

# ANNUAL REPORT

AND FINANCIAL STATEMENTS 2017/2018

**COMPASSION** FOR CHILDREN

# CONTENTS

COMPASSION ANNUAL REPORT 2017 / 2018

TRUSTEES' REPORT	3
LETTER FROM THE CHAIRMAN	4
LETTER FROM THE UK CHIEF EXECUTIVE OFFICER	5
ABOUT COMPASSION	7
1. OBJECTIVES AND ACTIVITIES	12
2. STRATEGIC REPORT	18
3. STRUCTURE, GOVERNANCE AND MANAGEMENT	24
4. TRUSTEES' RESPONSIBILITIES	25
5. INDEPENDENT AUDITOR'S REPORT	26
6. STATEMENT OF FINANCIAL ACTIVITIES	30
7. BALANCE SHEET	31
8. CASH FLOW STATEMENT	32
9. NOTES	33





## TRUSTEES' REPORT

### FOR THE YEAR ENDED 30 JUNE 2018

The trustees are pleased to present their report, together with the financial statements of the charity, for the year which ended 30 June 2018.

### REFERENCE AND ADMINISTRATIVE DETAILS

REGISTERED CHARITY NO.  
1077216 (England and Wales)  
SC045059 (Scotland)

COMPANY NUMBER  
03719092

COMPANY SECRETARY  
Amy Carter

REGISTERED & PRINCIPAL OFFICE  
Compassion House, Barley Way, Fleet, GU51 2UT

AUDITORS  
Menzies LLP, Lynton House, 7-12 Tavistock Square,  
London, WC1H 9LT

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

BANKERS  
Barclays Bank PLC Tunbridge Wells Group

### TRUSTEES

The trustees, who are the directors of Compassion UK for the purposes of company law and the trustees of Compassion UK for the purposes of charity law, will be referred to as the trustees throughout the report. All trustees are also members.

The trustees serving during the year were as follows:

**GRAHAM WILLIAMS** CHAIRMAN  
After spending 16 years working with Warner Bros., Graham moved into the Christian music industry, running Word Music for 12 years. For the past 15 years he has managed his own media consultancy business.

**KENNETH MORGAN** FCA – TREASURER  
Ken is a chartered accountant with more than 40 years of experience in making a difference in all kinds of organisations. He is also a board member of Compassion International.

### CATHRYN CLARKE

Cathy and Gary are the lead pastors of Hillsong Church UK, a thriving church in the heart of London and other cities across the UK. Cathy loves the local church and passionately believes that the Church is the hope of the world. She also believes it is the Church's responsibility to care for the poor, the orphaned and the widowed.

### YETUNDE HOFMANN

Yetunde is a visiting Fellow at a top UK Business School, holds an MBA and is a Fellow of the Chartered Institute of Personnel and Development – CIPD. Following a successful career in Human Resources spanning a variety of industries, she now runs her own Leadership and Change consulting firm and a community organisation where her tenets are love, leadership and results.

Yetunde resigned as a trustee on 30 June 2018, having served Compassion UK with excellence for 4 years.

### JON TOOHEY

Jon is a qualified accountant, treasurer and member of the Institute of Directors with 30 years' experience of senior finance, systems and change management roles with global multinational companies in various industries. He believes there can be few better causes than rescuing children from poverty.

### DELFIN POSADA

A former pastor, Delfin is an internationally experienced solicitor and founding member of his law firm. He has practised law for 14 years. Passionate about releasing children from poverty in Jesus' name, Delfin began serving as a trustee on 12 March 2018.

### LEADERSHIP TEAM

**JUSTIN DOWDS**  
Chief Executive Officer

**AMY CARTER**  
Chief Operating Officer

**NICK HARRIS**  
Senior Director of Marketing & Engagement

**STEPHEN BLOW**  
Finance Director

**MARK PRESTON**  
Director of Philanthropy and Events

**JOHN DRAPER**  
National Partnerships Director



## LETTER FROM THE CHAIRMAN

Dear friends,

As we reflect on God's provision over the last year, we are hugely grateful to our generous supporters who have faithfully partnered with us to reach out to children all over the world and empower them to step out of poverty into a new future of hope.

It is incredible to witness the continued growth of Compassion globally and we rejoice in 1.92 million children whose lives are currently being transformed through sponsorship from countries all over the world. In a challenging year which has seen many fragile communities suffering from natural disasters, our generous donors responded to the call time and time again to come alongside people they have never met, in their time of need.

We take hope in seeing so many children graduate the sponsorship programme with the skills and tools they need to be released from poverty. Please join me in praying for another fruitful year as we continue to follow God's call to reach out to some of the world's most vulnerable children.

On behalf of everyone at Compassion, thank you for your commitment and support of our work. It is inspiring to see people moved into action for children as we work together to serve those living in the vulnerability of poverty. Because together, we are changing lives in Jesus' name.



Graham Williams  
Chairman of the Board of Trustees  
Compassion UK

Photo: Justin Dowds, Chief Executive Officer Compassion UK



## LETTER FROM THE CHIEF EXECUTIVE OFFICER

Dear friends,

Compassion UK finished the year sponsoring 105,094 children following one of our most successful years in attracting new sponsors.

As we move into the next year, Compassion UK and our global partners will see the number of children in our 1-2-1 sponsorship programme exceed 2 million for the first time – a remarkable achievement.

Yet 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 dream and imagine a better tomorrow despite the efforts of poverty trying to rob them of every aspect of hope.

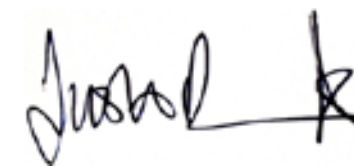
Earlier this year I travelled to rural Kenya and had the opportunity to meet Pamela and Perris (pictured), two children sponsored for the first time this year. Our project staff and volunteers walked me to their home, introduced me to their mother and we sat on the dusty floor listening and learning together. It is in these moments that we see Compassion and the local church partnership model at its very best. In our frontline field countries, we have strategically decided to work only through local churches. They were anchored in the community before we partnered with them and they will be there long after we have left. They provide an incredibly stable backbone in our joint ministry to lift children out of poverty. Time and time again their vision for transformation in their local communities greatly exceeds ours.

It is a privilege to stand alongside these church partners and support them to reach the most vulnerable in their communities.

Current estimates are that 385 million children still live in extreme poverty; therefore we have much to do. There is no simple, quick-fix solution but it is possible that we could see extreme poverty eradicated in our lifetime. We will continue to do all we can to achieve that goal. In the coming months we seek to utilise more technology to support the building of engaging relationships between our supporters and the children they sponsor. We know that we need to reach even more children even more quickly and will seek to diversify our income sources to allow us to meet the additional support needs we encounter as we move into areas of greater need.

It is a blessing to have so many join with us in the fight against poverty year after year. I am deeply grateful for the support of our sponsors, donors, volunteers and church and event partners across the UK. Together we are supporting the holistic development of children born into economic poverty, creating opportunities for them to thrive and not just survive. Through forming and strengthening relationships we see life transformation happen, day by day.

And to every UK sponsor I have a simple message: thank you. Thank you for your continued prayers, messages of love and financial support for your sponsored children. Thank you to those who give sacrificially every month to support a child living thousands of miles away. Together you are making a difference, together breaking the cycle of poverty for a new generation, and together we are releasing children from poverty in Jesus' name. We couldn't do it without you.



Justin Dowds  
Chief Executive Officer  
Compassion UK





## ABOUT COMPASSION

### WHO WE ARE

Compassion is a Christian child development charity. We believe every child matters and at our heart is a relentless passion to empower children in poverty to break free from their circumstances and fulfil their potential.

Christ-centred, child-focused and church-based, we've partnered with local churches all over the world for the last 66 years to release children from poverty in Jesus' name. We do this by helping them to develop in every aspect of their life: physical, spiritual, social and emotional.

Through our projects, we demonstrate the love and hope of Christ in relevant and sensitive ways, ensuring the children in our care are known, loved and protected.

### HOW WE WORK

Poverty has a face. It's a girl forced to marry because her family can't support her. A boy sent to work rather than the classroom. With nearly 400 million children living in extreme poverty, we choose to fight for children, giving those born into the toughest of circumstances the opportunities they deserve.

Our approach to fighting poverty is highly focused and personal. By equipping local churches to support children in their communities, our programmes are tailored to address local issues, rather than a one-size-fits-all approach to development.

Compassion consists of 15 independent fundraising countries and 25 frontline field countries in the developing world where our programmes are based. When we refer to Compassion, we mean this worldwide network of countries, both fundraising and on the front line, working together to release children from poverty in Jesus' name.

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

Each project is run as a partnership between the local church and Compassion International, and each child enrolled in a project is linked with one sponsor from a fundraising partner country.

To support children at different stages of their development, Compassion runs three core programmes:

#### CHILD SURVIVAL PROGRAMME ENABLING BABIES TO SURVIVE AND THRIVE

The first few years of a child's life are vital to their development and through our Child Survival Programme, we reach at-risk children even before they've been born. In partnership with the local church, we provide pre- and post-natal care, nutrition, and vaccinations, plus critical support and training for mums to resource them with the skills they need to earn a living.

By giving children the best possible start in life and ensuring their carers are equipped to look after them, we're helping children to not only survive but to thrive.

#### CHILD DEVELOPMENT SPONSORSHIP PROGRAMME DEVELOPING, DISCIPLING AND EQUIPPING CHILDREN FOR LIFE

Our goal is to release children from poverty in Jesus' name. We do this by connecting one child born into the vulnerability of poverty with one sponsor. Each sponsored child has the opportunity to go to school, receive nutritious meals and have their health protected with regular medical check-ups.

They also attend a Compassion centre which is based at the local church. Each church-based programme supports children in four key areas of development: physical, spiritual, social and emotional. Every church tailors their project to suit the needs of the children in their community.

In addition, the sponsor can provide personal encouragement and support through their letters and prayers. The positive influence of a sponsor can build a child's self-esteem, help them believe in themselves and encourage them.



## RESPOND INTERVENTIONS MEETING CRITICAL NEEDS

The needs of children in the developing world can be vast and complex. Sometimes the children in our child survival and sponsorship programmes have needs beyond the regular care we provide. Through RESPOND Interventions, we are equipped to take action when the need arises.

RESPOND saves lives through the provision of safe drinking water, initiatives to tackle malnutrition and emergency relief after a disaster. These are vital initiatives that enhance and support the work done through the Child Survival and Child Development Sponsorship programmes.

## HOLISTIC DEVELOPMENT

Our programme brings change and hope. Sponsored children and other beneficiaries are given the care and resources they need to develop in four essential areas:

### PHYSICAL

Many children living in poverty don't receive medical care or a balanced diet. Every Compassion-supported child has regular health check-ups and is given the support they need to ensure they stay healthy.

### SPIRITUAL

Jesus is at the heart of everything we do and His teachings shape how we love people, respect communities and bless other nations. Our programmes help children, regardless of their faith or background.

### SOCIAL

Children from difficult environments often struggle with confidence and self-esteem issues and may also find it hard to relate positively to others. Our projects nurture children as they develop essential social skills in a safe environment.

### ECONOMIC

Each sponsored child is given the skills to be economically self-sufficient. Alongside formal education, children are taught how to manage money and are encouraged to develop vocational interests.

## DOES CHILD SPONSORSHIP WORK?

At Compassion, we've been releasing children from poverty for 66 years and have seen sponsorship make a significant difference in the lives of hundreds of thousands of children and their families.

As well as decades of experience, our strategy has been rigorously studied through independent research which shows that Compassion-supported children are more likely than their unsponsored peers to:



STAY IN **SCHOOL**  
LONGER



HAVE SALARIED OR  
**WHITE-COLLAR**  
**EMPLOYMENT**  
AS ADULTS



BE **LEADERS**  
IN THEIR  
COMMUNITIES  
AND CHURCHES

To find out more about the research conducted by Dr Bruce Wydick, please visit [www.compassionuk.org/itworks](http://www.compassionuk.org/itworks)

**1.92 MILLION CHILDREN ATTEND COMPASSION PROGRAMMES  
IN 25 DEVELOPING COUNTRIES AROUND THE WORLD**



CHILDREN ATTEND A  
COMPASSION PROGRAMME  
AT LEAST **44 WEEKS OF THE  
YEAR**. THIS ALLOWS US TO  
CAREFULLY ASSESS THEIR  
DEVELOPMENT OVER TIME  
AS THEY GROW.



EACH CHILD IS LOVINGLY  
CARED FOR AND KNOWN  
BY NAME AT THE  
LOCAL CHURCH.



CHILDREN RECEIVE AN  
AGE-APPROPRIATE BIBLE  
AND **THE OPPORTUNITY TO  
HEAR THE GOSPEL**.



WHEN THE NEED ARISES, OUR  
RESPOND INTERVENTIONS PROVIDE  
SPECIALISED CARE SUCH AS MEDICAL  
INTERVENTION, ADDED EDUCATIONAL  
SUPPORT, DISASTER RELIEF AND CHILD  
PROTECTION.







# HOW ZIKA CHANGED BRYAN'S LIFE

## LATIN AMERICA

CHILD SURVIVAL PROGRAMME

"All my life I've felt very  
lonely, but now that I am at  
the project, I feel supported."

It can be terrifying to think of your child suffering serious health issues. It's even more devastating when you're struggling just to afford food each day and medical care is out of your reach. That's when the Child Survival Programme steps in to support vulnerable babies and new mothers in their time of need.

In Guatemala, one bite from a mosquito changed the life of a new mother forever. 19-year-old Maria was pregnant with her third child when she joined the Child Survival Programme at her local church.

"I was four months pregnant when I started going to the project," Maria shares. "I loved going to the group meetings and learning about keeping a clean home. My favourite story that I learnt was about an important mother in the Bible, Mary. We even share the same name. She became like a role model to me."

The Child Survival Programme helps women like Maria with pre- and post-natal care, including medical support and equipping mothers with the skills they need. When Maria gave birth to a beautiful baby boy called Bryan, the Child Survival Programme staff were there by her side, encouraging her every step of the way.

And it was the same project staff who realised Bryan had serious health concerns. They arranged for Maria and Bryan to travel to Guatemala City where doctors diagnosed Bryan with microcephaly as a result of Maria contracting the Zika virus during her pregnancy. He was also blind and had hearing problems.

"The doctors explained that my baby was different," Maria says. "They mentioned that he was going to have many more troubles in life and that he might never walk. I was sad because I never expected my baby to be born ill."

Determined to help Bryan, the Child Survival Programme staff investigated treatment options. Project Director Aury explains, "We researched organisations that could help Bryan with specialised therapies and found that they were all in Guatemala City, 60 kilometres away. We accompanied them to the therapies and Compassion covered the travelling expenses. After five months, we saw progress in Bryan's movements."

Maria and her family face a long road ahead but thanks to the support of the Child Survival Programme and the local church, Bryan has been given the best possible start in life.

"Mary [Jesus' mum] was the mother of a special baby, just like me," Maria says. "And she had to be strong to fulfil God's purpose in her. She and the staff at the project taught me that special babies have special purposes in life. I just pray and promise to do my best so that one day Bryan is able to walk and be a happy child."



# 1. OBJECTIVES & ACTIVITIES

As a Christian child development ministry, we are committed to eliminating the root causes of poverty for children around the world.

## OUR MISSION STATEMENT

TO RELEASE CHILDREN FROM POVERTY IN JESUS' NAME

Our principle activities are governed by the objectives set out in the Articles:

- 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

Working exclusively with local churches in developing countries, we ensure there is financial integrity and long-term commitment.

## MAIN OBJECTIVE FOR THE YEAR

Our main objective for the year was as follows:

	TARGETS FOR FY18
Growth in new child sponsorships	13,200

The results for FY18 are shown on pages 18 to 20.

## STRATEGIES FOR ACHIEVING OUR AIMS

As we work towards our aims, our approach is built on being Christ-centred, child-focused and church-based, with a focus on integrity in everything we do.

### CHRIST-CENTRED

Jesus is at the heart of our ministry. Every child who is part of a Compassion programme is given the opportunity to learn about the love of Jesus.

The gospel is always shared in age-appropriate and culturally relevant ways and never by coercion.

## PUBLIC BENEFIT

When reviewing the programme each year, we use both the Charity Commission's general guidance on public benefit and the specific guidance on the prevention or relief of poverty and the advancement of religion.

The trustees monitor the programmes undertaken to ensure they are in line with the charitable objectives and are available to beneficiaries as widely as resources allow.

## MAIN ACTIVITIES

At Compassion UK, we continue to work in several key areas year after year to achieve our aims.

### GRANT MAKING

Our trustees have set a standard that at least 80% of all donations and Gift Aid income must be used for direct charitable purposes.

Compassion UK grants 80% of restricted donations including child support. In the case of gifts given directly to children, their families or their projects and in the cases of disasters, 100% is granted to Compassion International.

80% of unrestricted donations and 80% of Gift Aid are set aside in a Most Needed Fund. This fund is used to cover unrestricted expenses in the following order: additional child support grants to Compassion International, other grants and then direct child ministry and advocacy costs.

### CHURCH PARTNERSHIPS

We partner with hundreds of churches throughout the UK, working together to inspire Christians to release children from poverty in the name of Jesus. Many of our church partners love the opportunity to enable their whole congregation to engage in overseas mission.

## VOLUNTEER NETWORK

We simply couldn't achieve all that we do without the help of hundreds of volunteers. People who are passionate about, and committed to, releasing children from the brutal grip of poverty join with us to use their skills and contacts to see more children sponsored.

Our volunteers take all sorts of roles, including support for essential jobs at Compassion House, team members at events, speakers in front of church congregations, prayer partners and fundraisers - from marathon runners to cake bakers. Every single volunteer is part of the mission to see more children lifted out of poverty.

## EVENTS

We greatly value our event relationships and continue to work with some incredible teams around the UK. Through Compassion having a presence at events and meeting with other Christians looking to change the world for the better, we're able to offer sponsorship as a tangible way of changing a child's story from poverty to hope.





# WHERE WE WORK

On the 30th June 2018 there were 1,920,991 children worldwide registered for the Compassion Child Sponsorship Programme or Child Survival Programme.

## PARTNER COUNTRIES

## BENEFICIARY COUNTRIES

CENTRAL AMERICA	
Dominican Republic	63,362
El Salvador	59,686
Guatemala	56,261
Haiti	110,068
Honduras	53,930
Mexico	51,153
Nicaragua	57,448

SOUTH AMERICA	
Bolivia	89,571
Brazil	53,266
Colombia	85,580
Ecuador	97,366
Peru	80,229

AFRICA	
Burkina Faso	84,111
Ethiopia	112,701
Ghana	77,958
Kenya	119,119
Rwanda	87,205
Tanzania	90,949
Togo	55,738
Uganda	104,994

ASIA	
Bangladesh	39,103
Indonesia	142,676
Philippines	85,673
Sri Lanka	12,483
Thailand	50,361





# A SAFE SPACE TO CALL HOME

## AFRICA

RESPOND INTERVENTIONS PROGRAMME

“Now I have a new home  
which many people cannot  
imagine belongs to my  
family and me.”

“My name is Fatuma and I am a caregiver. I am disabled and two of my children are also disabled but God knows us. I had challenges whenever it rained and always lived in fear of being attacked by bad people, especially as my daughter approaches her teenage years. I was isolated and miserable.”

Fatuma's situation is sadly not uncommon. In Central Uganda, many families live in small one-roomed huts housing between 6-10 people. Meals are cooked inside on a fire with smoke affecting the sight and breathing of the inhabitants. Makeshift roofs allow water to seep through, creating damp environments for fungi and bacteria to thrive.

One of Compassion's local church partners in Central Uganda found 13 Compassion-supported children in their community living in these conditions. Ruth was one of them. She lived with her grandmother in a mud and wattle house with gaping holes in the walls, allowing snakes to enter their home.

Through the RESPOND Interventions Programme, which provides additional support to highly vulnerable children and communities, the local church requested funds to build new homes for these at-risk families.

Seventeen generous UK donors responded, blessing all 13 families with new houses to shield them from the elements and give them with a safe space to call home. Ruth and Fatuma were among them.

Fatuma says, “Now I have a new home which many people cannot imagine belongs to my family and me. My children and I are protected from the rain and we can sleep without fear of being attacked by drunkards. We also didn't have a toilet but now we have one.

“So, we are now like other people and we are happy. I appreciate those who gave money and pray for God to bless them.”

The new homes have not only been a blessing to the families but also to the local church. Pastor Pascal shares, “The intervention has taken the gospel of compassion and love to the community. Community members no longer take the church as simply a place where believers go for prayers but a compassionate institution that can meet the needs of all people without discrimination.

“Bridget's household is worth noting – the children were abandoned by their mother after the death of their father. They briefly stayed alone until their grandmother rescued them. Later the grandmother and the children were also chased from the land on which they had settled.

“The grandmother had a son in the army who had promised to build them a house but unfortunately he passed on and so the family was stranded. The lives of Bridget and 12 other children have been transformed because they now have habitable places of residence.”

Pastor Pascal continues, “It has strengthened me and I can encourage the community to trust God for greater and bigger things than they could have imagined achieving in their lives. The new shelters are a vivid testimony which nobody can dispute.”



2. STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

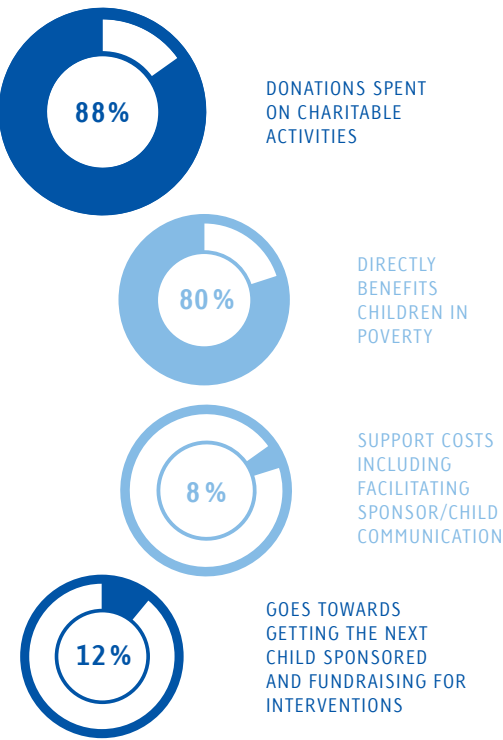
KEY RESULT INDICATORS

	TARGETS FOR FY18	ACTUAL FIGURES FOR FY18
Growth in new child sponsorships	13,200	12,619

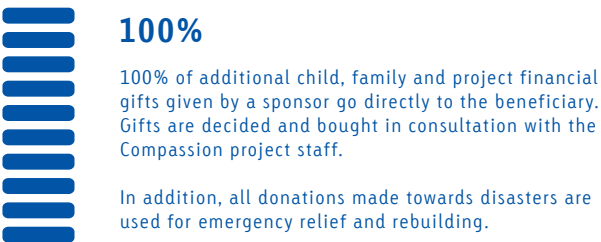
See financial review for commentary on the above.

HOW YOUR DONATIONS WERE USED IN FINANCIAL YEAR 2018

A Compassion sponsor invests £25 each month into the life of a child living in extreme poverty. This is how donations were used to change children’s lives:



At least 80% of Gift Aid income received is also spent on additional grants, RESPOND Interventions, child ministry and facilitating a one-to-one relationship with children living in poverty.



FINANCIAL REVIEW

CHILD SPONSORSHIPS

By the end of the financial year there were 105,094 sponsored children, of which 16,256 were sponsored in the year. Of these children, 12,619 were sponsored as a result of our fundraising activities and 3,637 were sponsored following the departure of an existing child. 6,540 children left the sponsorship programme in the year for a variety of reasons, including completing the programme. 5,118 sponsorships were cancelled in the year by sponsors.

INCOME

Income grew by 4.1% to £41,598,000, 99.1% of which was donations, gift aid and legacies.

Areas of note include:

- Our donations for supporting sponsored and unsponsored children increased by £813,000 to £29,932,000.
- Our Sponsorship Plus Fund is used to meet critical needs of the children. As a result of more sponsors choosing to give an extra £5 per month, donations to Sponsorship Plus increased to £347,000.
- Donations given to purchase a gift for a child, their family or their project increased by 23% to £1,915,000.
- Gift Aid claimed during the year increased by £472,000 to £6,329,000.
- Donations to RESPOND Interventions, Child Survival Programmes and the Most Needed Fund increased to £1,819,000.

EXPENDITURE

We set targets that at least 80% of donations should be spent on the development and implementation of Compassion programmes that directly benefit the children. We were able to use 80% of donations this financial year, which meant £32,990,000 going directly to benefit children in poverty. For more information see note 9.8. The total percentage of income spent on charitable activities was 85.9%.

The trustees set a maximum limit on the cost of fundraising to 12% of income and during the year our expenditure was 11.9%.

FIXED ASSETS

In May 2018, Compassion UK moved offices as a result of being served notice by the landlords of our previous office in Weybridge. £3,656,000 was spent on the acquisition and refurbishment of a modern, energy efficient office in Fleet. The purchase of the building was equal to 12 years of rent and this decision was found to be the most cost-effective option.

RESERVES

Our trustees actively monitor fund balances and make additional grants to keep fund reserves at reasonable levels. The trustees believe that due to strong recurring cash flows with donations received before being granted, holding £500,000 of reserves is appropriate.

Free reserves are the total unrestricted fund balance, excluding funds tied up in fixed assets or in designated funds. Following the purchase of our building we had negative free reserves of £1,195,000 at year end because the building was bought using cash reserves rather than with a mortgage, as this was the best long term decision. These free reserves will be replenished over the next few years through savings in rent.

The total funds of the charity are £4,719,000, of which £423,000 is restricted. The trustees set aside from unrestricted income a sum equivalent to 80% of general unrestricted donations and Gift Aid tax relief in the Most Needed Fund. At year end this balance was £811,000. This fund is used to provide additional child support and direct costs of child ministry and advocacy.

HIGHLIGHTS OF THE YEAR

OUR FUNDRAISING

Church Partnerships

We now partner with over 2,000 churches in the UK and help them support churches on the frontline of extreme poverty to make a difference in their communities.

Volunteer Network

In the last year, we’ve seen more than 2,000 active volunteers join with us to release children from poverty. Sponsors travelled with us to Rwanda, Thailand, Ghana and Togo on Insight trips to witness first-hand the difference sponsorship makes.

Philanthropy

Thanks to generous UK donors, £787,000 was received to support RESPOND Interventions, making a lasting difference in communities all over the world. These community interventions include providing new vocational schools, constructing toilet blocks to improve sanitation and leading income-generating workshops to equip beneficiaries with the skills they need to support themselves and their families.

An additional £510,000 was donated to the Child Survival Programme which provided support to 1,660 vulnerable babies at a critical point in their development, enabling them to have a better start in life.

£522,000 was also donated to the Most Needed Fund, which is used for the most urgent needs. This financial year, the funds were spent on child protection and health initiatives.



### Gifts in Will

UK donors left Compassion £221,000 in their wills this financial year, which will be used to fund a much-needed water and sanitation Intervention in Togo over the next couple of years.

### Events

We continue to develop relationships with many different Christian conferences and ambassadors, along with developing our own events.

### Christmas Appeal

Our 2017 Christmas Appeal raised £727,000 which was pooled to provide presents and Christmas parties for each of the Compassion-supported children around the world. For many children, these gifts helped with practical needs such as new clothes, shoes or blankets to keep warm at night. Sponsors also wrote a record 47,000 Christmas cards to their sponsored children this year, providing encouragement and sharing with them the joy of the festive season.

## GLOBAL PICTURE

As of 30 June 2018 Compassion International had 1,920,991 children registered across 7,059 church projects. Of the registered children, 125,827 were waiting to be sponsored.

It's an exciting time to stand on the cusp of reaching and empowering two million children in poverty through sponsorship.

COMPASSION INTERNATIONAL	ACTUAL FIGURES FOR FY18
Global growth in registered children	93,309 growth of 5.4%

## PLANS FOR FUTURE PERIODS

Compassion is focused on creating a movement for children in poverty which cannot be ignored. We plan to achieve this through:

- The Child Sponsorship Programme developing, discipling and empowering children to break the cycle of poverty.
- The Child Survival Programme reducing the number of mothers and babies dying from poverty-related causes.
- RESPOND Interventions to provide additional community support to enable core programmes to successfully achieve their outcomes.

3 YEAR GOALS
For 125,000 children to be sponsored by 30 June 2021
For a minimum of 80% of donations to be used for the direct benefit of children over that three year period
For our income in financial year 2021 to have grown to £50,000,000 annually
For supporters to have the option of a fully digital process which exceeds the paper sponsorship experience
For 35% of sponsors to be active users of the Compassion mobile app

### Sponsorship Plus

This continues to grow in strength with 7,500 people now choosing to add Sponsorship Plus to their donations. This allows Compassion to meet the urgent needs of children in our programmes and support vulnerable babies and mothers in the Child Survival Programme.

### Compassion Experience

An interactive mobile experience touring the UK, the Compassion Experience was launched in June 2017. Visitors are able to walk through multiple rooms which bring to life the stories of Shamim and Sameson, two children released from poverty through sponsorship.

While listening to Shamim and Sameson share their stories, people can touch, see, smell and hear what their lives in Africa were like and the difference sponsorship has made. Over the last year, more than 2,500 school children from six schools have been through the Experience in addition to nearly 8,500 visitors. More than 700 children were sponsored as a result.

## FUTURE CHALLENGES

### DIGITAL DISRUPTION

Technology continues to evolve at an ever-increasing rate and it can be difficult for charities to keep up. From new finance technology to emerging communication channels, members of the charity sector have the potential to improve supporter experience through adoption of new technology.

### ECONOMIC CLIMATE

With continued uncertainty around Brexit, the UK economy is still on uncertain footing with currency fluctuations and instability in financial markets as a result. This makes future financial planning difficult especially with political instability and the potential threat of recession. When the UK currency is weak, as it has been since the Brexit vote, donations made to Compassion UK are of a lower value when converted to other currencies.

### PROGRAMME IMPLEMENTATION

Working in developing countries carries inherent challenges from a lack of infrastructure to fragility of communities easily overwhelmed by natural disasters. Compassion seeks to work with local authorities everywhere the programmes are run however political instability, civil unrest and heightened security risks are some of the challenges to delivering a successful and consistent programme.

## FUTURE OPPORTUNITIES

### DFID GRANT APPLICATIONS

Compassion UK continues to build relationships in this area and has submitted an application to participate in the UK Aid Match fundraising in the next financial year. We're excited to explore any opportunities which may open up in this area.

### TECHNOLOGY DEVELOPMENT

We're delighted that in the next financial year, the first Compassion UK app will be launched to facilitate a stronger relationship between sponsor and child and the wider work of Compassion. We also continue to develop our digital infrastructure to provide a faster experience for digital users.

### INNOVATION

A new innovation team has been launched in Compassion UK which will be focused on analysing trends and advising opportunities to grow and engage our existing database.

### COMPASSION CHALLENGES

This continues to grow both locally and overseas. This coming year will expand the UK event portfolio.

### CHURCH PARTNERSHIPS

A continued area of focus for the organisation, the teams will be concentrating on building up the number of church partnerships and developing existing relationships further. We will create new ways to celebrate with partnering UK churches and provide more opportunities for church leaders to visit the field to witness the work of Compassion.







#### GROWTH IN NON-SPONSORSHIP REVENUE

The next year will see the first fundraising campaign designed to reach new audiences outside our existing supporters. This presents an exciting opportunity to raise brand awareness and introduce people to the work of Compassion while supporting the Child Survival Programme.

#### CORPORATE SOCIAL RESPONSIBILITY

##### Staff

In order to attain excellence, high calibre staff are required to support the overall vision. We want to help our staff use their passion and talents to make a difference to some of the world's most vulnerable children. Compassion UK is committed to treating staff well and equal opportunities and continuing to instil a grace-filled, collaborative, joyful, innovative, passionate and effective culture.

##### Environment

Climate change affects everything around us and Compassion UK seeks to be a responsible, environmentally friendly ministry. Our new offices are energy efficient, including solar panels to provide electricity and other technologies designed to reduce our environmental footprint. We aim to reduce carbon emissions where possible and offset what is produced by planting trees in Ghana. This year we replaced our petrol and diesel vehicles with electric hybrids.

#### THE PRINCIPAL RISKS AND UNCERTAINTIES

The trustees have a risk management strategy which comprises:

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate the risks that have been identified; and
- The implementation of procedures to minimise any potential impact on the charity should those risks materialise.

Major risks are considered to be those that may have a significant impact on:

- Operational performance, including risks to employees, volunteers, the children supported and reputation;
- Financial sustainability, including stability and security of income;
- The achievement of aims and objectives;
- Meeting the expectations of those supported and of supporters.

#### GOING CONCERN

The trustees have reviewed the going concern status of the charity and are confident that in view of the continuing income and assets, it will be able to continue its operations for at least 12 months from the date of the accounts, and for the foreseeable future.

#### FUNDRAISING STATEMENT

We couldn't do what we do without the donations from our supporters and we're thankful for their help and generosity as we work together to release children from poverty in Jesus' name.

#### OUR APPROACH TO FUNDRAISING

We aspire for our supporters to feel known, loved, protected, and ignited to action in a movement of compassion for children in poverty. We bring our appeals to life through positive verbal and visual content which portrays children and their families in a dignified manner. Our aim is to inspire people to partner with us to empower a child to step out of poverty into a future filled with hope, using clear messages about how the money raised will be used.

We communicate with openness, honesty and in a polite, personal and friendly manner. We treat our supporters fairly and respect their communication preferences. We celebrate success together with our supporters so that they can see the tangible difference they are personally making through their donations.

Our main fundraising focus is child sponsorship, but we also raise funds for Child Survival and RESPOND Interventions. This is done primarily through face to face fundraising at events, in churches and through passionate volunteers. We have controls in place to monitor third-party fundraising activities done on our behalf. We also acquire donations through our website and social media.

#### HOW WE ARE REGULATED

We're pleased to be a member of the Fundraising Regulator and abide by the standards set out in the Code of Fundraising Practice.

Compassion UK is extremely diligent in protecting the data of our supporters with rigorous policies and procedures in place to ensure compliance with all applicable data protection law. We are also vigilant in our implementation of procedures to comply with the Privacy and Electronic Communications (EC Directive) 2003 so that our supporters have the choice and control of their engagement with us to suit their personal preferences.

Compassion UK has not used professional fundraisers or commercial participators to raise funds during the last financial year.

#### HOW WE MONITOR OUR FUNDRAISING

Our Trustees oversee fundraising activities and risk evaluation to ensure the charity's resources, reputation and assets are protected and managed responsibly.

The Executive Team manages and reports routinely to the Trustees on fundraising compliance. On an annual basis, we plan to conduct internal audits against fundraising regulation to ensure ongoing compliance.

All our staff, volunteers and third parties with fundraising and marketing roles are adequately trained and we are refreshing our learning resources for regular updates particularly for roles that involve face to face fundraising.

We have a Supporter Charter which clearly outlines our complaint handling procedures. Over the last year, Compassion UK received eight complaints from a supporter or member of the public about fundraising. Complaints are treated seriously, and prompt actions are taken to resolve these satisfactorily.

#### HOW WE PROTECT VULNERABLE SUPPORTERS

We have a duty of care not only to the children in our programmes but also to all those who support the work of Compassion throughout the world. We believe that everyone should have the opportunity to partner in our work. This may include people who are potentially in a vulnerable circumstance. Our approach is always to err on the side of caution, recognising in particular that we are often asking new supporters to commit to a long-term relationship of regular giving.

We will always be mindful to respond appropriately to the particular needs of a supporter and ensure we have effective policies and procedures in place to treat them respectfully and fairly.

Registered with



FUNDRAISING  
REGULATOR



## 3. STRUCTURE, GOVERNANCE & MANAGEMENT

### GOVERNING DOCUMENT

Compassion UK Christian Child Development Limited is a company limited by Guarantee and governed by its Articles of Association dated 24 February 1999. It is registered as a charity with the Charity Commission and the Scottish Charity Regulator.

Members are admitted at the discretion of the existing trustees. 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

As set out in the Articles of Association, additional trustees are elected by the existing trustees. Every trustee must also be a member. The chair of the trustees is elected by the trustees from amongst them.

When the need for new members of the trustees arises, the onus is on the existing members to ensure that they are selecting according to Charity Commission guidelines. The board of trustees will ensure that new trustees have the appropriate balance of skills, experience, independence and knowledge to enable them to carry out their respective duties and responsibilities effectively.

### TRUSTEE INDUCTION AND TRAINING

New 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.

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.

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

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

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

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

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

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

### CONNECTED CHARITIES

#### COMPASSION INTERNATIONAL

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

#### 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 30 November 2018 and signed on its behalf by Graham Williams (Chair).

On behalf of the Board



Graham Williams (Chair)  
Dated 30 November 2018



## 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 2018 which comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 30 June 2018 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 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.



MALCOLM LUCAS FCA (Senior Statutory Auditor)  
For and on behalf of MENZIES LLP London Central  
Chartered Accountants  
Statutory Auditor  
Lynton House, 7-12 Tavistock Square, London WC1H 9LT  
Dated 30 November 2018

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





# MEETING VIOLET

## AFRICA

CHILD DEVELOPMENT SPONSORSHIP PROGRAMME

“Our view is that we have seen the work

Compassion does first-hand. We believe in  
it and share their vision.”

Ever wondered what it would be like to see the difference sponsorship makes first-hand?

When Paul and Linda from the UK travelled to meet Violet, the young lady they sponsor in Uganda, they weren't too sure what to expect.

“We knew it would be different, but nothing prepared us for how emotional that would be. Driving up, the closer you got you could hear the drums and singing getting louder and louder. Because we were told she was shy we weren't expecting that moment when she ran to us. But there was no stopping her,” said Paul.

An orphan, 14-year-old Violet lives with her grandmother and her grandfather's other wife along with half-siblings and cousins. All 18 members of this family live in a tiny shack measuring just 20 feet by 8 feet. Getting enough food for the day is a regular challenge.

Linda shared, “The only income they have is when they sell a goat to get income to pay bills. I asked the grandmother what her biggest fear was and she said not having enough food to feed all these children.”

But thanks to their sponsorship, Violet has the hope of a different future. Through Compassion, she has been given a school uniform so she can attend the local school and receive the education she needs to achieve her dream of becoming a nurse.

“While we were visiting, they gave us Violet's folder. It was recorded that at four years old, when we sponsored Violet, she weighed just 12 kgs which was very small. She was then enrolled on a nutritional programme as part of our sponsorship of her,” said Linda.

Paul continued, “There are currently about 150 children in the project, mainly older children. One group was learning how to cook, another group was doing carpentry. It was really interesting to see how they were making something useful from the basic tools they had.

“This group were making a bench that they would then sell at the local market. With the older children the programme teaches them how to go to an interview, how to dress, how to speak. Not every child is going to be academic, and so vocational skills are very important.

“Our view is that we have seen the work Compassion does first-hand. We believe in it and share their vision. We've seen first-hand what effect sponsorship has on these children that Compassion is trying to help. I love the tagline – releasing children from poverty in Jesus' name. It's not what we can do but what we can do through Jesus.”

“What struck home the most for me was that if one child was sponsored in a family the whole family benefits,” added Linda. “I asked the Compassion staff about an older girl in Violet's family because she was pregnant. Through the project they will encourage her to get help and give birth in a hospital. Our sponsorship goes a lot further than just Violet. Everyone is watched over.

“Our prayer for all these girls is that they will have big dreams way beyond what they can see, so big that only God can make it happen for them. So often children in poorer communities are happy to settle for what they can see – what their mums and grandmothers have done. Our prayer is that they dream beyond their local village.”



## 6. STATEMENT OF FINANCIAL ACTIVITIES

[INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT]

		2018				2017			
	NOTE	RESTRICTED FUNDS (£'000)	DESIGNATED FUNDS MOST NEEDED (£'000)	GENERAL FUNDS (£'000)	TOTAL FUNDS 2018 (£'000)	RESTRICTED FUNDS (£'000)	DESIGNATED FUNDS (£'000)	GENERAL FUNDS (£'000)	TOTAL FUNDS 2017 (£'000)
<b>INCOME FROM</b>									
Donations and legacies	9.5	28,061	5,481	7,695	41,237	27,335	4,902	7,433	39,670
Charitable activities	9.6	-	-	351	351	-	-	260	260
Investments:									
Interest		-	-	10	10	-	-	14	14
<b>TOTAL INCOME</b>		<b>28,061</b>	<b>5,481</b>	<b>8,056</b>	<b>41,598</b>	<b>27,335</b>	<b>4,902</b>	<b>7,707</b>	<b>39,944</b>
<b>EXPENDITURE ON</b>									
Raising funds	9.7	-	-	4,931	4,931	-	-	4,351	4,351
Charitable activities	9.8	28,099	4,816	2,819	35,734	26,945	5,286	2,778	35,009
<b>TOTAL EXPENDITURE</b>		<b>28,099</b>	<b>4,816</b>	<b>7,750</b>	<b>40,665</b>	<b>26,945</b>	<b>5,286</b>	<b>7,129</b>	<b>39,360</b>
<b>Net movement in funds</b>		<b>[38]</b>	<b>665</b>	<b>306</b>	<b>933</b>	<b>390</b>	<b>[384]</b>	<b>578</b>	<b>584</b>
<b>RECONCILIATION OF FUNDS</b>									
Total funds brought forward		461	146	3,179	3,786	71	530	2,601	3,202
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>423</b>	<b>811</b>	<b>3,485</b>	<b>4,719</b>	<b>461</b>	<b>146</b>	<b>3,179</b>	<b>3,786</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, 80% will be classified as restricted income and 20% will be classified 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	30 June 2018 (£'000)	Restated 30 June 2017 (£'000)
<b>FIXED ASSETS</b>			
Tangible Assets	9.12	4,338	209
Intangible Assets	9.12	341	652
<b>TOTAL FIXED ASSETS</b>		<b>4,679</b>	<b>861</b>
<b>CURRENT ASSETS</b>			
Debtors	9.13	843	1,379
Cash at bank and in hand		3,694	5,751
<b>TOTAL CURRENT ASSETS</b>		<b>4,537</b>	<b>7,130</b>
<b>LIABILITIES FALLING DUE WITHIN ONE YEAR</b>			
Creditors: Amounts falling due within one year	9.14	[4,431]	[4,131]
<b>TOTAL LIABILITIES FALLING DUE WITHIN ONE YEAR</b>		<b>[4,431]</b>	<b>[4,131]</b>
<b>NET CURRENT ASSETS</b>		<b>106</b>	<b>2,999</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,785</b>	<b>3,860</b>
<b>LIABILITIES FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Creditors: Amounts falling due after more than one year	9.15	[66]	[74]
<b>TOTAL LIABILITIES FALLING DUE AFTER MORE THAN ONE YEAR</b>		<b>[66]</b>	<b>[74]</b>
<b>TOTAL NET ASSETS</b>		<b>4,719</b>	<b>3,786</b>
<b>THE FUNDS OF THE CHARITY</b>			
<b>UNRESTRICTED FUNDS</b>			
General funds		3,485	3,179
Designated funds: <i>Most Needed Fund</i>		811	146
<b>TOTAL UNRESTRICTED FUNDS</b>		<b>4,296</b>	<b>3,325</b>
Restricted income funds		423	461
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>4,719</b>	<b>3,786</b>

The balance sheet for 30 June 2017 has been restated to show software as an intangible asset and deferred income falling due after more than one year as a liability falling due after more than one year.

Approved by the Board on 30 November 2018  
and signed on its behalf by Graham Williams



Company Registration Number 3719092



## 8. CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2018	30 June 2018 [£'000]	30 June 2017 [£'000]
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the reporting period [as reported in the Statement of Financial Activities]	933	584
Adjustments for:		
Depreciation charges	420	417
Dividends, interest and rents from investments	[10]	[14]
Decrease/(Increase) in debtors	536	1,452
(Decrease)/Increase in creditors	[292]	[811]
Creditors for fixed asset acquisitions unpaid at year end	111	[1]
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,282</b>	<b>1,627</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends, interest and rents from investments	10	14
Purchase of fixed assets	[4,307]	[71]
Creditors for fixed asset acquisitions unpaid at year end	111	1
Proceeds from the sale of fixed assets	69	37
<b>NET CASH PROVIDED BY/(USED IN) INVESTMENT ACTIVITIES</b>	<b>[4,339]</b>	<b>[19]</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>	<b>2,057</b>	<b>1,608</b>

ANALYSIS OF CASH AND CASH EQUIVALENTS	30 June 2018 [£'000]	30 June 2017 [£'000]
Cash in hand at beginning of period	4,708	3,107
Notice deposits (less than three months) at beginning of period	1,043	1,036
<b>TOTAL CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>5,751</b>	<b>4,143</b>
Cash in hand at end of period	3,694	4,708
Notice deposits (less than three months) at end of period	-	1,043
<b>TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,694</b>	<b>5,751</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>	<b>2,057</b>	<b>1,608</b>

## 9. NOTES

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

### 9.1 ACCOUNTING POLICIES

#### A) BASIS OF PREPARATION

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

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

#### B) INCOME

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

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

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

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

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

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a

distribution will be made, or when a distribution is received from the estate.

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

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

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

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

Investment income is included in the accounts when receivable.

#### C) CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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

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



**D) FIXED ASSETS**

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

**E) DEPRECIATION AND AMORTISATION**

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

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

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

**F) EXPENDITURE**

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

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

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

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

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

**G) FOREIGN CURRENCIES**

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

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

**H) GRANTS**

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

**I) OPERATING LEASES**

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

**J) GENERAL FUNDS**

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

**K) DESIGNATED FUNDS**

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

**L) RESTRICTED FUNDS**

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

**M) PENSION COSTS**

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

**N) LIABILITIES**

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

**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 amounts of these funds collected during the year was £30,591,000 [FY17 £29,939,000] of which £2,844,000 [FY17 £2,574,000] was outstanding at the year-end. The outstanding amount represents the June 2018 grant and small grant amendments 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. Projects are visited by UK staff who monitor and check the quality and quantity of help given to recipient children.

Compassion International paid expenses of £206,000 to Compassion UK. Compassion UK paid expenses of £74,000 to Compassion International.

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

**COMPASSION IRELAND**

During the year Compassion Ireland's administration and marketing requirements have been undertaken for a fixed fee of 12% of donations received, excluding gifts and appeals. During the year £43,000 [FY17 £30,000] was received in income from servicing Compassion Ireland and costs were £105,000 [FY17 £76,000] and a grant was made to Compassion Ireland of £33,000 [FY17 £55,000]. The intercompany balance owing by Compassion Ireland is £56,000 [FY17 £55,000].

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

**9.4 NET MOVEMENT IN RESOURCES FOR THE YEAR**

	2018 [£'000]	2017 [£'000]
THIS IS STATED AFTER CHARGING		
Depreciation and amortisation of fixed assets	420	417
Annual audit fees	22	17
Other fees paid to Auditor for advice/consultancy etc.	1	-
Foreign exchange (gains)/losses	[21]	7



## 9.5 DONATIONS AND LEGACIES

	2018				2017			
	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2018	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2017
	[£'000]	[£'000]	[£'000]	[£'000]	[£'000]	[£'000]	[£'000]	[£'000]
<b>MINIMUM 80% RESTRICTED</b>								
Child support	23,857	-	5,964	<b>29,821</b>	22,182	-	5,546	<b>27,728</b>
Un-sponsored Children	89	-	22	<b>111</b>	1,113	-	278	<b>1,391</b>
RESPOND Interventions	625	-	162	<b>787</b>	1,092	-	265	<b>1,357</b>
Sponsorship Plus	278	-	69	<b>347</b>	210	-	50	<b>260</b>
Child Survival Programme	437	-	73	<b>510</b>	115	-	28	<b>143</b>
HIV and Aids Campaign	85	-	21	<b>106</b>	91	-	23	<b>114</b>
Leadership Development	22	-	6	<b>28</b>	74	-	18	<b>92</b>
<b>100% RESTRICTED</b>								
Gifts for children	1,915	-	-	<b>1,915</b>	1,556	-	-	<b>1,556</b>
Christmas Appeal	727	-	-	<b>727</b>	700	-	-	<b>700</b>
Disaster Relief	26	-	-	<b>26</b>	202	-	-	<b>202</b>
<b>MINIMUM 80% DESIGNATED</b>								
Gift Aid	-	5,063	1,266	<b>6,329</b>	-	4,686	1,171	<b>5,857</b>
General unrestricted income	-	418	104	<b>522</b>	-	216	54	<b>270</b>
<b>OTHER DONATIONS</b>								
Other Donations	-	-	8	<b>8</b>	-	-	-	<b>-</b>
<b>TOTAL</b>	<b>28,061</b>	<b>5,481</b>	<b>7,695</b>	<b>41,237</b>	<b>27,335</b>	<b>4,902</b>	<b>7,433</b>	<b>39,670</b>

Included in the figures above is legacy income of £221,000 (FY17 £259,000).





## 9.6 CHARITABLE ACTIVITIES

	2018 [£'000]	2017 [£'000]
Compassion Ireland Service Income	43	30
Field Experience	175	226
Compensation for leaving premises	125	-
Other	8	4
<b>TOTAL</b>	<b>351</b>	<b>260</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	2018 [£'000]	2017 [£'000]
Personnel		1,565	1,703
Support costs	9.9	886	844
Direct marketing and appeal costs		300	517
Events and strategic alliances		700	379
Church engagement		350	319
Compassion volunteer network		148	49
Experience		741	126
Other direct marketing costs		241	414
<b>TOTAL</b>		<b>4,931</b>	<b>4,351</b>

## 9.8 EXPENDITURE ON CHARITABLE ACTIVITIES

		2018				2017			
	NOTE	RESTRICTED FUNDS [£'000]	DESIGNATED FUNDS MOST NEEDED [£'000]	GENERAL FUNDS [£'000]	TOTAL FUNDS 2018 [£'000]	RESTRICTED FUNDS [£'000]	DESIGNATED FUNDS MOST NEEDED [£'000]	GENERAL FUNDS [£'000]	TOTAL FUNDS 2017 [£'000]
Child support		23,855	-	-	23,855	22,182	-	-	22,182
Un-sponsored Children		89	-	-	89	1,113	-	-	1,113
Gifts for children		1,909	-	-	1,909	1,586	28	-	1,614
Christmas Appeal		714	-	-	714	700	-	-	700
RESPOND Interventions		753	1,963	-	2,716	712	904	-	1,616
Disaster Relief		15	-	-	15	198	232	-	430
Child Survival		634	[34]	-	600	115	395	-	510
Leadership Development		22	-	-	22	74	1	-	75
HIV and Aids Campaign		108	563	-	671	91	1,434	-	1,525
Sponsorship Plus		-	-	-	-	170	-	-	170
Other Funds		-	-	-	-	4	-	-	4
TOTAL CHILD GRANTS TO COMPASSION INTERNATIONAL	a	28,099	2,492	-	30,591	26,945	2,994	-	29,939
Compassion Ireland Grant		-	-	33	33	-	-	55	55
Compassion Norden & Germany Grants		-	-	42	42	-	-	43	43
Other grants	b	-	89	-	89	-	273	-	273
TOTAL GRANTS		28,099	2,581	75	30,755	26,945	3,267	98	30,310
Grant making support costs	9.9	-	-	471	471	-	-	463	463
TOTAL COSTS OF GRANT MAKING		28,099	2,581	546	31,226	26,945	3,267	561	30,773
Child Ministry and Advocacy Direct Costs	c	-	2,235	-	2,235	-	2,019	-	2,019
Child Ministry and Advocacy Support Costs	9.9	-	-	1,881	1,881	-	-	1,853	1,853
TOTAL CHILD MINISTRY AND ADVOCACY COSTS		-	2,235	1,881	4,116	-	2,019	1,853	3,872
COMPASSION IRELAND COSTS		-	-	105	105	-	-	76	76
Field Experience Direct Costs		-	-	189	189	-	-	204	204
Field Experience Support Costs	9.9	-	-	98	98	-	-	84	84
TOTAL FIELD EXPERIENCE COSTS		-	-	287	287	-	-	288	288
TOTAL CHARITABLE EXPENDITURE		28,099	4,816	2,819	35,734	26,945	5,286	2,778	35,009



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

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

(c) Direct costs for child ministry are costs of supporting and providing information to child sponsors. This includes child letter postage and the proportion of facilities, IT and staff time allocated to supporting the relationship between the sponsor and the child. Direct costs for Advocacy are incurred in raising awareness of child poverty. The costs include child advocacy grants and a proportion of facilities, IT and staff time allocated to advocacy.

## 9.9 ANALYSIS OF SUPPORT COSTS

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

	2017				
	RAISING FUNDS (£'000)	GRANT MAKING (£'000)	CHILD MINISTRY AND ADVOCACY (£'000)	FIELD EXPERIENCE (£'000)	TOTAL SUPPORT COSTS (£'000)
Facilities management	116	33	131	8	288
Information technology	439	128	514	16	1,097
Operations and finance	3	36	143	1	183
Support salaries	286	262	1,050	59	1,657
Audit and accounting fees	-	3	13	-	16
Trustee and board meeting costs	-	1	2	-	3
	<b>844</b>	<b>463</b>	<b>1,853</b>	<b>84</b>	<b>3,244</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.

### Facilities management

Buildings, equipment, telephony and stationery

### Information technology

Hardware and software costs and development of new technology

### Operations and Finance

Banking charges and compliance costs

### Support salaries

Staffing costs which are not raising funds

## 9.10 STAFF COSTS

	2018 (£'000)	2017 (£'000)
Wages and salaries	3,349	3,293
Pensions	367	353
Social security costs	310	342
Health insurance and other HR costs	184	215
	<b>4,210</b>	<b>4,203</b>
AVERAGE NUMBER OF EMPLOYEES (FULL TIME EQUIVALENT)		
Management	6.0	6.0
Support and administration	23.5	24.0
Supporter relations	33.6	33.2
Raising funds and communications	36.3	34.9
	<b>99.4</b>	<b>98.1</b>
Percentage change in staffing levels	1.3%	3.4%
Average number of employees <i>(headcount)</i>	111.5	109.4
The number of employees whose remuneration for the period fell within the following bands:		
£60,000 up to £70,000	3	2
£80,000 up to £90,000	-	1
£90,000 up to £100,000	1	1

Pension contributions of £29,000 [FY17 £30,000] were made during the year for the above higher paid staff.

The company operates a defined contribution pension scheme on behalf of its employees. The pension charge for the year was £367,000 [FY17 £334,000], of which £31,000 [FY17 £30,000] was payable at the year end.

The key management personnel are listed on page 3. The total employee remuneration, including National Insurance and benefits, of the key management personnel of the charity was £504,000 [FY17 £492,000].

## 9.11 TRUSTEES' REMUNERATION

No trustees' remuneration was voted during the year. There were no trustees' travel expenses incurred in connection with the charity's affairs.

The total premiums paid for trustee indemnity insurance in the year was £1,129 [FY17 £1,114].





## 9.12 FIXED ASSETS

TANGIBLE ASSETS	TANGIBLE ASSETS					INTANGIBLE ASSETS
	FURNITURE & EQUIPMENT [£'000]	COMPUTER HARDWARE [£'000]	MOTOR VEHICLES [£'000]	PROPERTY [£'000]	TOTAL TANGIBLE ASSETS [£'000]	COMPUTER SOFTWARE [£'000]
<b>COST</b>						
Balance at 1 July 2017	333	60	203	266	862	1,241
Additions for the year	346	254	47	3,656	4,303	4
Disposals for the year	(281)	-	(141)	(266)	(688)	-
<b>Balance at 30 June 2018</b>	<b>398</b>	<b>314</b>	<b>109</b>	<b>3,656</b>	<b>4,477</b>	<b>1,245</b>
<b>DEPRECIATION</b>						
Balance at 1 July 2017	319	20	71	243	653	589
Disposals for the year	(281)	-	(78)	(260)	(619)	-
Depreciation for the year	13	25	45	22	105	315
<b>Balance at 30 June 2018</b>	<b>51</b>	<b>45</b>	<b>38</b>	<b>5</b>	<b>139</b>	<b>904</b>
<b>NET BOOK VALUE</b>						
At 1 July 2017	14	40	131	24	209	652
At 30 June 2018	347	269	71	3,651	4,338	341

Note 9.12 and the balance sheet have been restated to show computer software as an intangible asset. In financial year 2017 computer software was shown as a tangible asset.

## 9.13 DEBTORS

	2018 [£'000]	2017 [£'000]
Compassion Ireland	56	55
Gift Aid reclaimable	218	563
Other debtors and grants receivable	18	13
Prepayments	551	748
	<b>843</b>	<b>1,379</b>

## 9.14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Note	2018 [£'000]	2017 [£'000]
Compassion International	2,844	2,574
Deferred income	141	195
Trade creditors	685	539
Accruals	644	707
Other taxation and social security	86	89
Pension contributions outstanding	31	27
	<b>4,431</b>	<b>4,131</b>



## 9.15 CREDITORS: Amounts falling due after more than one year

	Note	2018 [£'000]	2017 [£'000]
Deferred income	9.16	66	74

## 9.16 DEFERRED INCOME

	2018 [£'000]	2017 [£'000]
Deferred income brought forward	269	239
Deferred income released in the year	203	165
Income deferred in the year	141	195
Deferred income carried forward	207	269

Deferred income represents sponsorship recieved in advance.



## 9.17 RESTRICTED FUNDS

2018 RESTRICTED FUNDS	BALANCE AT 1 JULY 2017 [£'000]	RESTRICTED INCOME [£'000]	TRANSFERS [£'000]	RESTRICTED EXPENDITURE [£'000]	RESTRICTED 30 JUNE 2018 [£'000]
Child support	-	23,857	-	(23,855)	2
Un-sponsored Children	-	89	-	(89)	-
Gifts for children	-	1,915	-	(1,909)	6
Christmas Appeal	-	727	-	(714)	13
RESPOND Interventions	455	625	58	(753)	385
Disaster Relief	6	26	-	(15)	17
Child Survival Programme	-	437	197	(634)	-
Leadership Development	-	22	-	(22)	-
HIV and Aids Campaign	-	85	23	(108)	-
Sponsorship Plus	-	278	278	-	-
	461	28,061	-	(28,099)	423

2017 RESTRICTED FUNDS	BALANCE AT 1 JULY 2016 [£'000]	RESTRICTED INCOME [£'000]	TRANSFERS [£'000]	RESTRICTED EXPENDITURE [£'000]	BALANCE AT 30 JUNE 2017 [£'000]
Child support	-	22,182	-	(22,182)	-
Un-sponsored Children	-	1,113	-	(1,113)	-
Gifts for children	30	1,556	-	(1,586)	-
Christmas Appeal	-	700	-	(700)	-
RESPOND Interventions	35	1,092	150	(822)	455
Disaster Relief	2	202	-	(198)	6
Child Survival Programme	-	115	60	(175)	-
Leadership Development	-	74	-	(74)	-
HIV and Aids Campaign	-	91	-	(91)	-
Sponsorship Plus	-	210	(210)	-	-
Other funds	4	-	-	(4)	-
	71	27,335	-	(26,945)	461

### PURPOSE OF RESTRICTED FUNDS

#### Child Support

To relieve poverty amongst sponsored children.

#### Un-sponsored children

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

#### Gifts for children

To bless the child, their family or their project with additional gifts.

#### Christmas Appeal

To provide a present and a celebration for each child.

#### RESPOND Interventions

To meet vital needs outside of what sponsorship covers.

#### Disaster Relief

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

#### Child Survival Programme

Pre- and post-natal care for mothers and babies.

#### Leadership Development

To support and develop emerging leaders.

#### HIV and Aids Campaign

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

#### Sponsorship Plus

Additional support for beneficiaries.



## 9.18 RELATED PARTY TRANSACTIONS

During the year there were no related party transactions.

## 9.19 LEASING COMMITMENTS

At 30 June 2018 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	2018			2017		
	CARS [£'000]	OTHER [£'000]	TOTAL [£'000]	LAND AND BUILDINGS [EXPIRING 24 JUNE 2018] [£'000]	OTHER [£'000]	TOTAL [£'000]
Less than one year	36	180	216	211	551	762
Two to five years	79	17	96	-	190	190
Greater than five years	-	1	1	-	-	-
	<b>115</b>	<b>198</b>	<b>313</b>	<b>211</b>	<b>741</b>	<b>952</b>

## 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.

	2018				2017			
	FIXED ASSETS [£'000]	NET CURRENT ASSETS [£'000]	LIABILITIES FALLING DUE AFTER GREATER THAN ONE YEAR [£'000]	TOTAL 2018 [£'000]	FIXED ASSETS [£'000]	NET CURRENT ASSETS [£'000]	LIABILITIES FALLING DUE AFTER GREATER THAN ONE YEAR [£'000]	TOTAL 2017 [£'000]
Restricted Funds	-	424	-	424	-	461	-	461
Designated Funds <i>Most Needed</i>	-	811	-	811	-	146	-	146
General Funds	4,679	[1,129]	[66]	3,484	861	2,392	[74]	3,179
	<b>4,679</b>	<b>106</b>	<b>[66]</b>	<b>4,719</b>	<b>861</b>	<b>2,999</b>	<b>[74]</b>	<b>3,786</b>

## 9.21 TAXATION

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



**Compassion UK Christian Child Development • [www.compassionuk.org](http://www.compassionuk.org)**

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Registered in England No. 03719092 • Registered Charity No. 1077216

COMPASSION UK  
CHRISTIAN CHILD DEVELOPMENT  
Registered in England and Wales No. 03719092  
(Limited by guarantee and having no share capital)  
Registered Charity No. 1077216 (England and Wales)  
Registered Charity No. SC045059 (Scotland)

