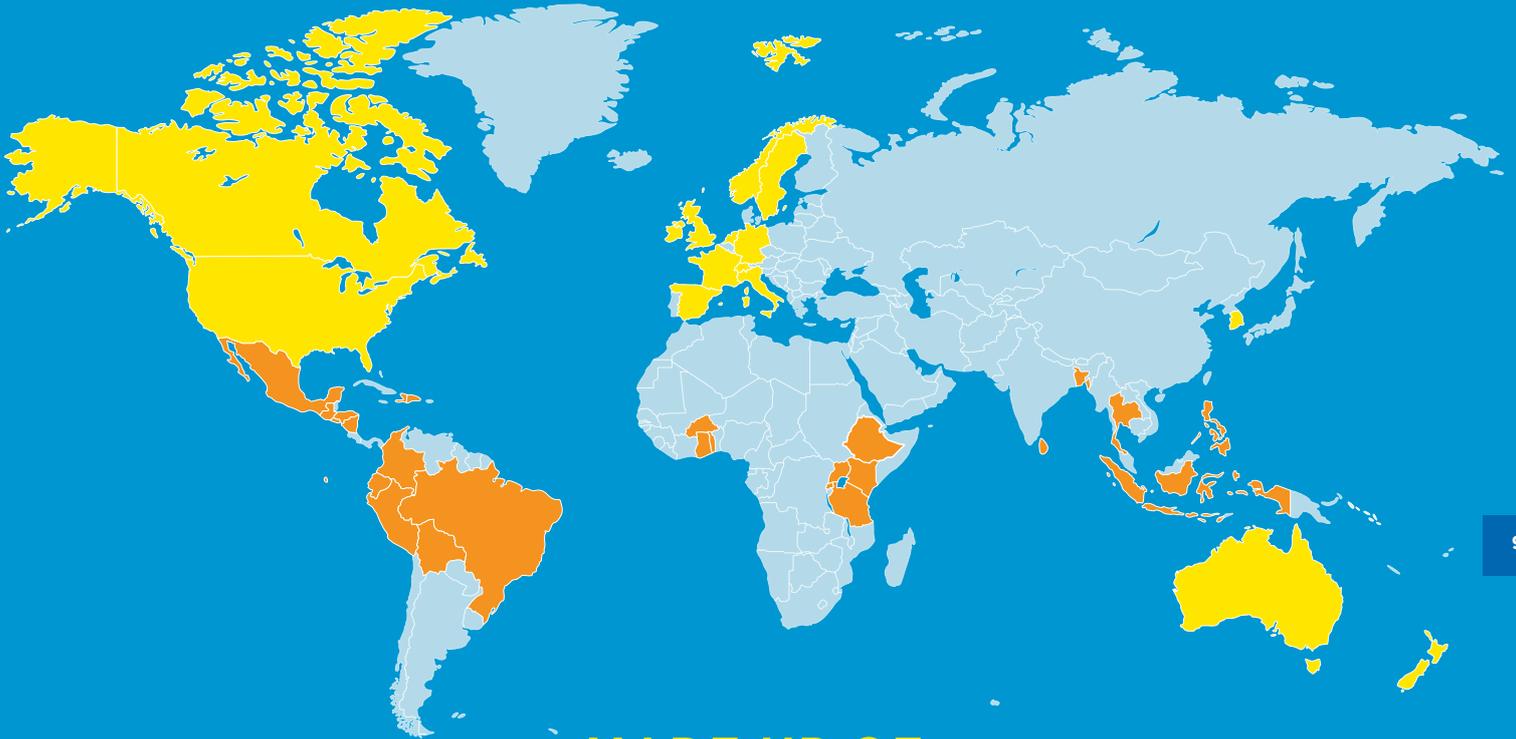
We believe that the Church is the hope of the world. We run our programmes in partnership with 7,988 local churches who know their communities inside out.



## SEE COMPASSION IN ACTION



AT A GLOBAL LEVEL  
**COMPASSION UK**  
IS PART OF THE WIDER  
COMPASSION FAMILY



MADE UP OF  
**14**  
GLOBAL FUNDRAISING PARTNERS

WE WORK IN  
**25**  
COUNTRIES

THROUGH  
**7,988**  
FRONT-LINE CHURCHES

WHO ALTOGETHER SUPPORT  
**2,204,762**  
CHILDREN

# HOW WE SERVE CHILDREN

## OUR 3 KEY PROGRAMMES



**MARIA, AGED 6, TANZANIA**  
Maria cradles her baby sister as Compassion launches in her community.

### **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 relationships by writing regular letters to each other about their lives and sharing photographs.

### **INTERVENTIONS**

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

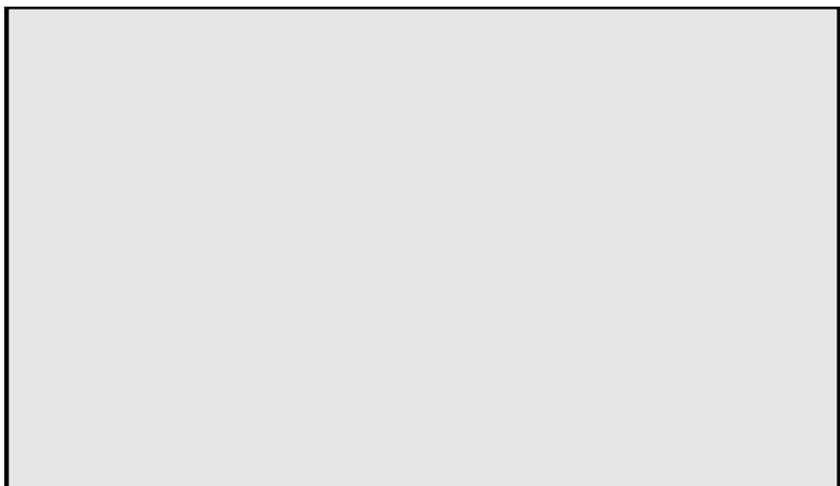
**AKOVI AND HER CHILDREN, TOGO**  
When her twin boys were born prematurely, she prayed every morning for help. Compassion's local church partner stepped in.



# CHILD SURVIVAL

We reach at-risk children even before they've been born. Through access to pre and post-natal care, nutritional supplies, vaccinations and critical support and training for mums, we give children the opportunity to not only survive but thrive.

When they reach the age of one, children are automatically enrolled into the Compassion Sponsorship Programme meaning the love and care they have received in the all-important early days can continue as they grow.



# CHILD SPONSORSHIP

We believe that every child should be known, loved and protected; that they are precious and unique.

Our Child Sponsorship Programme is tailored to meet the needs of each individual child. We want each one to have the opportunity to escape poverty and find hope for a better future.

Our holistic model supports the development of a child's mind, body, spirit and heart through the provision of:

## SCHOOL RESOURCES & UNIFORMS

to help defeat illiteracy and provide critical skills

## MEDICAL CHECK-UPS & NUTRITIONAL MEALS

to fight back against disease and malnutrition

## CHRIST-CENTRED GUIDANCE

through the local church to overcome fear and hopelessness

## VOCATIONAL TRAINING

to equip them for the future

## RECREATIONAL ACTIVITIES

to protect from crime, violence, and danger

## A UNIQUE RELATIONSHIP WITH ONE SPONSOR

with letters translated into their native language, to bring real hope and positive change

## NAPADA AND NATHIPORN, THAILAND

Want to be nurses when they grow up in order to help children.



# CHILD SPONSORSHIP

## HOW DOES IT WORK?

**We connect one child born into the vulnerability of poverty with one sponsor.**

### DOES IT WORK?

A three-year independent study of Compassion's holistic child development programme, led by Dr Bruce Wydick of the University of San Francisco and published in the peer-reviewed *Journal of Political Economy* in 2013, concluded that the programme has large and statistically significant impacts on children's educational, employment, and leadership outcomes: [www.compassionuk.org/itworks](http://www.compassionuk.org/itworks)

### WHAT DO SPONSORS RECEIVE?

- Photos and information updates
- Child letters to keep them connected
- Insights into the country their sponsored child lives in
- Opportunities to hear about Compassion's work

### PRATCHAYA, AGED 8, THAILAND

"I want to be a policeman when I grow up. The policemen can protect people and help catch bad people, like a superhero in a movie."

During their time in a Compassion project, a child receives, on average, **4,000 HOURS** of face-to-face time with Christian project staff members.\*

Children attend their Compassion project for at least **43 WEEKS** of the year. This allows us to carefully assess their development over time as they grow.

Through their local church, children receive a **BIBLE** or age-appropriate portion of scripture and opportunities to hear the **GOSPEL**.

\*During the COVID-19 pandemic, we have adjusted our strategy for caring for children in extreme poverty, resulting in some changes to the delivery of our programmes. Read more on page 16.

# INTERVENTIONS

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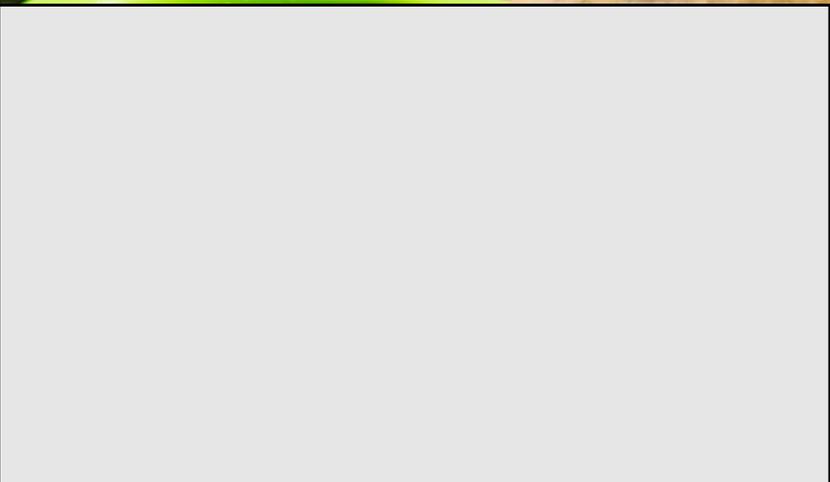
Compassion Interventions equip us to take further action to help children and the communities in which they live.

From the provision of safe drinking water, initiatives to tackle malnutrition or provide relief after a disaster, Compassion Interventions save lives.

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**LUZ, AGED 5, BOLIVIA**  
Luz learns how to wash her hands properly with the help of her local Compassion project.



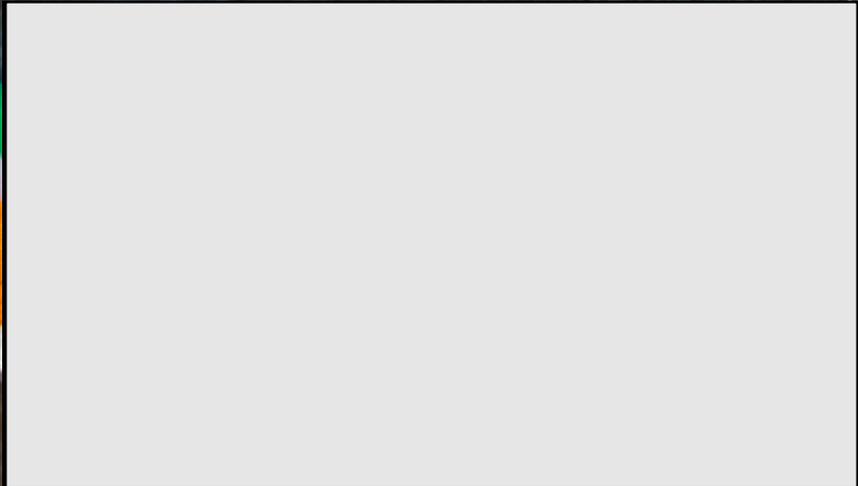
# CORONAVIRUS

## RESPONSE

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**ADONAY, AGED 5,  
EL SALVADOR**  
Adonay learns how to wash his hands properly to protect himself from COVID-19.



# COVID-19 RESPONSE

COVID-19 has increased the need in communities where our church partners work. Developing countries are less equipped for testing and caring for COVID-19 patients, and more vulnerable to the economic fallout, food scarcity, civil unrest and child protection issues resulting from quarantines and lockdowns.



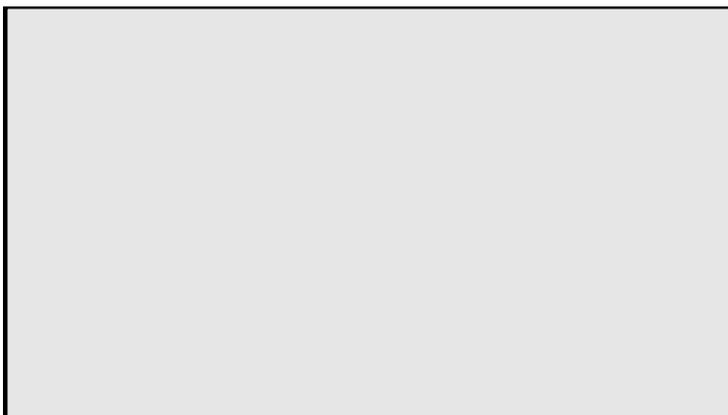
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## CHANGES TO OUR CHILD SPONSORSHIP PROGRAMME

During the pandemic, children have not been able to meet together at churches for their usual project activities. To ensure that children continue to be known, loved, and protected, project staff are instead visiting homes to check on the welfare of children and their families. Where they cannot make personal home visits because of local restrictions or safety concerns, staff are

keeping in touch with children and their families by phone, text message, or social media.

Usually, sponsorship funds are primarily used for church-based programme activities to provide education, meals, medical care and opportunities to encourage healthy development. We released our church partners to redeploy these funds to meet the critical needs of children, young people, and their families by prioritising unmet urgent needs during the pandemic,



including household necessities like food, soap, detergent, hygiene kits and other tangible resources to care for and protect children and their families.

As long as the COVID-19 pandemic prevents public gatherings at churches, we plan to empower them with this home-based approach to provide a basic level of care and support and to meet critical needs.

## OTHER KEY DIFFERENCES IN HOW OUR PROGRAMME HAS BEEN DELIVERED DURING COVID-19:

- COVID-19 restrictions have meant that letters between children and sponsors have been delayed or interrupted.
- Church partners in many countries are delivering the Compassion curriculum through mobile phones, online classes and resources rather than through group activities at the project.
- Young people reaching the normal graduation age may have their registrations temporarily extended if leaving our programme at this time would impact their safety or threaten their ability to maintain food, shelter and healthcare.
- Gifts from sponsors to their sponsored children or their families may be delivered as direct money transfers, so that they reach the recipient as quickly as possible.

## ADDITIONAL EMERGENCY RESPONSE

- We are providing food packs and grocery vouchers for families who can no longer afford food.
- We are helping family members access medical care and cover the costs of treatment if they become ill.
- We are helping cover rent payments for families who have lost their jobs due to COVID-19.

# SPEAKING UP FOR CHILDREN



Compassion UK partners with **1,884 CHURCHES** nationwide.

We spoke at **445** church meetings, **137** of which were led by volunteers.

We spoke up for children at **77** Christian events, aided by **235** volunteers.

**101** challengers, covered **1,875** miles to raise vital funds for children in poverty.

And **3,450** hours were worked by **31** volunteers in our office.

**DANNY WIGLEY, COMPASSION SPONSOR**  
Danny completed a marathon in Rwanda with Compassion Challenges. Watch his story here.

# Thank You!

HE TOOK A LITTLE CHILD WHOM HE PLACED AMONG THEM. TAKING THE CHILD IN HIS ARMS, HE SAID TO THEM, "WHOEVER WELCOMES ONE OF THESE LITTLE CHILDREN IN MY NAME WELCOMES ME; AND WHOEVER WELCOMES ME DOES NOT WELCOME ME BUT THE ONE WHO SENT ME."

MARK 9:36-37

VITÓRIA,  
AGED 5,  
BRAZIL

# Strategic REPORT

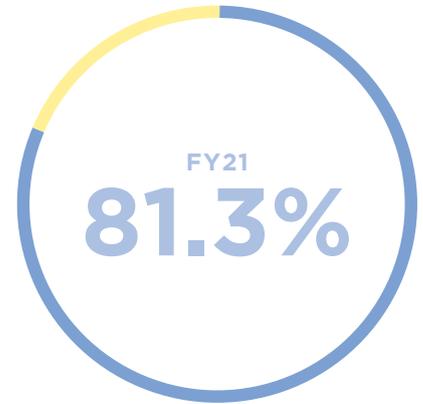
**“FOR I KNOW THE PLANS I HAVE FOR YOU,” DECLARES THE LORD, “PLANS TO PROSPER YOU AND NOT TO HARM YOU, PLANS TO GIVE YOU HOPE AND A FUTURE.”**

JEREMIAH 29:11

**ELISE, AGED 16, RWANDA**  
Elise was bullied at school until Compassion’s local church partner stepped in. They provided counselling and spoke to the school, ensuring a return to school was possible.

1 JULY 2018 – 30 JUNE 2021

# 3 YEAR STRATEGIC GOALS



**GOAL 1: FOR A MINIMUM OF 80% OF DONATIONS TO BE USED FOR THE DIRECT BENEFIT OF CHILDREN OVER THE THREE-YEAR PERIOD**

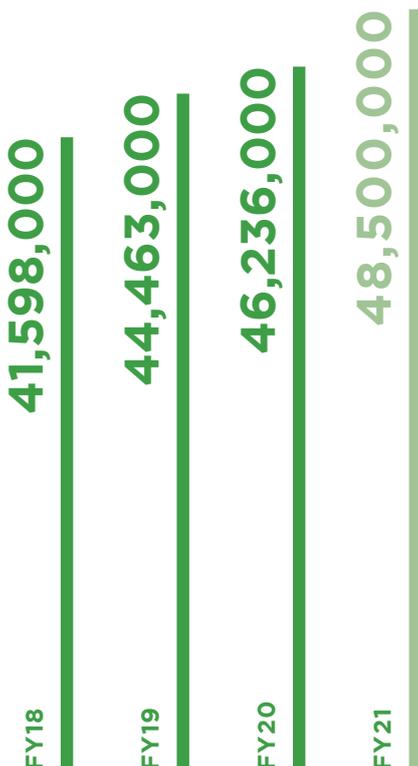
**PERFORMANCE TO DATE:**

We want to maximise the impact we’re making through our projects, and so we ensured at least 80% of donations were used for the benefit of children. The remaining funds were

stewarded diligently so that Compassion UK was well-governed, run efficiently, and could undertake activities to help us find new sponsors to support even more children.

**ANTICIPATED FUTURE PERFORMANCE:**

We have structured our budget carefully, so we will be able to continue using at least 80% of funds for the benefit of children even if our income drops substantially.



**GOAL 2: FOR OUR INCOME IN THE 2021 FINANCIAL YEAR TO GROW TO £50 MILLION ANNUALLY**

**PERFORMANCE TO DATE:**

We want to continue providing the very best care for the children in our projects and it has been wonderful to see our supporters respond so generously this year. More than 92% of our sponsors began donating an additional £3 a month in April 2020 when we increased the basic sponsorship rate. Giving increased significantly in response to the coronavirus pandemic, as our sponsors recognised and responded to the challenges facing children in extreme poverty. We also saw more sponsors sign up to Gift Aid and received our first DFID grant in January 2020 as part of our Different Path Appeal.

**ANTICIPATED FUTURE PERFORMANCE:**

We believe our income will continue to grow as a result of our sponsorship rate having been raised to £28 per month; the increase in Gift Aid sign-ups; and continued funding from DFID. We also have a committed supporter base who consistently respond with unwavering generosity to help the children they sponsor.

However, we know many of our supporters will feel the knock-on effects of the coronavirus pandemic. We believe raising £48.5m in FY21 is now a more realistic plan than raising £50m.

### GOAL 3: FOR 125,000 CHILDREN TO BE SPONSORED BY END OF FY21

**PERFORMANCE TO DATE:**

We set an ambitious goal to accelerate our rate of growth and see 125,000 children sponsored by 30 June 2021. For the last decade, between 11,000 and 12,000 children have been sponsored each year in the UK. We recently invested in the capacity of our frontline church and event teams so that we could see even more children find a sponsor in future years.

Progress in this area has been stalled by the coronavirus pandemic. We had many church engagements and live events scheduled between February and June 2020, which were cancelled leading to significantly fewer opportunities to find more sponsors for children.

In addition, around 1,800 more sponsors than we would normally expect have chosen to end their sponsorship.

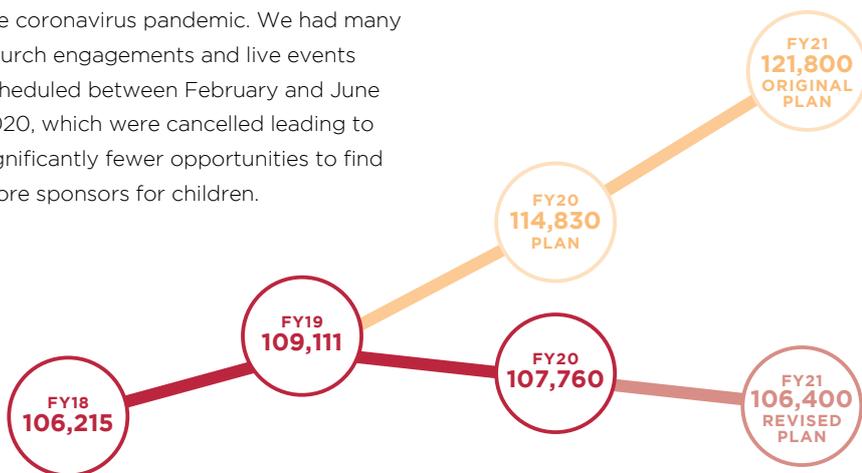
We had projected an increase in the number of sponsored children of 5,719, instead the number reduced by 1,351.

**ANTICIPATED FUTURE PERFORMANCE:**

We anticipate that restrictions on large public gatherings will remain in

force for some time, which will hamper our traditional method of finding new sponsors. We will do all we can to research and evaluate new opportunities, and develop digital tools to engage with online audiences and virtual congregations. We know our sponsors are incredibly dedicated to their sponsored children, but also understand many will have been affected financially because of coronavirus.

The children we serve are never just a number. They have a face, they have a name. Each one knitted together uniquely in their mother's womb. And thanks to their sponsors, each one has the ability to imagine a better tomorrow. Our modelling suggests that by the end of FY21 the number of sponsored children will shrink to 106,400 but knowing what is at stake, we cannot simply let that happen. We will do all we can to innovate and find new ways to grow.



### GOAL 4: FOR SUPPORTERS TO HAVE THE OPTION OF A FULLY DIGITAL PROCESS WHICH EXCEEDS THE PAPER SPONSORSHIP EXPERIENCE

**PERFORMANCE TO DATE:**

Our supporters would like us to harness 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.

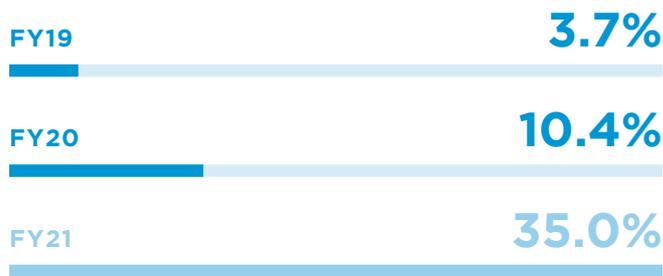
In the past year, we've been able to provide even more information and support to sponsors via the Compassion UK app. By May 2020, supporters could use the app to complete all their sponsorship transactions.

**ANTICIPATED FUTURE PERFORMANCE:**

All our paper-based processes are now fully digitised. Next year, we want to go even further by harnessing technology to create new experiences that engage, inspire and encourage our supporters.



### GOAL 5: FOR 35% OF SPONSORS TO BE ACTIVE ON OUR COMPASSION UK APP



**PERFORMANCE TO DATE:**

Supporters have told us that they want to interact with Compassion digitally through their smartphones. We set a goal that by the end of FY21, 35% of our sponsors would be actively engaging with us digitally.

Over the last year, we have changed our emphasis to focus on the quality of the user experience rather than the quantity of users using digital platforms.

**ANTICIPATED FUTURE PERFORMANCE:**

We intend to increase the number of app users each month but are no longer targeting a specific number of users. Instead, we are maintaining a focus on quality and user experience to better support our sponsors in the long term.

# OUR IMPACT

## OUR SPONSORSHIP PROGRAMME

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 - mind, body, heart and spirit.



**11,679**  
CHILDREN  
WERE NEWLY  
SPONSORED



**5,505**  
CHILDREN LEFT  
THE PROGRAMME



**92.8%**  
OF SPONSORS  
CONTINUED THEIR  
CHILD SPONSORSHIP



AT THE YEAR  
END THERE  
WERE  
**107,760**  
CHILDREN AND  
YOUNG ADULTS  
REGISTERED  
IN OUR  
SPONSORSHIP  
PROGRAMME

## OUR CHILD SURVIVAL INTERVENTIONS

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 aim to give children the best start in life.



WE INCREASED  
THE NUMBER OF  
MOTHERS AND  
BABIES IN OUR  
PROJECTS BY  
**451**

AT THE YEAR END  
THERE WERE  
**1,520**  
MOTHERS  
AND BABIES  
REGISTERED  
IN OUR CHILD  
SURVIVAL  
INTERVENTIONS



## OUR UNSPONSORED CHILD PROGRAMME

We ensure children benefit from quality holistic care while we try to find them a sponsor.

AT THE YEAR  
END THERE  
WERE  
**2,344**  
CHILDREN BEING  
LOOKED AFTER  
WHILE WAITING  
FOR A SPONSOR



COMPASSION UK

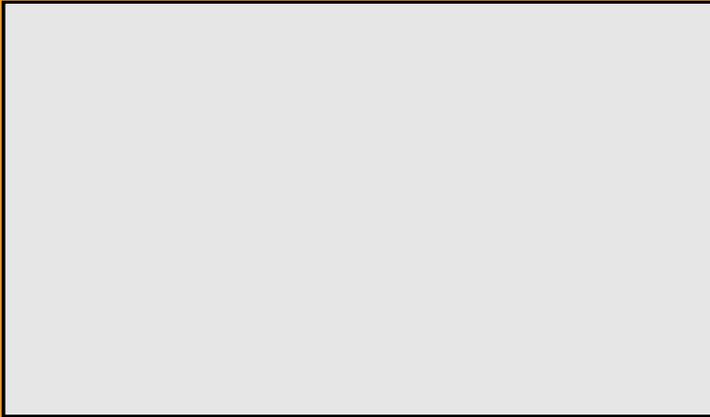
# CHILDREN SUPPORTED:

# 111,594

## WE WORK IN 25 COUNTRIES



Bangladesh	1,694	Honduras	1,704
Bolivia	2,922	Indonesia	3,124
Brazil	2,647	Kenya	13,095
Burkina Faso	4,639	Mexico	1,739
Colombia	3,246	Nicaragua	1,963
Dominican Republic	2,380	Peru	2,779
East Indonesia	2,448	Philippines	3,561
Ecuador	2,772	Rwanda	7,412
El Salvador	2,206	Sri Lanka	1,280
Ethiopia	8,403	Tanzania	5,085
Ghana	6,968	Thailand	2,478
Guatemala	1,927	Togo	5,229
Haiti	5,984	Uganda	13,909

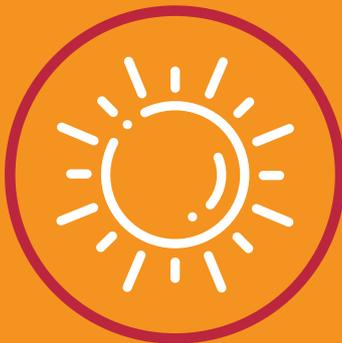


**482,665**  
ENCOURAGING  
MESSAGES  
OF SUPPORT  
BETWEEN  
CHILDREN  
AND THEIR  
SPONSORS

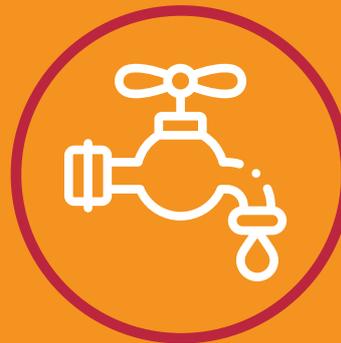
WE PROVIDED  
EVERY CHILD IN OUR  
PROJECTS WITH A  
CHRISTMAS GIFT  
AND PASSED ON  
**69,093**  
ADDITIONAL GIFTS  
TO CHILDREN,  
THEIR FAMILIES OR  
THEIR PROJECTS



WE PROVIDED  
RENEWABLE  
ENERGY AND  
BATTERY STORAGE  
FOR A HOSPITAL



**2,113**  
SOLAR LAMPS  
DISTRIBUTED



**6**  
SAFE WATER  
SOURCES PROVIDED

**6**  
TOILET BLOCKS  
CONSTRUCTED



**11**  
RESOURCE CENTRES  
& CLASSROOMS BUILT

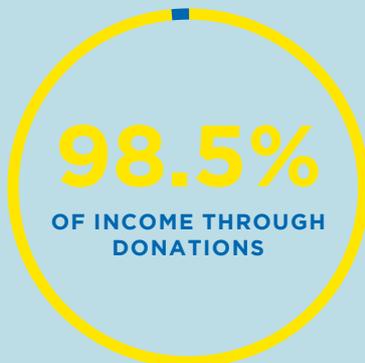


### COVID 19 INFO

We granted **£3,292,000** to fund additional hygiene, food parcels, rent provision, health and nutrition education, child protection support, water distribution, and psychosocial support and trauma counselling, among other crisis response interventions for children, families and communities affected by COVID-19. The majority of these funds were granted from the MOST needed fund, which is mainly from Gift Aid income.

# FINANCIAL REVIEW

Total Income:  
**£46.81m**

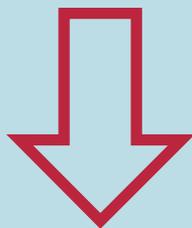


  
DONATIONS GREW BY  
**£2.07**  
MILLION



DONATIONS TO CHILD SUPPORT  
**£2.4m**  
GROWTH

Donations to child support grew by £2.4m to £32.2m. 40% of the increase was due to the rate increase in April 2020 while the majority is due to the number of children sponsored during the year.



DONATIONS TO CHILD SURVIVAL  
**£1.0m**  
FALL

In FY20 donations to Child Survival fell by £1.0m to £0.2m compared to FY19 when we ran our one off Different Path Appeal in partnership with the UK government. In FY20 we received the first 15% of the DFID matched funding grant associated with the campaign.



DONATIONS FOR COVID-19  
**£0.7m**  
Additional Raised

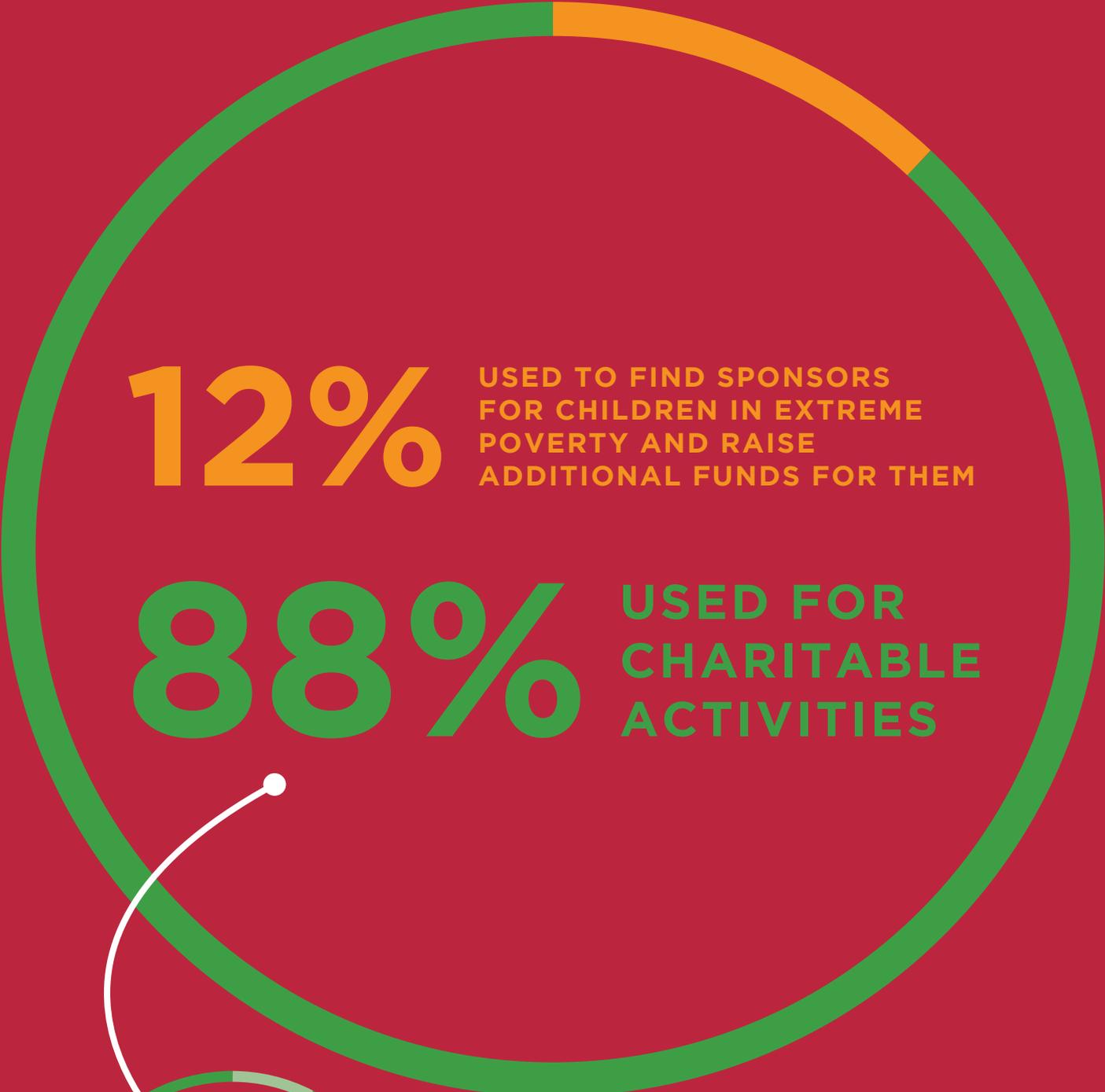
We raised £0.7m in FY20 to respond to the additional hygiene, food and housing security needs of our sponsored children, their families and wider communities as a result of COVID-19.



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.

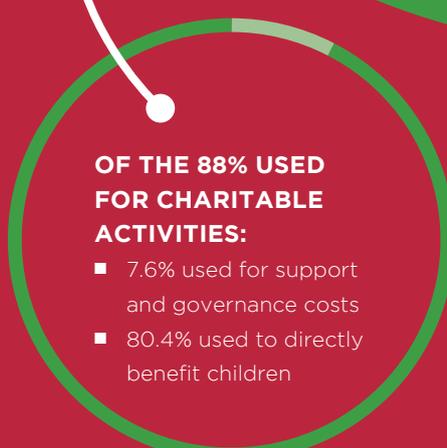


# EXPENDITURE



**12%** USED TO FIND SPONSORS FOR CHILDREN IN EXTREME POVERTY AND RAISE ADDITIONAL FUNDS FOR THEM

**88%** USED FOR CHARITABLE ACTIVITIES



**OF THE 88% USED FOR CHARITABLE ACTIVITIES:**

- 7.6% used for support and governance costs
- 80.4% used to directly benefit children

**CHARITABLE ACTIVITIES:**

- £29.9m used for supporting sponsored children including facilitating the relationship between child and sponsor
- £3.3m used to support the additional needs of children and their families as a result of COVID-19
- £3.2m additional gifts for children
- £0.7m supporting other interventions such as providing clean water sources, toilet blocks and classrooms
- £0.4m supporting mothers and babies in Child Survival Interventions

# PRINCIPAL RISKS AND UNCERTAINTIES

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Compassion UK is a global partner of Compassion International which has a separate risk management and global audit function focusing on Compassion's large-scale risk profile internationally. Compassion entities work together in the identification and co-assessment of Compassion's global risks. This includes reflection of the risks in Compassion's delivery chain and federated structure. The UK trustees bear the responsibility for ensuring that risks are managed and controlled appropriately.

## SUMMARY OF MAJOR RISKS AND COMPASSION'S RISK MITIGATION

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### THERE ARE NEARLY 385 MILLION CHILDREN LIVING IN EXTREME POVERTY

This is an ongoing and painful reality that we have a biblical mandate to act upon as urgently as we can. It appears probable that the effect of the COVID-19 crisis could draw more children into extreme poverty.

#### Prayerful and strategic progress

We're committed to finding ways to engage people with the problem of poverty in a way that doesn't feel overwhelming and inspires action rather than paralysis. We 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

This is a continued area of focus and growth for Compassion UK which has become more challenging because of COVID-19. We need to continue to find ways to partner with churches physically and digitally.

### Launched coronavirus emergency response appeal

To address the increased programmatic needs during the pandemic.

### 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 10,000 supporters. We're also celebrating 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 AND RISK OF REDUCED OR INSUFFICIENT INCOME

There is continued uncertainty around the effect of COVID-19 on the economy and on our supporters. The UK economy is still on unsure footing and suffers from currency fluctuations. This makes future financial planning challenging.

#### Hedging and rate change

Careful planning means we can increase currency stability via hedging. In addition to this we successfully implemented a rate change from £25 p/m to £28 p/m in April 2020, which should compensate for much of the purchasing power GBP has lost since 2016.

#### Diversifying revenue streams

For the first time, we received grant money from DFID which has been used to support Child Survival Interventions in Togo. We also have other plans to diversify income further in the future.

## 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 a UK-specific response to prevention and reporting.

## SAFEGUARDING INCIDENTS

Protecting children is the core of what we do. Implementing child protection measures across our 7,988 church partners is more challenging during the COVID-19 pandemic, both incident reporting and the ability to run full investigations due to lockdowns.

### Child protection remains compassion's key priority

Modifications have been made to programme implementation including providing families and caregivers with relevant resources for child protection; enabling incident reporting to be done remotely; and monitoring and assessing local and national restrictions. See page 32 for more information

## CYBERSECURITY ATTACKS

In an increasingly connected world, cyberattacks are sadly becoming more sophisticated and Compassion UK has been affected by two cybersecurity breaches. In both cases, detailed investigations were undertaken, and we immediately informed the Information Commissioner's Office (ICO) and the Charity Commission of the breach.

The first was caused by a piece of malware being added to pages of our website which captured credit or debit card numbers used when donating on our website. This breach affected 2% of our supporters and meant some supporters experienced fraudulent transactions on their accounts. All affected supporters

were informed, advised to replace their cards and provided with credit monitoring services to ensure their data was not misused.

The second involved a hack of a computer software company, Blackbaud, whose services Compassion UK uses to manage part of its supporter database. This hack also affected a significant number of other not for profits and academic institutions worldwide. In Compassion UK's case, basic contact information, bank account details and donation history were accessed by this hacker. Blackbaud believes the data taken is no longer accessible by the hacker. This breach affected all our current supporters and many former supporters. Supporters whose bank details were available to the hacker were provided with credit monitoring services to ensure their data was not misused.

### We continued to strengthen technical and organisation safeguards

Compassion UK has invested heavily in IT security during the year, including rolling out multi-factor authentication for our team and adding additional threat monitoring on top of the regular penetration tests. We commissioned a detailed forensic investigation and have implemented the security recommendations in the report. An independent Qualified Security Assessor (QSA) completed a PCI DSS compliance audit.

## ACTS OF GOVERNMENT AND REGULATORY BODIES

It is possible operations are either prevented, delayed or hindered because of governments imposing stringent restrictions which may lead to full or partial closure or suspension of office premises or programme activities in countries where Compassion operates.

### Robust business continuity and disaster recovery plans

Compassion International monitors local and national restrictions and has in place contingency measures for adapting activities, as far as possible, to meet the needs of the beneficiaries.

In the UK we have an emergency response workflow in the event of a disruptive event. All Compassion UK staff are equipped with the necessary resources that enable homeworking at short-notice.

## FINANCIAL CRIME

Our programmes operate in areas of extreme poverty and in countries where there may be political and/or social unrest and an increased risk of corruption and fraud.

### Working with the right partners

Identification, monitoring and evaluation of risks forms the framework for who we choose to partner with. We work exclusively through local churches who must have rigorous processes to ensure that money is used appropriately. We also provide a framework to those churches to help safeguard funds.

### Supervising and audit

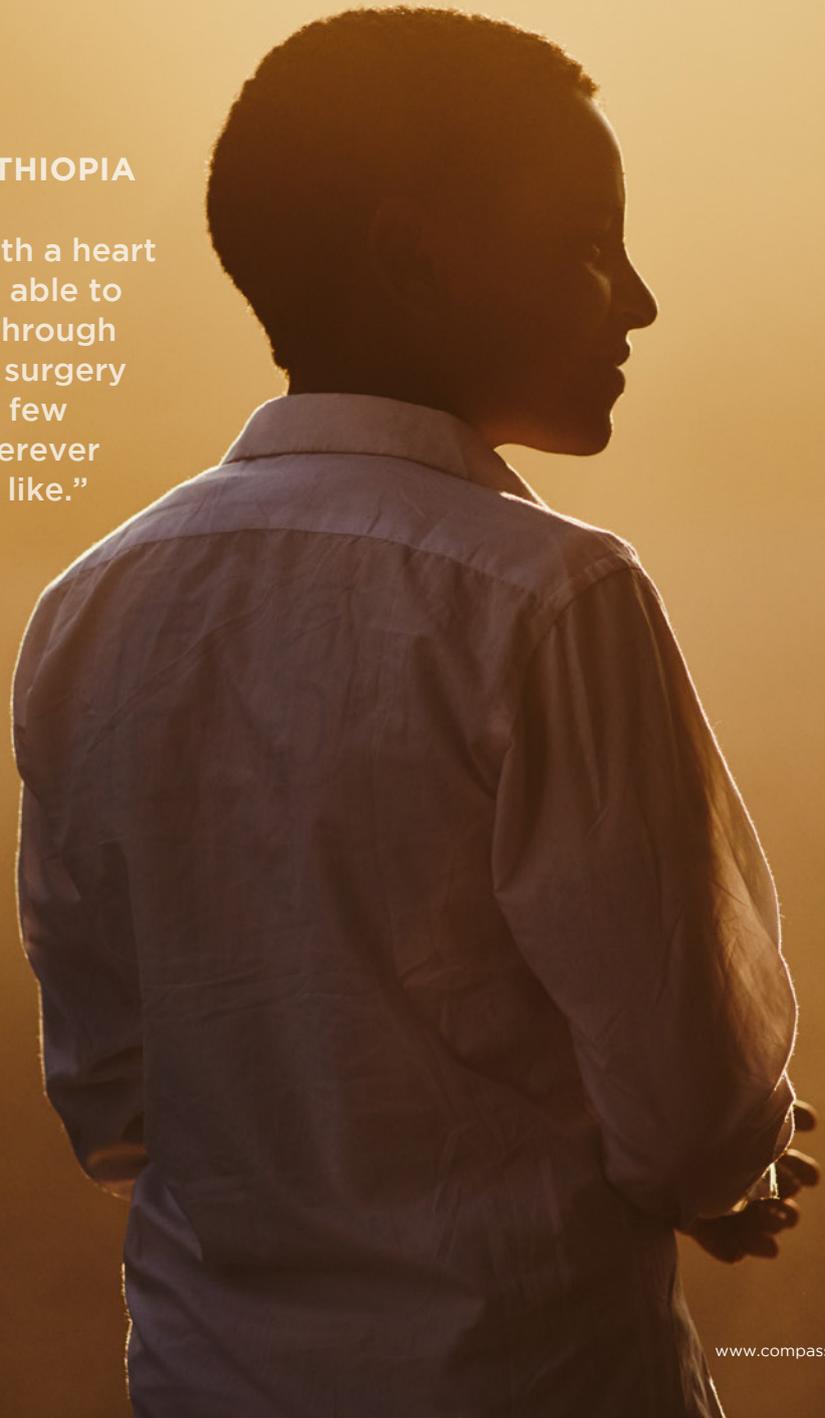
Our main National offices in each country supervise local churches, overseeing financial, operational and regulatory compliance. Employing finance professionals to review expenditure in detail helps ensure that money is being spent correctly, alongside an independent internal audit department which reviews both local churches and the national offices.

When financial incidents are reported or discovered, there is a robust investigation process. During investigation partnerships with churches may be suspended and funds withheld. Where the incident constitutes a crime, it is reported to the relevant local law enforcement without undue delay. A serious incident process is also in place for reporting to appropriate regulators in the UK including the Charity Commission. Based on the outcome of the investigation, a church partnership may be terminated and the perpetrators dismissed from their role. Compassion takes reasonable steps to recover stolen or intentionally misused funds.

# Structure, GOVERNANCE & MANAGEMENT

## ANDUALEM, AGED 15, ETHIOPIA

After being diagnosed with a heart condition, Andualem was able to have life-saving surgery through Compassion. “Before the surgery I couldn’t even walk for a few miles. Now I can walk wherever I want for however long I like.”



# OUR TRUSTEES

The trustees are the directors of Compassion UK for the purposes of company law and the trustees of Compassion UK for the purposes of charity law. All trustees are also members.



**JON TOOHEY**

**Chair of the Board of Trustees and  
Data Protection Trustee Lead  
(Elected Chair on 6 March 2020)**

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 supporting the growth and development of a variety of organisations. He stepped down from the Compassion International Board in February 2020.



**BERTRAM SHAUN SINNIAH**

Shaun is the Chief Operating Officer 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.



**DELFIN POSADA**

**Safeguarding Trustee Lead**

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



**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.



**DR RICHMOND WANDERA, PhD**

**Compassion Graduate  
(Appointed 18 October 2019)**

Richmond is the senior pastor of New Life Baptist Church in Kampala, Uganda, and the President and Founder of Pastors Discipleship Network.



**PROFESSOR ANNA MASLIN, PhD**

**(Appointed 6 March 2020)**

Anna has been working globally focusing on health, human rights and international development for over 40 years, representing the UK at numerous international fora.



**GRAHAM WILLIAMS**

**(Resigned as Chair 6 March 2020,  
remains a trustee)**

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.

## 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 (NÉE CARTER)**

**Chief Operating Officer and  
Company Secretary**



**NICK HARRIS**

**Senior Director of Marketing  
and Engagement**



**MARK PRESTON**

**Senior Director of Partnerships**

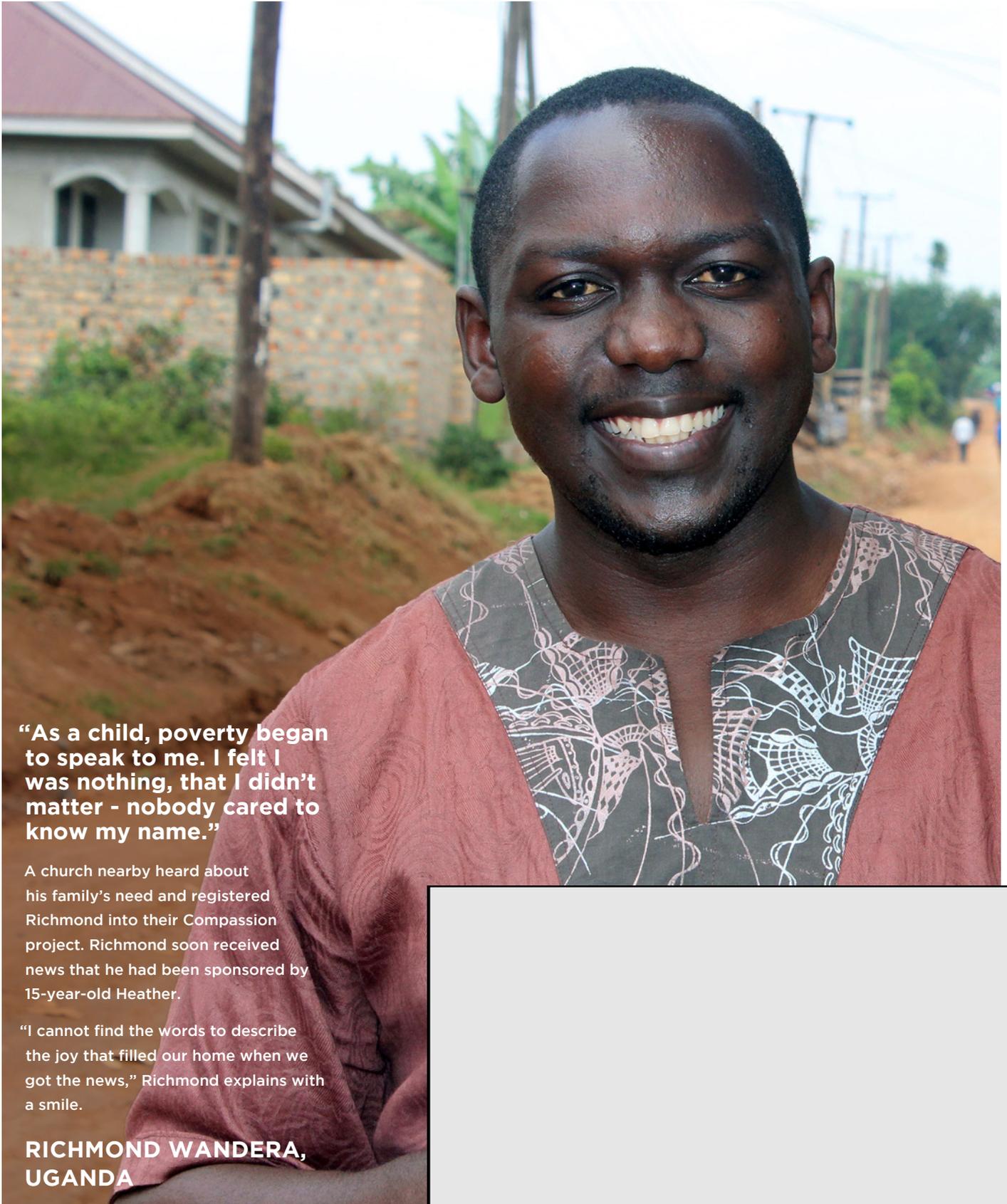


**STEPHEN BLOW**

**Finance Director**

# HOW CHILD SPONSORSHIP **CHANGED MY LIFE**

Richmond Wandera, Trustee

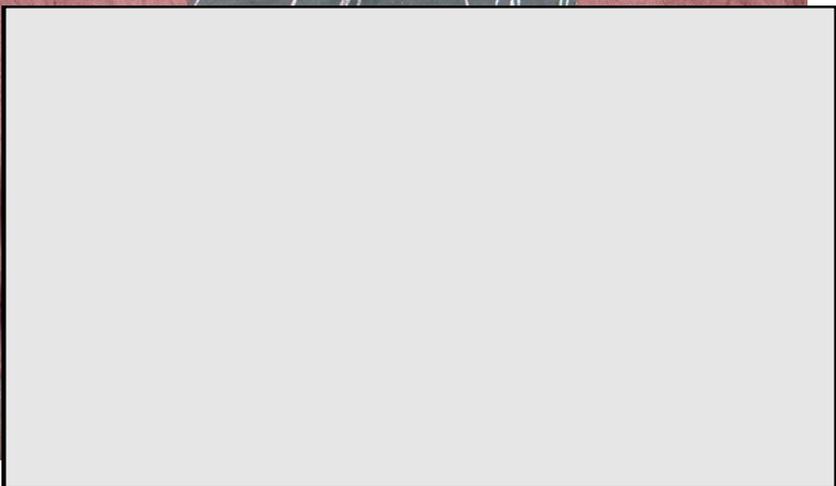


**“As a child, poverty began to speak to me. I felt I was nothing, that I didn’t matter - nobody cared to know my name.”**

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,  
UGANDA**



# SAFEGUARDING

Protecting those who interact with Compassion UK is at the core of our ministry and we are committed to do all we can to keep children and adults safe; ensuring that they are known, loved and protected.

We have a zero-tolerance approach to safeguarding issues involving children. Compassion UK's Child Protection implementation strategy is embedded within three key pillars: Prevention, Reporting and Response.

## PREVENTION

Everyone at Compassion UK has responsibility to contribute to creating and maintaining an environment that neither tolerates nor condones the maltreatment of children or adults. Activities and efforts to promote safeguarding primarily focuses on stringent preventative interventions which reduce risk factors. These include:

**Governance and Leadership** – we have a Child Protection Officer and a designated Safeguarding Trustee who oversee all safeguarding at Compassion UK. Safeguarding is a standing agenda item at each Board meeting and monthly Executive Team meeting. In between meetings, each trustee now receives monthly reports on safeguarding. We have a child protection policy across all countries where Compassion works.

**Safer Recruitment** – safeguarding is embedded in recruitment processes for staff, trustees and volunteers, including background and DBS checking.

**Training and Development** – all staff and trustees receive child protection training as part of their initial onboarding. Refresher training was provided to all staff in January 2020 and to the Board in March 2020. Role specific training in Marketing and Communications and Field Experience Teams have also been delivered. In the past year, the Child Protection Officer has received specific training on international safeguarding and conducting safeguarding investigations.

## Communications and Content

– Compassion's Marketing and Communications Team have global standards to ensure alignment with our Child Protection policies. The interest of the beneficiary is always put above compelling stories.

**Field Experience** – no one can travel to the field before undergoing stringent background checking and signing a commitment to acceptable behaviour. Training is now provided 'in country' by local staff to reinforce the safeguarding protocols in place.

## REPORTING

Everyone at Compassion UK is responsible for reporting any potential incident, abuse or concern that they witness, are made aware of, or which appears to breach Compassion's 'Statement of Commitment to Child Protection and Code of Conduct', which all staff and trustees sign. Compassion UK has developed an appropriate, accessible means of reporting safeguarding concerns which are available to all and provided training on following these reporting protocols.

Compassion UK has a 'Whistle Blowing Policy and Procedure' intended to encourage and enable anyone to raise serious concerns without fear of victimisation, subsequent discrimination or disadvantage. Whistle-blowing concerns can be raised anonymously through our website, this includes the option to report directly to the Whistle-blowing trustee.

Compassion International uses the Ethics Point Hotline System which is available to employees, downstream partners, volunteers, beneficiaries and the general public to report information.

## RESPONSE

Compassion's greatest responsibility is to protect children from harm. If a child is harmed, the priority is to restore the child's safety and provide opportunity for them to experience healing.

Compassion follows all relevant national laws relating to the reporting of child maltreatment and criminal behaviour. Compassion UK takes seriously our responsibility to report all relevant Serious Incidents to the Charity Commission, FCDO and any other relevant authority.

## MODERN SLAVERY

Compassion UK is committed to upholding high standards of accountability and transparency to ensure slavery and human trafficking is not taking place within our organisation or supply chains. We believe that everyone who comes into contact with the organisation has the right to be protected from all forms of harm, abuse, neglect and exploitation.

We publish information about the actions we have taken during the year on our website.

Registered with

FUNDRAISING  
REGULATOR

# 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.**

Compassion UK has maintained its membership with the Fundraising Regulator and complied with the Code of Fundraising Practice and the Fundraising Promise. Additionally, members of relevant departments are also registered with the Institute of Fundraising.

Compassion UK's fundraising activities are conducted mainly by staff and volunteers. Primarily, this involves working in partnership with a wide range of stakeholders including UK churches, and Christian events and festivals. At these events, a 'Compassion Moment' is featured which showcases our work and inspires people across the country to help a child to step out of poverty through sponsorship.

Additionally, Compassion has public facing touchpoints, such as our website, which promotes opportunities to sponsor a child, donate to our work and support our emergency appeals and other fundraising campaigns.

Compassion has a number of supporters who undertake fundraising activities either on our behalf or through their own initiative. We have recently updated our terms and conditions and given guidance, information and support to ensure the fundraising standards are maintained by everyone undertaking activities on our behalf. We have also taken reasonable steps to monitor and review fundraising activities undertaken by third party organisations acting on our behalf, including applying robust due diligence procedures; reviewing agreements and contractual clauses in relation to compliance with the Code of Fundraising Practice; and performance reviews.

Compassion UK does not engage professional fundraisers but has agreements with two Commercial Participators that are long-standing corporate partners of the ministry.

During the year, we kept abreast of updates to the Code of Fundraising Practice that came into force in October 2019 and refreshed our

internal procedures. Additionally, role-specific refresher training is provided continually to ensure details of the Code are known, understood and confidently applied by everyone involved in fundraising activities.

Compassion UK's Supporter Charter is available on our website and outlines our procedures for handling complaints. In the 2019-2020 financial year, we received 35 fundraising complaints. All complaints were treated seriously, and prompt actions were taken to resolve these satisfactorily. We have also updated our procedures for recording complaints to provide more clarity on how to distinguish categories of complaints. The trustees and senior leadership continue to review complaints as a standing agenda item at their meetings. This includes reviewing lessons learnt, which are used to inform future training needs or procedure reviews.

When conducting our direct marketing activities, we remain committed to:

- offering choice and control to personalise permissions and preferences to hear about our work and support this with robust data protection and privacy policies;
- treating those who come into contact with our work respectfully and fairly.

We monitor opt-in numbers and communication channels that our supporters prefer. We are also signed up to the Fundraising Preference Service (FPS) and ensure any opt-out requests are actioned promptly. There were no FPS requests received in the last year.

Compassion UK's Policy on Supporters in Vulnerable Circumstances is publicly available on our website. We ensure everyone involved in fundraising activities is equipped to identify, interact and respond to our supporters who are in potentially vulnerable circumstances. 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.

# OUR ENVIRONMENT



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**NAPHAT, AGED 14, AND NATTHAPON, AGED 15, THAILAND**  
Naphat and Natthapon attend a youth development programme where they learn about conservation from local forest rangers.

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 will commission a project to ensure we are properly assessing our full environmental impact.

Our offices are energy efficient, including solar panels and other technologies, and this year our office energy supply became 100% renewable. The Compassion UK office closed on March 23rd due to the COVID-19 lockdown which has allowed us to begin to evaluate the carbon savings from regular homeworking.

We have begun to offer a paper-free experience for sponsors as we have identified that this could reduce the number of printed documents we produce by half a million documents a year. We have also sought to reduce plastic, for instance replacing the protective plastic sleeve on our magazine with one made from biodegradable starch.

Compassion UK is also continuing to liaise with Compassion International to ensure environmental sustainability is built into our programmatic work.

# GOVERNING DOCUMENT

Compassion UK Christian Child Development 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 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 regional 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.

## 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 16 October 2020 and signed on its behalf by Jon Toohey (Chair).

On behalf of the Board



Jon Toohey (Chair)  
Dated 16 October 2020

# 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 2020 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 the 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 2020 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.

### **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.

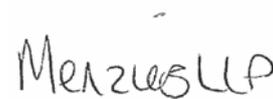
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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](http://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  
Centrum House  
Station Road  
Egham,  
TW20 9LF

Dated 16 October 2020

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

# Financial STATEMENTS

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**DEFEND THE WEAK  
AND THE FATHERLESS;  
UPHOLD THE CAUSE  
OF THE POOR AND  
THE OPPRESSED.**

PSALM 82:3

**COLLINS, AGED 14, KENYA**

# 6: STATEMENT OF FINANCIAL ACTIVITY

(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

	NOTE	FY20				FY19			
		RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2020	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2019
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME FROM</b>									
Donations & Legacies	<a href="#">9.5a</a>	31,118	6,590	8,419	<b>46,127</b>	29,703	6,158	8,195	<b>44,056</b>
Grants	<a href="#">9.5b</a>	158	-	264	<b>422</b>	-	-	-	-
<b>TOTAL VOLUNTARY INCOME</b>		<b>31,276</b>	<b>6,590</b>	<b>8,683</b>	<b>46,549</b>	<b>29,703</b>	<b>6,158</b>	<b>8,195</b>	<b>44,056</b>
<b>EXPENDITURE ON</b>									
Charitable Activities	<a href="#">9.6</a>	-	-	221	<b>221</b>	-	-	381	<b>381</b>
Investments: Interest		-	-	15	<b>15</b>	-	-	22	<b>22</b>
Other Income: Profit/(Loss) on disposal of assets		-	-	24	<b>24</b>	-	-	4	<b>4</b>
<b>TOTAL INCOME</b>		<b>31,276</b>	<b>6,590</b>	<b>8,943</b>	<b>46,809</b>	<b>29,703</b>	<b>6,158</b>	<b>8,602</b>	<b>44,463</b>
<b>EXPENDITURE ON</b>									
Raising Funds	<a href="#">9.7</a>	-	-	5,577	<b>5,577</b>	-	-	5,020	<b>5,020</b>
Charitable Activities	<a href="#">9.8</a>	31,326	6,348	3,153	<b>40,827</b>	28,938	6,769	3,092	<b>38,799</b>
<b>TOTAL EXPENDITURE</b>		<b>31,326</b>	<b>6,348</b>	<b>8,730</b>	<b>46,404</b>	<b>28,938</b>	<b>6,769</b>	<b>8,112</b>	<b>43,819</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>(50)</b>	<b>242</b>	<b>213</b>	<b>405</b>	<b>765</b>	<b>(611)</b>	<b>490</b>	<b>644</b>
<b>RECONCILIATION OF FUNDS</b>									
Total Funds Brought Forward		1,188	200	3,975	<b>5,363</b>	423	811	3,485	<b>4,719</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,138</b>	<b>442</b>	<b>4,188</b>	<b>5,768</b>	<b>1,188</b>	<b>200</b>	<b>3,975</b>	<b>5,363</b>

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.

# 7: BALANCE SHEET

	NOTE	FY20	FY19
		£'000	£'000
<b>FIXED ASSETS</b>			
Tangible Assets	<a href="#">9.12</a>	3,995	4,171
Intangible Assets	<a href="#">9.12</a>	1	26
<b>TOTAL FIXED ASSETS</b>		<b>3,996</b>	<b>4,197</b>
<b>CURRENT ASSETS</b>			
Debtors	<a href="#">9.13</a>	1,137	1,560
Cash at bank and in hand		6,123	3,671
<b>TOTAL CURRENT ASSETS</b>		<b>7,260</b>	<b>5,231</b>
<b>LIABILITIES</b>			
Creditors: Amounts falling due within one year	<a href="#">9.14</a>	(5,436)	(4,002)
<b>TOTAL LIABILITIES</b>		<b>(5,436)</b>	<b>(4,002)</b>
<b>NET CURRENT ASSETS</b>		<b>1,824</b>	<b>1,229</b>
Total assets less current liabilities		5,820	5,426
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<a href="#">9.15</a>	<b>(52)</b>	<b>(63)</b>
<b>TOTAL NET ASSETS</b>		<b>5,768</b>	<b>5,363</b>
<b>THE FUNDS OF THE CHARITY</b>			
<b>UNRESTRICTED FUNDS</b>			
General Funds		4,188	3,975
Designated Funds: Most Needed Fund		442	200
<b>TOTAL UNRESTRICTED FUNDS</b>		<b>4,630</b>	<b>4,175</b>
Restricted Income Funds	<a href="#">9.17</a>	1,138	1,188
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>5,768</b>	<b>5,363</b>

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Approved by the Board on 16 October 2020 and signed on its behalf by Jon Toohey



Company Registration Number 03719092

# 8: CASHFLOW STATEMENT

	FY20	FY19
	£'000	£'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the reporting period (as reported in the Statement of Financial Activities)	405	644
<b>ADJUSTMENTS FOR:</b>		
Depreciation & ammortisation charges	214	512
(Profit)/Loss on the sale of fixed assets	(24)	(4)
Dividends, interest and rents from investments	(15)	(22)
Decrease/(Increase) in debtors	423	(717)
(Decrease)/Increase in creditors	1,423	(432)
Creditors for fixed asset aquisitons unpaid at year end	-	2
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,426</b>	<b>(17)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends, interest and rents from investments	15	22
Purchase of fixed assets	(16)	(35)
Creditors for fixed asset acquisitions unpaid at year end	-	(2)
Proceeds from the sale of fixed assets	27	9
<b>NET CASH PROVIDED BY/(USED IN) INVESTMENT ACTIVITIES</b>	<b>26</b>	<b>(6)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>	<b>2,452</b>	<b>(23)</b>
Cash in hand at beginning of period	3,671	3,694
Notice deposits (less than three months) at beginning of period	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>3,671</b>	<b>3,694</b>
Cash in hand at end of period	6,123	3,671
Notice deposits (less than three months) at end of period	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>6,123</b>	<b>3,671</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>	<b>2,452</b>	<b>(23)</b>

## ANALYSIS OF CHANGES IN NET DEBT

	AT START OF YEAR	CASH FLOWS	FOREIGN EXCHANGE MOVEMENTS	AT END OF YEAR
CASH	3,671	2,455	(3)	6,123
CASH EQUIVALENTS	-	-	-	-
OVERDRAFTS AND LOANS	-	-	-	-
<b>TOTAL CHANGES IN NET DEBT</b>	<b>3,671</b>	<b>2,455</b>	<b>(3)</b>	<b>6,123</b>

# 9: NOTES

## 9.1 ACCOUNTING POLICIES

Compassion UK Christian Child Development is a private charitable company limited by guarantee incorporated in England and Wales. The address of its registered office is set out on the final page and a description of its principal activities is set out on page 7.

### 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.

Income from government grants is recognised when there is evidence of entitlement to the grant, receipt is probable, and its amount can be measured reliably. Grants that are subject to conditions such as matched funding are only recognised once those conditions have been fulfilled.

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 £5,000. 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 staff 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.

#### **O) FINANCIAL INSTRUMENTS**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, and loans to related parties.

## 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 80% 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 £34,749,000 [FY19 £32,938,000] of which £4,137,000 [FY19 £2,681,000] was outstanding at the year-end. The outstanding amount represents the June 2020 grant 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 £140,000 [FY19 £296,000] to Compassion UK. Compassion UK

paid expenses of £74,000 [FY19 £72,000] to Compassion International.

During the year, one Compassion UK Board member (Ken Morgan) retired from the Compassion International Board (15/02/2020) but continues to serve on the Compassion UK Board.

### 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 appeals.

During the year, £62,000 [FY19 £49,000] was received in income from servicing Compassion Ireland and costs were £68,000 [FY19 £65,000] and a grant was made to Compassion Ireland of £18,000 [FY19 £34,000]. The intercompany balance owing by Compassion Ireland is £128,000 [FY19 £58,000].

Two Compassion UK Board members (Graham Williams and Ken Morgan) sat on the Compassion Ireland Board. Graham retired from the Irish Board on 04/12/2019.

## 9.4 NET MOVEMENT IN RESOURCES FOR THE YEAR

	FY20	FY19
	£'000	£'000
Depreciation and amortisation of fixed assets	214	512
(Profit)/Loss on disposal of fixed assets	(24)	(4)
Annual audit fees	17	24
Other fees paid to Auditor for advice/consultancy etc.	-	2
Foreign exchange (gains)/losses	(3)	(3)

## 9.5a DONATIONS AND LEGACIES

	FY20				FY19			
	RESTRICTED FUNDS	DESIGNATED FUNDS (MOST NEEDED)	GENERAL FUNDS	TOTAL FUNDS 2020	RESTRICTED FUNDS	DESIGNATED FUNDS (MOST NEEDED)	GENERAL FUNDS	TOTAL FUNDS 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>MINIMUM 80% RESTRICTED</b>								
Child Support	25,883	-	6,471	<b>32,354</b>	24,708	-	6,177	<b>30,885</b>
Interventions	637	-	150	<b>787</b>	683	-	114	<b>797</b>
Sponsorship Plus	453	-	107	<b>560</b>	386	-	92	<b>478</b>
Child Survival Interventions	192	-	23	<b>215</b>	990	-	248	<b>1,238</b>
HIV/Aids Fund	73	-	18	<b>91</b>	79	-	20	<b>99</b>
Other Restricted Donations	2	-	-	<b>2</b>	8	-	2	<b>10</b>
<b>100% RESTRICTED</b>								
Gifts for Children	2,313	-	-	<b>2,313</b>	2,066	-	-	<b>2,066</b>
Christmas Appeal	864	-	-	<b>864</b>	779	-	-	<b>779</b>
Disaster Relief	701	-	-	<b>701</b>	4	-	-	<b>4</b>
<b>MINIMUM 80% DESIGNATED</b>								
Gift Aid	-	6,079	1,520	<b>7,599</b>	-	5,792	1,448	<b>7,240</b>
General Unrestricted Income	-	511	128	<b>639</b>	-	366	92	<b>458</b>
<b>OTHER DONATIONS</b>								
Other Donations	-	-	2	<b>2</b>	-	-	2	<b>2</b>
<b>TOTAL DONATIONS AND LEGACIES</b>	<b>31,118</b>	<b>6,590</b>	<b>8,419</b>	<b>46,127</b>	<b>29,703</b>	<b>6,158</b>	<b>8,195</b>	<b>44,056</b>

Included in the figures above is legacy income of £151,000 (FY19 £168,000).

## 9.5b GRANTS RECEIVED

	FY20				FY19			
	RESTRICTED FUNDS	DESIGNATED FUNDS (MOST NEEDED)	GENERAL FUNDS	TOTAL FUNDS 2020	RESTRICTED FUNDS	DESIGNATED FUNDS (MOST NEEDED)	GENERAL FUNDS	TOTAL FUNDS 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
DFID Grant	158	-	-	<b>158</b>	-	-	-	-
Job Retention Scheme	-	-	264	<b>264</b>	-	-	-	-
<b>TOTAL GRANTS RECEIVED</b>	<b>158</b>	<b>-</b>	<b>264</b>	<b>422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

DFID Grant: A UK government matched funding grant providing pre and post-natal care for mothers and babies in Togo

Job Retention Scheme: A UK government grant paying part of the salaries of employees furloughed because of coronavirus

## 9.6 CHARITABLE ACTIVITIES

	FY20	FY19
	£'000	£'000
Compassion Ireland Service Income	62	49
Field Experience	147	318
Other	12	14
<b>TOTAL CHARITABLE ACTIVITIES</b>	<b>221</b>	<b>381</b>

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	FY20	FY19
		£'000	£'000
Direct Costs Excluding Staff Costs		2,892	2,709
Direct Staff Costs		1,830	1,509
Apportioned Support Costs	<a href="#">9.9</a>	855	802
<b>TOTAL EXPENDITURE ON RAISING FUNDS</b>		<b>5,577</b>	<b>5,020</b>

## 9.8 EXPENDITURE ON CHARITABLE ACTIVITIES

	NOTE	FY20				FY19			
		RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grant Making	<a href="#">9.8a</a>	31,326	3,667	557	35,550	28,938	4,101	586	33,625
Child Ministry Costs	<a href="#">9.8b</a>	-	2,681	2,022	4,703	-	2,668	2,050	4,718
Compassion Ireland		-	-	68	68	-	-	65	65
Field Experience	<a href="#">9.8c</a>	-	-	243	243	-	-	391	391
Furloughed Staff Salaries		-	-	263	263	-	-	-	-
<b>TOTAL CHARITABLE EXPENDITURE</b>		<b>31,326</b>	<b>6,348</b>	<b>3,153</b>	<b>40,827</b>	<b>28,938</b>	<b>6,769</b>	<b>3,092</b>	<b>38,799</b>

## 9.8a GRANT MAKING

	NOTE	FY20				FY19			
		RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Support		25,885	1,292	-	27,177	24,708	3,140	-	27,848
Gifts for Children		2,318	2	-	2,320	2,067	-	-	2,067
Christmas Appeal		865	-	-	865	791	-	-	791
Interventions		370	318	-	688	796	800	-	1,596
Child Survival Interventions		230	-	-	230	487	57	-	544
DFID Child Survival Grant - Togo		103	-	-	103	-	-	-	-
HIV/Aids Fund		73	-	-	73	79	3	-	82
Disaster Relief		1,425	1,867	-	3,292	2	-	-	2
Other Funds		2	-	-	2	8	-	-	8
<b>TOTAL CHILD GRANTS TO COMPASSION INTERNATIONAL</b>	(i)	<b>31,271</b>	<b>3,479</b>	<b>-</b>	<b>34,750</b>	<b>28,938</b>	<b>4,000</b>	<b>-</b>	<b>32,938</b>
Compassion Ireland Grant		-	-	18	18	-	-	34	34
Compassion Norden and Germany Grants		-	-	33	33	-	-	40	40
Other Grants	(ii)	-	188	-	188	-	101	-	101
<b>TOTAL GRANTS</b>		<b>31,271</b>	<b>3,667</b>	<b>51</b>	<b>34,989</b>	<b>28,938</b>	<b>4,101</b>	<b>74</b>	<b>33,113</b>
Grant Making Support Costs	<a href="#">9.9</a>	-	-	506	506	-	-	512	512
DFID Child Survival Grant - UK Costs	<a href="#">9.9</a>	55	-	-	55	-	-	-	-
<b>TOTAL COSTS OF GRANT MAKING</b>		<b>31,326</b>	<b>3,667</b>	<b>557</b>	<b>35,550</b>	<b>28,938</b>	<b>4,101</b>	<b>586</b>	<b>33,625</b>

- (i) 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 regional offices as well as programme costs at Compassion International.
- (ii) Other grants include grants to organisations that support Compassion's mission. For instance, providing solar electricity to the only hospital on an island where many Compassion children reside.

## 9.8b CHILD MINISTRY COSTS

	NOTE	FY20				FY19			
		RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Ministry Direct Costs	(iii)	-	2,681	-	2,681	-	2,668	-	2,668
Child Ministry Support Costs	<a href="#">9.9</a>	-	-	2,022	2,022	-	-	2,050	2,050
<b>TOTAL CHILD MINISTRY COSTS</b>		<b>-</b>	<b>2,681</b>	<b>2,022</b>	<b>4,703</b>	<b>-</b>	<b>2,668</b>	<b>2,050</b>	<b>4,718</b>

- (iii) 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.

## 9.8c FIELD EXPERIENCE COSTS

	NOTE	FY20				FY19			
		RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Field Experience Direct Costs		-	-	157	157	-	-	292	292
Field Experience Support Costs	9.9	-	-	86	86	-	-	99	99
<b>TOTAL FIELD EXPERIENCE COSTS</b>		<b>-</b>	<b>-</b>	<b>243</b>	<b>243</b>	<b>-</b>	<b>-</b>	<b>391</b>	<b>391</b>

Sponsors have the opportunity to visit projects and their sponsored children on Compassion Insight Trips.

## 9.9 ANALYSIS OF SUPPORT COSTS

FY20	RAISING FUNDS	GRANT MAKING	CHILD MINISTRY	FIELD EXPERIENCE	ADMINISTERING DFID GRANT	TOTAL SUPPORT COSTS
	£'000	£'000	£'000	£'000	£'000	£'000
Facilities Management	98	24	91	15	4	232
Information Technology	260	107	429	20	13	829
Operations and Finance	80	64	256	1	6	407
Support Salaries	417	300	1,198	50	31	1,996
Audit and Accounting Fees	-	3	14	-	-	17
Trustee and Board Meeting Costs	-	8	34	-	1	43
<b>TOTAL SUPPORT COSTS</b>	<b>855</b>	<b>506</b>	<b>2,022</b>	<b>86</b>	<b>55</b>	<b>3,524</b>

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FY19	RAISING FUNDS	GRANT MAKING	CHILD MINISTRY	FIELD EXPERIENCE	ADMINISTERING DFID GRANT	TOTAL SUPPORT COSTS
	£'000	£'000	£'000	£'000	£'000	£'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
<b>TOTAL SUPPORT COSTS</b>	<b>802</b>	<b>512</b>	<b>2,050</b>	<b>99</b>	<b>-</b>	<b>3,463</b>

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

## 9.10 STAFF COSTS

	FY20	FY19
	£'000	£'000
Wages and salaries	4,191	3,432
Pensions	460	369
Social Security Costs	434	356
Health Insurance and Other HR Costs	100	99
<b>TOTAL STAFF COSTS</b>	<b>5,185</b>	<b>4,256</b>
Job Retention Scheme Grant Income	264	-

	FY20	FY19
	FTE	FTE
Management	5	6
Support and Administration	27	23
Supporter Relations	33	36
Fundraising and Communications	58	35
Grant Management	1	-
<b>AVERAGE NUMBER OF STAFF (FULL TIME EQUIVALENT)</b>	<b>124</b>	<b>100</b>
Percentage Increase in Staffing Levels	24%	0%

During the year 68 staff were furloughed

	FY20	FY19
<b>AVERAGE NUMBER OF STAFF (HEADCOUNT)</b>	<b>152</b>	<b>125</b>
<b>THE NUMBER OF STAFF WHOSE REMUNERATION FOR THE PERIOD FELL WITHIN THE FOLLOWING BANDS:</b>		
£60k up to £70K	3	2
£70k up to £80K	1	1
£100K up to £110K	1	1

- Pension contributions of £37,000 [FY19: £31,000] were made during the year for the above higher paid staff.
- The company operates a defined contribution pension scheme on behalf of its staff. The pension charge for the year was £455,000 [FY19: £369,000], of which £42,000 [FY19: £37,000] was payable at the year end. These contributions are allocated on the basis of staff time and from unrestricted funds.
- The five key management personnel are listed on page 30. The total employee remuneration, including National Insurance and benefits, of the key management personnel of the charity was £461,000 [FY19: £528,000, six people].
- Included in staff costs are redundancy and severance costs of £29,000 [FY19: Nil]. Redundancy costs are provided for when they are estimable, and settlement is probable in the next financial year.

## 9.11 TRUSTEES' REMUNERATION

No trustees' remuneration was voted during the year.

Trustee expenses of £1,400 were paid to facilitate one trustee's international travel to attend UK Board meetings in person as they reside abroad.

Last year, the trustees travelled to Togo to see the work of Compassion first-hand and to help fulfil their obligations as trustees which cost £19,000.

The total premiums paid for trustee indemnity insurance in the year was £1,000 [FY19 £1,000].

## 9.12 FIXED ASSETS

	TANGIBLE ASSETS				INTANGIBLE ASSETS	
	FURNITURE, FIXTURES AND PLANT	COMPUTER HARDWARE	MOTOR VEHICLES	PROPERTY	TOTAL	COMPUTER SOFTWARE
	£'000	£'000	£'000	£'000	£'000	£'000
<b>COST</b>						
Balance at 1 July 2019	417	330	76	3,656	4,479	1,245
Additions for the year	10	6	-	-	16	-
Disposals for the year	(15)	(17)	(14)	-	(46)	-
<b>BALANCE AT 30 JUNE 2020</b>	<b>412</b>	<b>319</b>	<b>62</b>	<b>3,656</b>	<b>4,449</b>	<b>1,245</b>
<b>DEPRECIATION/AMORTISATION</b>						
Balance at 1 July 2019	92	124	35	57	308	1,219
Disposals for the year	(15)	(17)	(11)	-	(43)	-
Depreciation for the year	43	77	17	52	189	25
<b>BALANCE AT 30 JUNE 2020</b>	<b>120</b>	<b>184</b>	<b>41</b>	<b>109</b>	<b>454</b>	<b>1,244</b>
<b>NET BOOK VALUE</b>						
At 1 July 2019	325	206	41	3,599	4,171	26
At 30 June 2020	292	135	21	3,547	3,995	1

## 9.13 DEBTORS

	FY20	FY19
	£'000	£'000
Compassion Ireland	128	58
Gift Aid Reclaimable	440	601
Other Debtors and Grants Receivable	337	209
Prepayments	232	692
<b>TOTAL DEBTORS</b>	<b>1,137</b>	<b>1,560</b>

## 9.14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	NOTE	FY20	FY19
		£'000	£'000
Compassion International		4,137	2,681
Deferred Income	<a href="#">9.16</a>	163	150
Trade Creditors		516	402
Accruals		472	634
Other Taxation and Social Security		106	98
Pension Contributions Outstanding		42	37
<b>TOTAL CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		<b>5,436</b>	<b>4,002</b>

## 9.15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	NOTE	FY20	FY19
		£'000	£'000
Deferred Income	9.16	52	63

## 9.16 DEFERRED INCOME

	FY20	FY19
	£'000	£'000
<b>DEFERRED INCOME BROUGHT FORWARD</b>	<b>213</b>	<b>207</b>
Deferred income released in the year	(151)	(141)
Income deferred in the year	153	147
<b>DEFERRED INCOME CARRIED FORWARD</b>	<b>215</b>	<b>213</b>

## 9.17 RESTRICTED FUNDS

	BALANCE AT 1 JULY 19	RESTRICTED INCOME	TRANSFER	RESTRICTED EXPENDITURE	BALANCE AT 30 JUNE 20
	£'000	£'000	£'000	£'000	£'000
Child Support	2	25,883	-	(25,885)	-
Gifts for Children	5	2,313	-	(2,318)	-
Christmas Appeal	1	864	-	(865)	-
Interventions	280	637	(252)	(370)	295
Disaster Relief	19	701	705	(1,425)	-
Child Survival Interventions	881	192	-	(230)	843
DFID Child Survival Grant - Togo	-	158	-	(158)	-
Other Restricted Donations	-	2	-	(2)	-
HIV/Aids Fund	-	73	-	(73)	-
Sponsorship Plus	-	453	(453)	-	-
<b>TOTAL</b>	<b>1,188</b>	<b>31,276</b>	<b>-</b>	<b>(31,326)</b>	<b>1,138</b>

	BALANCE AT 1 JULY 18	RESTRICTED INCOME	TRANSFER	RESTRICTED EXPENDITURE	BALANCE AT 30 JUNE 19
	£'000	£'000	£'000	£'000	£'000
Child Support	2	24,708	-	(24,708)	2
Gifts for Children	6	2,066	-	(2,067)	5
Christmas Appeal	13	779	-	(791)	1
Interventions	385	683	8	(796)	280
Disaster Relief	17	4	-	(2)	19
Child Survival Interventions	-	990	378	(487)	881
Leadership Development Programme	-	8	-	(8)	-
HIV/Aids Fund	-	79	-	(79)	-
Sponsorship Plus	-	386	(386)	-	-
<b>TOTAL</b>	<b>423</b>	<b>29,703</b>	<b>-</b>	<b>(28,938)</b>	<b>1,188</b>

### PURPOSE OF RESTRICTED FUNDS

#### CHILD SUPPORT

To relieve poverty amongst sponsored children.

#### UNSPONSORED 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.

#### INTERVENTIONS

To meet vital needs outside of what sponsorship covers.

#### DISASTER RELIEF

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

#### CHILD SURVIVAL INTERVENTIONS

Pre and post-natal care for mothers and babies.

#### LEADERSHIP DEVELOPMENT PROGRAMME

To support and develop emerging leaders.

#### HIV AND AIDS FUND

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 Interventions, medical emergencies, disaster relief and preventative health.

During the year £453,000 [FY19 £386,000] was transferred to other appropriate restricted funds.

#### DFID CHILD SURVIVAL GRANT TOGO

Pre- and post-natal care for mothers and babies and UK costs of administering the grant.

## 9.18 RELATED PARTY TRANSACTIONS

During the year there were no related party transactions.

## 9.19 LEASING COMMITMENTS

At 30 June 2020 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	FY20			FY19		
	CARS	OTHER	TOTAL	CARS	OTHER	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	44	16	60	44	441	485
Two to five years	54	17	71	66	446	512
Greater than five years	-	-	-	-	-	-
	<b>98</b>	<b>33</b>	<b>131</b>	<b>110</b>	<b>887</b>	<b>997</b>

During FY20 some ordinarily non-cancellable operating leases were ended with mutual agreement due to the COVID-19 pandemic.

During the year, £773,000 of lease payments were recognised as an expense [FY19 £526,000].

## 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.

	FY20				FY19			
	FIXED ASSETS	NET CURRENT ASSETS	LIABILITIES FALLING DUE AFTER 1 YEAR	TOTAL 2019	FIXED ASSETS	NET CURRENT ASSETS	LIABILITIES FALLING DUE AFTER 1 YEAR	TOTAL 2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Restricted Funds	-	1,138	-	1,138	-	1,188	-	1,188
Designated Funds Most Needed	-	442	-	442	-	200	-	200
General Funds	3,996	244	(52)	4,188	4,197	(159)	(63)	3,975
	<b>3,996</b>	<b>1,824</b>	<b>(52)</b>	<b>5,768</b>	<b>4,197</b>	<b>1,229</b>	<b>(63)</b>	<b>5,363</b>

## 9.21 TAXATION

Compassion UK 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.



WEEVIEW, AGED 5, THAILAND

# REFERENCES AND ADMINISTRATIVE DETAILS

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**REGISTERED CHARITY NO. 1077216 (ENGLAND AND WALES)**

**SC045059 (SCOTLAND) COMPANY NUMBER 03719092**

**COMPANY SECRETARY**

Amy Hiorns (née Carter)

**REGISTERED AND PRINCIPAL OFFICE**

Compassion House, Barley Way, Fleet, GU51 2UT

**AUDITORS**

Menzies LLP, Centrum House, Station Road, Egham, TW20 9LF

**SOLICITORS**

Barlow Robbins LLP, The Oriel, Sydenham Road, Guildford, Surrey, GU1 3SR

**BANKERS**

Barclays Bank PLC

Tunbridge Wells Group



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