

2018/19 ANNUAL REPORT

WE WON'T STOP UNTIL POVERTY STOPS

Report and Financial Statements 2018/19
Year ended 31 March 2019

THIS YEAR...

- 1.2m people reached through our response to disasters
- 2.5m people reached through community development work
- +90,000 people gave to our work this year
- £76.3m was raised to transform lives around the world

We're working in more than 50 countries to bring an end to extreme poverty...

Asia & The Middle East

Afghanistan
Bangladesh
Cambodia
Central Asian States
China
India
Indonesia
Iraq
Jordan
Laos
Lebanon
Myanmar
Nepal
Pakistan
Philippines
Thailand
Syria
Yemen

Africa

Angola
Burkina Faso
Burundi
Central African Republic CAR
Chad
Democratic Republic of Congo
DRC
Egypt
Ethiopia
Ivory Coast
Kenya
Liberia
Malawi
Mali
Mozambique
Niger
Nigeria
Rwanda
Sierra Leone
Somalia
South Africa
South Sudan

Tanzania
Uganda
Zambia
Zimbabwe

Americas

Bolivia
Brazil
Colombia
Guatemala
Haiti
Honduras
Nicaragua
Peru
USA*

Europe

UK*

*Raising awareness and mobilising the church to act and speak out on justice and poverty

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Cover: Alina washes plates outside her store in Sauraha, Chitwan, Nepal. **Photo:** Tom Price/Tearfund

A company limited by guarantee registered in England and Wales.

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06–09 We want to see disaster-affected communities supported and equipped to recover quickly and be more resilient to future disasters.

10–13 We want to see local churches and communities working sustainably and holistically to reduce poverty and build resilience.

14–17 We want to see the global church embrace its calling to address poverty and injustice.

18–21 We want to see unjust policies and practices of the powerful challenged in order to secure policies that deliver justice for poor communities.

CHAIR'S INTRODUCTION

I have great pleasure in introducing the Directors' Report and Accounts for 2018/19.

This is my first annual report as Chair of the Board of Trustee Directors, having taken over from Clive Mather in September 2018. It is a real joy to be able to look back over the year and share the highlights of our work, the things we have learnt and our aims for the year ahead.

I have come to this role from a development background. From that perspective, a key distinctive of Tearfund and, I believe, one of its core strengths is our calling not only to meet people's physical needs, but to work with the whole person. We recognise our need for the basics of water, food, security, education, health care, yes – but also our need for restored relationships with each other, with creation and with God. I have been intrigued and excited to see our work with and through the church, encouraging and inspiring God's people to understand their own calling to reach out to those around them, and to work with their neighbours to end extreme poverty.

This is of course a huge challenge, and particularly so as we deepen our engagement in what we call 'fragile' environments, often hugely affected by conflict or natural disasters. In many of these places the church may be in a minority, threatened or even barely visible. The need for environmentally sustainable economic growth is just as important in these contexts as it is in more stable countries. How we can work most effectively in these situations is something we continue to explore as we build on existing work and pilot new approaches.

I have been really encouraged to see Tearfund's work on measuring the difference we are making – the impact we are having – across our programmes. This may sound dry and technical, but it is vitally important that not only can we tell the stories of those individuals and communities we work with, but we can also demonstrate the

breadth and depth of the change we have helped bring about. We must be accountable to our supporters, and to those we work with and serve around the world. This is not easy: we work in such a range of different contexts, undertaking such a variety of work with such diverse outcomes. What should we be assessing? How should we measure, for instance, the change we are working for at the level of restored relationships? We are building our expertise in this area, learning too from others across the development sector as they rise to similar challenges.

There are also, of course, other challenges which we have had to step up to over the past year and will be facing in the year ahead. 'Safeguarding' is a term very familiar to us all, in the light of well publicised cases of abuse in our sector. Sadly, in our broken world, we will not be immune from these issues. Protection, especially for the most marginalised and vulnerable, is enshrined in our Quality Standards. Recently, we have reviewed our approaches and all staff have had mandatory additional training. We have set up a whistleblowing hotline and have appointed a new Safeguarding Adviser. As a Board, we now have a Safeguarding Committee to oversee Tearfund's work and standards in this area. And we continue to work with others, including government, to see how the sector as a whole can improve further.

As we end this year, I am very aware of how fragile our world seems. Politics are increasingly volatile. Economies are stretched, and charities such as ours are seeing their traditional sources of income under greater pressure. Our climate is changing fast, and the environment is ever more stressed. Our neighbours around the world are facing what seem to be unprecedented and growing levels of conflict and natural disaster. This year saw a devastating earthquake and tsunami in Indonesia and Cyclone Idai, one of Africa's worst-ever tropical storms. In the midst of all this, we can reflect back on 50 years and see that God has been with us, guiding, sustaining and providing, in order that we can follow Jesus where the need is greatest. We know we can trust him now as we step into the year ahead, and seek to serve our faithful God wherever he may lead us.

Anna Laszlo
Chair

CEO'S INTRODUCTION

It is a privilege for me as Tearfund's chief executive to present this Annual Report to you.

This has been another extraordinary year for Tearfund, where we have continued to step out in faith and have seen God's remarkable goodness. 2018 marked 50 years since Tearfund was first founded; it was our Jubilee year, and we have marked it by thinking and praying about the biblical concept of Jubilee.

We have run our largest-ever campaign, calling on people to pray, act and give, sharing the principles of Jubilee globally and committing ourselves as Tearfund to prayer, worship and celebration. We have seen those wonderful Jubilee principles of transformation, freedom and restoration in action – the restoration of relationships. We have honoured God's goodness to us over 50 years in our Jubilee celebrations, with a focus on our external and internal relationships.

At the same time, the last year has been demanding for us. We are undertaking a major change management programme as we move to becoming a truly global organisation, ensuring that our regional leadership is based in the countries where we work. And 2018 was a year when we saw significant events in the wider international NGO sector around safeguarding. We have significantly strengthened our approach to safeguarding, and also taken the opportunity to invest in compliance more widely. We strongly believe this is the right thing to do, but it does increase the cost of our work.

We have continued to invest in our three key corporate priorities, namely church and community transformation, environmental and economic sustainability, and fragile states. In the last two years, we have seen increasing momentum around these three areas, and a reaffirmation of their importance. The church remains at the heart of the transformation that we want to see for those who live in poverty, and conflict and climate change are the defining challenges for development for our generation.

These investments in our priorities include the recruitment of regional leaders for church and community transformation, pilot programmes for environmental and economic sustainability in 13 countries, and working to address the root causes of fragile states. One of those pilot programmes is now being funded for significant scale-up by the Department for International Development (DFID) through its UK Aid Match scheme. We have invested – and will continue to invest – in our own capacity, with a focus on leadership development and management training, alongside investment in systems, communications (internal and external) and impact measurement.

As we start this new financial year, we remain totally committed to our Christian distinctiveness in the international development sector, to our calling and our values. Our work is rooted in our Christ-centred identity, knowing that we are completely dependent on him for all things. Our *Faith in action* report, published to

commemorate our Jubilee anniversary, traces this thread running right through our work, our organisation and our relationships over the past 50 years. We recognise that we work against the background of increasing political and economic uncertainty, but we trust in God's wonderful provision. Prayer is at the heart of all we do, and will remain so. Indeed, we are putting an increasing focus on prayer, both internally and in our relationships with the global and local church.

Let me take this opportunity to thank our extraordinary supporters, individuals, families and churches who give so generously and sacrificially to our work. The response to our emergency appeals after Indonesia's earthquake and Cyclone Idai was truly humbling. We are grateful also to those trusts, foundations and institutional donors who choose to fund our work around the world.

I would like to finish with heartfelt thanks to my remarkable colleagues across the world, women and men who selflessly give themselves to serve communities and to follow Jesus where the need is greatest. I write this as I return from northern Iraq, having spent time with our teams there who work in very insecure situations to bring restoration and to meet immediate need. It's a reminder of the realities we face and of the transforming power of our mighty God. May we continue to ask for your prayers as we long to see all people freed from poverty.

Nigel Harris
CEO

TRUSTEE DIRECTORS' REPORT

The Board of Trustee Directors present their Annual Report, together with the audited, consolidated financial statements, for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

Tearfund is a Christian relief and development agency committed to eradicating poverty.

Tearfund's call over the last 50 years has remained constant: to follow our biblical mandate to see people lifted out of material and spiritual poverty.

We launched a refreshed vision, mission and strategy in 2017, setting out our purpose for this next season. Our vision is to see people freed from poverty, living transformed lives and reaching their God-given potential. Our mission is to follow Jesus where the need is greatest, responding to crises and partnering with local churches to bring restoration to people living in poverty. Our **values** remain unchanged: we seek to be Christ-centred, compassionate, courageous, truthful and servant-hearted.

In pursuit of our vision, there are four main outcomes we want to see:

Emergency needs met

Ensuring communities affected by disasters receive life-saving assistance, recover quickly and are better equipped to face and respond to future hazards.

Churches mobilised

Enabling the global church to address poverty and injustice.

Communities transformed

Working sustainably and holistically with local churches and communities to reduce poverty and build resilience.

Society changed

Changing unjust policies and practices of the powerful to deliver justice for poor communities.

To achieve these outcomes, we are in the midst of delivering a three-year programme to increase our investment and long-term impact in our three corporate priority areas:

Church and community transformation CCT: unlocking the potential of local churches and communities, to see change happening in even the most remote areas in a cost-effective, holistic and sustainable way.

In 2018/19, we made CCT central to two-thirds of our country strategies, invested in CCT facilitators at country and cluster level, developed CCT models and resources for different contexts, and made greater efforts to influence key church figures with global reach to engage with CCT.

Fragile states: committing to places of protracted crisis and conflict for the long haul, to see communities thrive as peace, hope and relationships are restored.

In 2018/19, we completed and rolled out a new operating framework for complex fragile states, designed and launched pilots of a new model for restricted contexts in three countries, and ran pilot projects on addressing root causes in other fragile states.

Environmental and economic sustainability EES: addressing the issues at the root of injustice, fragility and poverty, so that people and planet can flourish.

In 2018/19, we piloted substantive EES programmes in 13 countries, developed strategies to integrate EES fully into our work in six other countries, commissioned a theological paper on EES and campaigned and lobbied on clean energy. We also began an environmental audit of our UK office to ensure that we are 'walking the talk' and our own house is in order.

Tearfund's core competencies encompass:

- mobilising the church to help the poorest and most vulnerable people
- equipping churches to lead national and international advocacy campaigns
- food security
- livelihoods
- water, sanitation and hygiene WASH
- disaster response and building resilience

We are developing our expertise in responding to:

- sexual and gender-based violence SGBV
- conflict, through peacebuilding
- waste and energy poverty, through recycling and renewable energy projects

For more details on Tearfund's impact in our core competency areas, visit: www.tearfund.org/impactreport

We deliver all this through partners, operational programmes, alliances and Inspired Individuals (a programme to identify, support and resource social entrepreneurs with the potential to transform the lives of millions living in poverty).

Our partners are local churches, denominations and Christian national and international NGOs who agree with our statement of faith and meet our partnership criteria. Tearfund's operational programmes are undertaken in countries hit by large-scale disasters, where the availability and capacity of partners are limited. Such programmes are directly overseen and implemented by staff members according to our policies and standards of good practice.

Tearfund is a member of various alliances and networks that provide important support to its work in a number of areas.

These include: the Disasters Emergency Committee DEC, BOND, Micah Network, the Integral Alliance, European Union Christian Organisations in Relief and Development EU-CORD, the Start Network, Joint Learning Initiative JLI and the Evangelical Alliance.

We have referred to the Charity Commission's guidance on reporting on public benefit as we prepared this Annual Report.

Tearfund and its partners work with the most vulnerable and marginalised people around the world, regardless of race, religion, gender or nationality, and the Trustee Directors ensure that the activities undertaken contribute to the aims and objectives of the charity. The Trustee Directors are therefore confident that Tearfund meets the public benefit requirements.

STRATEGIC REPORT

The Trustee Directors present the Strategic Report which details our progress made against our key objectives set last year and our aims for 2019/20.

WE WANT TO SEE EMERGENCY NEEDS MET

29p in every pound goes to meeting emergency needs

We respond to the needs of vulnerable communities who are hit hard by conflict and natural disasters. Wherever possible, we work with local partners who understand the context and can provide long-term support to help communities become more resilient.

Motivated by God's love, we recognise our responsibility to care for one another and reach out to those in crisis. We believe that we're all made in God's image so a priority in our emergency response is showing respect for those we serve and upholding their dignity. We go to great lengths to listen to them, to make sure we're learning and improving.

We act fast and efficiently, providing the help people urgently need. But we go further: rebuilding people's lives and helping partners and communities prepare for future crises so their impact is less devastating.

Local people, organisations and churches suffer with the rest of the community when disaster strikes – but they're also often the first responders. So we are committed to reinforcing the work of national and local actors and we care passionately about strengthening partners' capacity to respond, particularly in small- to medium-scale disasters. We only respond directly ourselves when local capacity is overwhelmed.

We and our partners work tirelessly to reach those in greatest need, particularly those not served by others. This means finding innovative ways to reach vulnerable populations in some of the most fragile states and advocating for the needs of those in hidden crises.

WHAT MAKES US DIFFERENT

Our long-standing relationship with churches and Christian networks extends our reach into even the most vulnerable communities and means we can continue our support when the immediate crisis has passed. Our links with faith leaders also give us unique access to challenge social norms and harmful attitudes. We don't just want to respond to needs: we are committed to addressing root causes of issues such as conflict and climate change.

THIS YEAR

1.2m people reached through our response to disasters

+184,000 people reached in the food and security crisis in East Africa

+59,000 people supported on the Rohingya displacement camps

+10,500 individuals supported so far since the Indonesia earthquake and tsunami

20+ countries where churches and christian organisations used our guidelines on Disasters and the local church

OUR YEAR

These are the key objectives we set ourselves last year, with examples of how we met them.

1. Build on the success of our publication, *Disasters and the local church*, (which has been widely read), study its impact and use, and identify ways to improve it further

In 2018, we reviewed our training resource, *Disasters and the local church*, which equips local congregations so they can prepare for and respond to humanitarian emergencies. This review gave us a deeper understanding of both how our partners and churches are using the materials and how they're putting their learning into practice. It also provided us with key insights on how we can improve the resource and its usage. This includes providing greater clarity on how churches can respond to conflict-driven crises as well as natural disasters. The review also prompted us to consider the unique role of the church in disaster management, in areas such as peacebuilding and psychosocial support. We will continue to build on this learning and explore how to integrate this resource into our church and community transformation CCT processes. We're also in the process of conducting a deeper review into the resource's impact in Central America. We plan to use this research to help us explore the unique role the church can play in helping to create disaster-resilient communities, and what we can do to strengthen the church for this purpose.

2. Use a newly developed capacity-strengthening programme to help our local partners respond even more effectively to disasters

This year, we launched our new disaster management capacity-strengthening programme with four partners in Nigeria and Mali. The programme provides in-depth investment and support for local partners over two years, to build their capacity to deliver high-quality humanitarian response. At the start of the programme, partners undergo a peer-reviewed self-assessment process during which they reflect on their capacity in areas such as governance and leadership, preparedness and response, and they review their ability to influence. This assessment forms the basis of a capacity-strengthening plan, which is developed according to needs and priorities which the partners identify themselves. We then accompany our partners as they implement their plan, and we review their progress with them. As we work to roll out this approach in other countries and with other partners, we're identifying and pursuing new funding opportunities for this important programme which is investing in more effective, rapid and locally owned responses to future crises. Our approach builds on learning from other aid agencies and from the *Shifting the Power* programme, of which Tearfund was a part. This programme, funded by DFID, aimed to strengthen the capacity and influence of local and national actors in emergency response.

3. Develop new training modules for Tearfund staff and professionals currently enlisted on our Emergency Response Register, to ensure best practice in humanitarian programming

Over the past year we've continued to train and equip members of our Emergency Response Register ERR to make sure they're prepared and equipped to provide the best support during humanitarian crises. This included our response to the earthquake and tsunami in Indonesia where we deployed an initial response team. They assessed affected areas, coordinated with others to engage new response partners, initiated the set-up of an operational base and took a lead in developing safety and security plans. We have developed new training modules or updated existing ones to provide ERR members with bespoke training on a range of topics including: mobile data collection, cash-based programming (cash distributions to those caught up in an emergency), field-level first aid, logistics and procurement, advanced security training and a three-day simulation exercise with other peer agencies. In the year ahead we will continue to build the capacity of those on our ERR to ensure that we are providing high-quality assistance while protecting our teams. This includes revising how we provide training to Tearfund's staff across the regions. We're also in the process of strengthening our online training courses to ensure that all Tearfund staff members can access training and support wherever they are in the world.

HELP FOR REMOTE COMMUNITIES

Four years ago, Shakeel* was swimming in a pond in the Yemeni Highlands when tiny parasitic worms known as schistosomes burrowed into his skin and he contracted bilharzia. The infection damaged his liver and his spinal cord, causing paralysis down one side of his body. The teenager was left in a wheelchair, unable to go to school.

His parents were desperate to get treatment for him – but the family is extremely poor. Shakeel's father is unemployed: his mother takes care of the children. They could not afford to make the long journey to the city.

Shakeel's personal struggle was unfolding against the backdrop of a national emergency as violence and political conflict conspired to plunge Yemen into a humanitarian crisis. By early 2019, 22.2 million people in Yemen were in urgent need of humanitarian aid as famine loomed.

Shakeel refused to give up and constantly asked God for help.

Help came in the form of monthly food parcels delivered directly to remote communities, including Shakeel's, in a programme supported by Tearfund as a result of our Yemen appeal in 2016/17. Its focus was 1,200 vulnerable families who had not previously received any support. Families were also given hygiene training to protect them from malnutrition and diseases, and shown how to protect themselves from landmines. Receiving food baskets for five months allowed Shakeel's parents to save up to buy medication for their son. Now Shakeel is able to walk and is back in school, where he often comes top of the class.

* Name has been changed to protect the beneficiary's identity

Watch more stories about our work at www.tearfund.org/annualreport

This year £25.6m spent meeting emergency needs

In 2018/19, we spent a total of £25.6m (2017/18 £24.0m) meeting emergency needs and supporting people such as Shakeel.

WHAT WE LEARNT

In 2018, we conducted peacebuilding strategy research that fed into our work tackling root causes of fragility, and provided insights for how we can pursue peacebuilding amid divisions in the global church. We learnt that Tearfund has the potential to engage with different Christian traditions, valuing their uniqueness. So we'll continue to build relationships with and across different denominations, helping to create a safe space for different groups to work together.

WE KNOW WE CAN GO FURTHER

In Christian-minority and multi-faith contexts where we feel called and able to serve, we are consciously trying to walk the narrow path of being distinctly Christian and yet being acceptable to the local context. We do not always get that balance right.

In some countries we have strong, effective systems in place to gather feedback from those we serve – but in other countries our feedback mechanisms need further improvement.

GOING FORWARD IN 2019/20, WE AIM TO:

1. Increase humanitarian capacity at the local level by scaling up our programme to support partners in preparing for and responding effectively to disasters
2. Continue to respond to new and ongoing humanitarian crises of different scales, especially in fragile contexts, and support our partners to do the same
3. Carry out research on the role that the church can play in protracted crises and identify practical and pragmatic ways to implement its recommendations

WE WANT TO SEE COMMUNITIES TRANSFORMED

30p in every pound goes to transforming communities

We work locally because we want the impact of our work to be sustained. We have found that the best way to do this is to work through the local church at the very heart of the community, wherever possible. Together, we address the root causes of poverty and people's vulnerability to natural or man-made shocks, building a brighter future for the whole community.

We know that Jesus is there with people in the toughest of situations. We are committed to following him into those places where the need is greatest. Increasingly, the poorest and most vulnerable people live in fragile states – places that are volatile, and where the state has weak capacity or legitimacy to meet the needs of its people. Increasingly, these are areas beset by violent conflict. Wherever possible, we work through local churches to address issues that keep people trapped in poverty and vulnerability and to bring lasting change that means 'life in all its fullness' for everyone. For churches, this means challenging, empowering and equipping them to work with communities to help them meet their needs in ways that have a positive impact on the environment, become less vulnerable to disasters and lay foundations of peace and reconciliation to help them thrive.

WHAT MAKES US DIFFERENT

We are committed to real and lasting transformation. So, though our relationship with a community might start by helping them respond to a crisis or focus on a specific development challenge, our primary goal is long-term change that allows people to reach their full potential. Whenever we can, we work through the local church and Christian leaders, those who can influence real change in society, even among others who do not share their faith.

THIS YEAR:

2.5m people reached through community development

13 countries across Africa, Asia and Latin America started working on EES focused projects benefiting tens of thousands of people

95 peacebuilders trained in conflict transformation, and in nine country programmes we are addressing root causes of conflict

46 country programmes partnered with local churches to bring community transformation

OUR YEAR

These are the key objectives we set ourselves last year, with examples of how we met them.

1. Continue to build and scale up active engagement of CCT with more than 12,000 local churches

We've continued to strengthen and scale up our CCT work across Africa, Asia and Latin America and the Caribbean this year and have reached more than 15,500 local churches. In each geographical region (cluster), we have put in place dynamic leaders who are driving forward the process of engaging and envisioning churches and helping them implement CCT effectively. For example, our colleague in southern and East Africa has met with 100 leaders from different Christian denominations in Tanzania to inspire them to engage with CCT. We also held a Global Forum on Church and Poverty in Rwanda, which saw 60 established and emerging leaders from around the world challenge each other on how the biblical concept of Jubilee should shape the church's response to poverty.

We have expanded CCT into new contexts, including refugee camps and large metropolitan cities. In Zimbabwe, Haiti and Uganda, building resilience is now a focus for the CCT networks and churches we work with. As a direct result, at least 25 communities have assessed their vulnerability and capacity, and taken action to mitigate the risks they face. So, in Zimbabwe, for example, communities where livelihoods had been destroyed by El Niño adapted their farming to the changing climate and improved food security by embracing new practices such as conservation farming and cultivating short-season varieties. In Buhera, church members who had started to grow more diverse crops were able to donate tomatoes and vegetables for local school children. We are now reviewing how to strengthen communities' links to local markets.

2. Demonstrate how our work is having an impact in tackling the root causes of fragility

Over the last year we've started or scaled up initiatives to address the root causes of conflict.

We have worked with 95 Christian leaders and change-makers from across Africa, training them in conflict transformation skills and providing them with tools to foster forgiveness and reconciliation. In Zimbabwe, we have brought together church leaders to establish relationships, create unity and share peacebuilding skills. These leaders have gone on to speak out against injustice and mobilise their churches to promote peace during periods of unrest.

In Iraq, we've supported 74 people from women's organisations and schools to carry out peacebuilding initiatives and address the root causes of conflict in their communities. And in Myanmar, we've worked with church leaders and young people, taking them through their own journeys of healing and reconciliation so they can become peacebuilders in their own contexts.

Our *Transforming Masculinities* programme continues to expand internationally and has now reached more than 3,000 men and women and mobilised 250 church leaders and 150 gender champions local church members trained to facilitate gender equality and positive masculinities). Our approach uses biblical reflections to address harmful social norms and attitudes that fuel gender inequality and sexual and gender-based violence SGBV. We have also continued to support networks of SGBV survivors. Through these approaches, we are seeing reduced incidence of SGBV, more people believing in gender equality and more SGBV survivors turning to faith leaders and support groups for help.

3. Have pilot projects in at least ten countries which model effective ways to support sustainable livelihoods without harming the environment

We started work with existing partners in 13 countries on new pilot EES projects. Initiatives in Pakistan, Haiti, Nepal, DRC and Nigeria are testing how to link waste management with energy generation, resilience and job creation. The work of recycling hubs in slums in Pakistan has attracted significant interest, and a UK fundraising appeal for their work won match funding through DFID's UK Aid Match. In Tanzania and Zambia, partners are introducing solar energy through their existing CCT programme, and providing households with light in the evening so children can study for longer and adults can spend longer on income-generating activities.

The Ethiopia project is using self-help groups to create environmentally sustainable jobs, restore and protect the local environment and tackle inequality. Meanwhile, in Chad, we are scaling up a programme to promote climate-smart agriculture and strengthening communities' access to markets. We are also about to introduce solar-powered irrigation to farmers.

In Malawi, India and Rwanda, our partners are helping to make livelihoods projects responding to climate change more focused on EES goals: for example, improving people's access to markets so they get a better price for their crops, and helping them add value to their produce (eg drying and preserving it). In Nepal, our partner is reviving their local economy through restoration of ecological services, water and agriculture systems for resilient development.

CHURCHES AS CHANGE-MAKERS

Not long ago, people in Jasi village felt they could do nothing to help Emele. She is disabled and was living in a dilapidated rented house. The community in Malawi's Chikwawa district is hard hit by drought and floods, and depended heavily on the government and NGOs when food supplies ran out. So people assumed that it fell to 'outside agencies' to help vulnerable people like Emele.

'We never thought it was our responsibility to support community members who needed care,' Pastor Willy Fombe explains.

Tearfund partner Eagles began working with 16 local churches and village chiefs in 2016 and helped them see that they had the resources they needed to make change happen for themselves.

Through CCT, people learnt vital skills to increase food security through planting early-maturing varieties of local grain. They were also trained in environmental protection and taught about hygiene and how to build toilets. Self-help groups involved 150 people in saving and loans schemes to help them become more economically secure.

Pastor Willy and his church also realised they could help Emele. They asked the local chief for a piece of land and collected money within the church to build her a home. 'Now I use the money which my brother used for rent to buy food and other items,' says Emele. 'God is good!'

Watch more stories about our work at www.tearfund.org/annualreport

This year £26.3m spent on transforming communities

In 2018/19, we spent a total of £26.3m (2017/18 £23.4m) on transforming communities like Emele's.

WHAT WE LEARNT

Our community-based work on CCT, self-help groups and resilience dovetails naturally with our focus on EES. Self-help groups are more effective in the context of CCT because people have already moved from dependence to self-reliance. We learnt it is difficult to demonstrate impact in addressing fragility at a national level in just one year, but we are encouraged to see people reaching out and connecting with their communities.

WE KNOW WE CAN GO FURTHER

Fragile states present us with additional challenges of considerable complexity, including government restrictions and disunity between churches, which have prevented us from completing some of the work this year. We know we need to find ways to adapt more quickly to challenging and fast-changing environments, through a more flexible model integrating partner and operational responses.

GOING FORWARD IN 2019/20, WE AIM TO:

1. Mobilise and support partners, communities and individuals to work together across social divides, build the peace and address the root causes of conflict in at least 20 countries
2. Support integrated EES programmes in at least 14 countries, with a focus on waste management, renewable energy, livelihoods and resilience
3. Continue to build our evidence of impact, and to adapt and improve our practices and the support we give to all those working towards whole-life transformative change

WE WANT TO SEE CHURCHES MOBILISED

13p in every pound goes to mobilising the local church

We believe the church is uniquely placed to bring deep and lasting transformation through integral mission – a holistic strategy which meets people’s social, environmental, spiritual and emotional needs. We’re privileged to play a part in equipping and mobilising the global church.

We’re excited when we see churches start to realise their God-given potential to address poverty and injustice – and become powerful agents of change in their local community and beyond. So we work with local churches to help them identify their skills and abilities and start to release that potential. This is part of an approach we call church and community transformation CCT. The church’s reach, social standing and influence make it the perfect partner in many of the remote and fragile contexts we prioritise.

We’re passionate about inspiring more Christians to grasp this vision and seeing the church participate in God’s mission to restore the whole of creation. So we work with church denominations, theological colleges and through a variety of Christian networks to share this exciting vision.

We also contribute to global discussions on poverty and injustice, keen to learn so that we can develop our theology and that of the church. Our learning resources on development continue to attract a wide and growing readership, as does our research and analysis on theological and development issues.

We are passionate about the next generation understanding integral mission and developing it further, and we know that when young people witness our work overseas for themselves, they become lifelong ambassadors for change. So we invest a great deal of time and energy in young people globally, through our international volunteering opportunities and lifestyle campaign work.

WHAT MAKES US DIFFERENT

We listen carefully to those who are already putting their faith into action all over the world and we work alongside them to gain a deeper understanding of what it means to serve the poor from a biblical perspective. We are committed to reflecting on the theology that underpins every aspect of our work, to ensure that we remain focused on Christ. We are always keen to share our learning with others: partners, churches, individuals and volunteers, as well as coalitions and the wider sector.

THIS YEAR:

15,700 local churches mobilized

1,200+ people using or intending to use our Jubilee Bible studies, in English, French and Spanish

900 people attended our gatherings worldwide to engage people in reducing poverty

137 UK volunteers trained and working alongside 15 partners in 12 countries, providing a total of 32,040 volunteer hours

OUR YEAR

These are the key objectives we set ourselves last year, with examples of how we met them.

1. Develop a strong, positive biblical narrative to help churches engage with our corporate priorities CCT, EES, and fragile states), including through theological education worldwide such as the Justice Conference

We have carried out theological research, reflection and discussion in Africa and in Latin America and the Caribbean which will be worked into our biblical narrative on EES. The ideas covered include: restoring the whole of creation, land access and ownership, sustainability and the legacies of colonialism.

We continue to support theological education worldwide, to see church leaders grow in their understanding of integral mission and gain the practical skills they need for CCT. In November 2018, we co-presented a paper at an international conference ICETE proposing an African framework for integrating integral mission into theological education, and 15 institutions in Africa have now adopted it. We also hosted a consultation in Asia, exploring how to embed integral mission in both institutional and grassroots education. We collaborated with the Warehouse in South Africa to develop *Seeking Peace Together*, a contextual theological resource for communities to use to gain a biblical perspective on peacebuilding in their specific context.

In November 2018, we also hosted the first-ever Justice Conference UK, in partnership with 12 other organisations, for almost 500 delegates. Its aim was to inspire and equip people to follow God's heart for justice in practical ways, through speeches and workshops on topics such as worship and justice, ethical living and community life. Almost half the speakers were women and more than half were from black, Asian and minority ethnic backgrounds.

2. Provide new digital resources to influence and equip development workers and church leaders involved in CCT

We have started developing a series of e-learning courses that will give development workers and church leaders a better understanding of CCT and help them gain the skills they need to mobilise their churches and communities. *Learning together – an introduction to church and community mobilisation*¹ has been completed and *Introduction to church and community transformation* and *Light Wheel – an introduction to our tool for measuring holistic change* are underway. We are still in the early stages of this work, but the response from our initial field testing has been very positive. The 'Church' section of Tearfund Learn is also being refreshed with updated information and a more intuitive design to help people find the resources they need. About 20,000 people visited these webpages last year. While digital connectivity is improving quickly across many parts of the globe through smartphones, we are still aware that many people are not able to get online, or cannot afford to. We have therefore invested in developing an index-building tool which enables us to compile digital content offline in an easy-to-access format suitable for USB flash drives and SD cards.

3. Explore opportunities to increase young people's engagement in CCT

For programmes to be sustainable they need buy-in from the whole community – but all too often young people are excluded from decision-making. Our team in Bangladesh are currently working with young people and conducting research to understand the barriers and challenges that might prevent them from engaging with CCT. Generally, young people are the most under-represented group in relief and development initiatives in countries where we work. Where they are included, it is almost never as initiators or leaders.

Peer-to-peer volunteering has proven to be a great way to engage hard-to-reach groups, including young people. Volunteers from the UK on the International Citizen Service ICS programme played a key role in developing the confidence of local volunteers in countries including Bangladesh. Volunteer placements not only developed young people's life skills but also transformed their outlook. Being involved in a project helped them understand how their actions could bring change and sparked in them a passion for community development and justice. Volunteers who have seen Tearfund's work for themselves are also likely to influence their peers through obvious changes in their outlook, choices and actions as a result of their travels.

We are continuing to explore how we can increase the engagement of young people generally in our CCT work through this research in Bangladesh, and plan to use its findings to develop the CCT model.

HELPING CHURCHES PROTECT THE VULNERABLE

Our Nepal team and local partners believe that theological reflection is key to helping local churches engage with integral mission. We see this as an important catalyst to help churches address difficult issues such as human trafficking and SGBV, which pose a significant threat in Nepal.

To this end, we hosted our first Thinking Theology conference in Nepal in November 2016. Since then we have held three further gatherings, two of which were this year. They were attended by more than 400 delegates, in regions where trafficking is a serious problem.

Before the meetings, people had little knowledge of these social issues or did not see it as their role to respond: pastors focused on teaching and discipleship rather than community development. The gatherings had a dramatic impact: pastors realised that they were uniquely placed to respond and had a biblical mandate to do so. The most recent gathering in Makwanpur in 2018 was described as 'history-changing'.

Already, churches and communities are coming together to pray and raise people's awareness of trafficking risks. 'The conference made me more aware about the tools and techniques used by traffickers,' one pastor said, adding that one girl he had advised about the risks abandoned her plans to go abroad.

Watch more stories about our work at www.tearfund.org/annualreport

This year £12.5m spent on mobilising churches

In 2018/19, we spent a total of £12.5m (2017/18 £7.7m) on mobilising churches and inspiring people with initiatives such as Thinking Theology.

WHAT WE LEARNT

Bringing together young people from the UK and Haiti through a volunteer placement helped create a culture where they could inspire one another and learn together. This gave them a deeper theological perspective on poverty and helped the volunteers see they could be agents of change through integral mission. 'Tearfund has taught me I am part of something bigger than myself,' said Mel, a Haitian volunteer.

WE KNOW WE CAN GO FURTHER

Our evaluation of the Thinking Theology gatherings shows that follow-up activities have not always been well integrated into our wider work. Where there has been integration, the impact has been stronger. So we are going to be more intentional about follow-up. For example, after a Thinking Theology consultation in Nepal in February 2019, we're developing follow-up plans for Asia as a whole, to be coordinated by Tearfund staff.

GOING FORWARD IN 2019/20, WE AIM TO:

1. Expand our CCT approaches with local churches by strengthening our relationships and influence with key denominations and Christian networks
2. Continue to support an expanding global network of local facilitators who are at the frontline of encouraging churches and communities to be agents of change
3. Equip churches and Christians to take a whole-life response to poverty and climate injustice, by providing theological materials and resources and by mobilising volunteers

WE WANT TO SEE SOCIETY CHANGED

8p in every pound goes to helping change society

We call on decision-makers to ensure their policies serve vulnerable communities, including those that are hardest to reach, by reducing poverty and injustice. We partner with local churches to amplify voices at the grassroots, so governments and others are held to account.

We want to make sure that the poorest communities have a say on issues affecting them and can access government resources.

So, working through the local church, we equip and empower people on the margins to speak up and ensure their needs and opinions are brought to the table. We use advocacy and influence, with the church and with government, to highlight injustice and poverty and we call for decisive action to change systems and policies in favour of the poorest.

Our advocacy serves our three corporate priorities: CCT, fragile states and EES. Our global campaign on climate change, *Renew Our World*, for example, has now won support in many different nations, and our related work on the circular economy continues to gain traction among policy-makers. We recognise the power of networking and building advocacy movements to galvanise support and extend our reach.

The global church has immense potential to influence and press for change, so we continue to make supporting churches a key focus of our work, at local and national levels, so they can hold their governments to account. We also speak out ourselves, through national, regional and global advocacy, and we mobilise staff, supporters and others to pray and campaign.

WHAT MAKES US DIFFERENT

We work through the church at local, national and international levels to ensure that the needs and opinions of poor communities are heard. These local voices are amplified through our networks and advocacy movements, so that they reach not just local government, but also national and international decision-makers.

THIS YEAR:

37 policies changed

61,000 campaign actions taken in our Jubilee year

13,000 people took part in our training and mobilising events in several countries

\$400m more committed to clean, off-grid energy by the World Bank and \$1 billion for battery storage for renewable energy

OUR YEAR

These are the key objectives we set ourselves last year, with examples of how we met them.

1. Develop one or more pilot programmes to scale up CCT advocacy in different contexts

We've been working in countries around the world to integrate advocacy training into our CCT programmes, to equip communities so they can lobby their governments for the services they need. Following in-depth research we conducted with the Institute of Development Studies, we found that the training was having significant impact, enabling communities to build better relationships with government officials and see improved service delivery.

To build on these successes and scale up the work, we did further exploratory research. CCT advocacy usually takes place in rural, mainly Christian contexts and focuses on local decision-makers, so we wanted to consider how to expand its impact further afield. We explored three ideas: how CCT advocacy could be adapted for an urban setting; how CCT advocacy might be carried out in a Christian-minority context and whether local-level advocacy initiatives could be linked with national-level policy change.

This year, we have been working with researchers to develop a pilot to connect local- and national-level advocacy through church structures in two countries.¹ We're using an approach which enables us to learn as we go and adapt the projects continually so they're as effective as possible.

2. Inspire Christians to take 50,000 actions with the *Renew Our World* campaign in our Jubilee year

We exceeded our target and have inspired our supporters to take 61,000 campaign actions through the *Renew Our World* campaign this year, including signing petitions, making pledges and lobbying local government. These campaigners include 25,000 from the UK, 10,000 from Brazil, 4,000 from Australia, 3,000 from Nigeria and 2,000 from the USA.

Our successes this year began with Peru passing South America's first climate change law, and included seeing people from 60 countries signing an online petition aimed at government negotiators at the UN climate talks in Katowice, Poland. We also organised various events around the COP24 talks. These included: launching our worship song in the Philippines in September at the Micah Network international gathering, a march launching the *Renew Our World* campaign in Mozambique, a keynote section of The Justice Conference in Australia in November, and a worship event with the Polish branch of the International Federation of Evangelical Students IFES at the Poland climate talks themselves in December. In Nigeria, our campaign inspired a tree-planting programme in the Middle Belt, and students signed a *Light Up the Darkness* petition to the World Bank, persuading Vice President Yemi Osinbajo to join them.

3. Lobby for policy change: persuade the World Bank to switch investment from fossil fuels to decentralised clean energy; urge the UK to go further in funding waste management for poor communities; and lobby the Scottish government to aim for zero greenhouse gas emissions by 2050

We lobbied the World Bank and mobilised campaigners, working with other NGOs in the Big Shift coalition. So we welcomed the World Bank announcement that it was committing \$1 billion to battery storage for renewable energy and tripling its investment in decentralised off-grid clean energy to \$600 million in 2018. This is a good start, although this investment represents a small part of its total energy budget. Furthermore, the World Bank's private sector arm announced that it would no longer invest in coal, the most polluting fossil fuel. DFID committed an extra £100 million for clean energy such as solar power to create jobs in Africa.

The UK announced at the Commonwealth Heads of Government Meeting in April that it would fund action on plastic pollution, including using the aid budget to fund waste management in poor communities. In February

2019, we launched a UK Aid Match appeal for £3 million of match funding from DFID for a waste recycling project in slum areas of Karachi, Pakistan. Soon afterwards, the UK prime minister endorsed our #PlasticPledge campaign to reduce single-use plastics and the UK Aid Match appeal in Parliament, commending MPs for their involvement. These were both major campaign successes.

We've campaigned and lobbied MSPs and the Scottish government, as part of the Stop Climate Chaos Scotland coalition. It's our firm hope that the government will agree a net zero target in Scotland's Climate Change Act early in 2019–20.

1 Our progress on this objective was slower than we'd hoped, but we anticipate that pilots will begin within the next year.

PUSHING CLIMATE CHANGE UP THE POLITICAL AGENDA

Vida Abundante (Abundant Life) is a Peruvian organisation led by our Inspired Individual Pilar Vicentelo, which helps communities adapt to climate change through education and agroecology. Vida Abundante is a member of the Peru branch of *Renew Our World*, which was established in 2017.

Renew Our World Peru nominated Vida Abundante to represent it in Movimiento Ciudadano frente al Cambio Climático MOCICC, a civil society coalition of more than 50 organisations advocating for government action on climate change. Vida Abundante collaborated with MOCICC to raise awareness of climate change adaptation methods in schools and colleges and to create bio-orchards, bio-farms and bio-digesters, work that won a national environmental award. Vida Abundante also used media interviews to raise the profile of climate issues, and arranged public forums for dialogue between politicians and the public.

Vida Abundante and MOCICC's work added to the growing pressure on the Peruvian government to act, and in 2018 it passed a climate change law, the first of its kind in Latin America. The law created a framework for climate change adaptation and mitigation, to help Peru meet its international climate targets. *Renew Our World* Peru is now working with Christian and civil society groups to call for the law to be implemented in six cities.

watch more stories about our work at www.tearfund.org/annualreport

This year £7.8m spent on changing society

In 2018/19, we spent a total of £7.8m (2017/18 £5.7m) changing society and influencing policy change such as the work on climate change in Peru.

WHAT WE LEARNT

Linking our work on the circular economy to growing media and public interest in the issue of marine plastics proved powerful, including in our government advocacy around waste management in developing countries. We learnt an invaluable lesson about using 'news hooks' and popular momentum to advance our advocacy, and are building on that foundation by asking MPs and supporters to cut down on single-use plastics, alongside our UK Aid Match appeal.

WE KNOW WE CAN GO FURTHER

We have used the news agenda around stories such as floods and heatwaves to speak up about the wider urgency of climate change, but we could have done more in our disaster appeals to underline its impact. We recognise that we need to be ready and prepared for moments that create opportunity for these wake-up calls.

Going forward in 2019/20, we aim to:

1. Continue to campaign on climate change and waste management and raise awareness of the impact that climate change is having on people in poor communities
2. Step up our global advocacy on climate justice through *Renew Our World*, and better equip those organising national campaigns
3. Win further policy changes at local, national and international level around waste management, off-grid renewables, climate change and restorative economy, by collaborating with networks and peers

OUR SUPPORTERS GIVE GENEROUSLY

13p in every pound is invested in fundraising

Our supporters are at the very heart of who we are and what we do. Honouring and building this relationship remains our priority. We care passionately about linking people in the UK to those whose lives they are changing in Jesus' name, so they see the impact of their generosity and prayers.

We are so thankful for the commitment and generosity of Tearfund's wonderful supporters. They give of their time to organise fundraising events and volunteer at events such as *Big Church Day Out*. They give financially, often sacrificially, and they pray faithfully. This year, we invited our supporters to send us their own prayer requests, and we were so delighted by the huge response: it was, and is, a privilege to pray with and for our supporters.

We are often surprised, and invariably encouraged, by the contact that we have with supporters of all ages, as they share how our work has challenged and moved them to act. We value this strong relationship hugely and want to honour our supporters by listening, learning and communicating effectively. It is important they know how vital they are to our work and they see the difference their gifts and prayers make.

We want our supporters to understand and engage with our work, and share in our mission to see people living life in all its fullness. To that end, we report back regularly on how our income is spent and we take every opportunity to thank people for their generosity. We work hard to ensure we're accountable and transparent: we review our spending and costs regularly and monitor our impact, to make sure we make best use of our resources and honour our call to be good stewards.

WHAT MAKES US DIFFERENT

We want to be known as people who make space for God and help others to see his love in action through our work. We want the Christian values of integrity, gratitude and accountability to define our relationship with supporters and every aspect of our fundraising and spending. We take our responsibility to be good stewards of supporters' gifts very seriously.

THANK YOU!

THIS YEAR, WE'RE CELEBRATING:

1m+ prayers raised for people living in extreme poverty

£132,000 raised through 880 fundraisers signed up to our Mean Bean Challenge

500+ churches and 22,000+ people took part in our very first Big Quiz Night

£1.6m raised through Toilet Twinning to support our water and sanitation work worldwide

OUR YEAR

These are the key objectives we set ourselves last year, with examples of how we met them.

1. Commemorate our 50th anniversary, inspiring and enthusing the UK church to recommit to supporting our work in prayer, action and giving

To mark Tearfund's 50th anniversary and Jubilee year, we called our supporters to join us in prayer, campaigning and giving through our *We won't stop until poverty stops* campaign. We held events throughout the year to celebrate with and thank our supporters, including celebration events in Coventry, Merseyside, Bristol and London, where we held *Prom Praise* at the Royal Albert Hall. We were even featured on BBC One's *Songs of Praise*. This year, we documented the number of times people told us they had prayed for people living in extreme poverty – and it came to more than a million. Supporters worldwide took more than 61,000 campaign actions, speaking up for change and lobbying for more renewable energy and less plastic waste. And more than 85,000 people supported us financially, either through regular giving or a one-off gift.

We also commissioned a significant piece of academic research by Dr Dena Freeman, an academic expert in religion and development, on which our *Faith in Action* report was based. It considered how our faith has been

outworked over 50 years, drew together important learning and insights, and celebrated successes such as our enduring partnership with the UK church.

2. Expand our community fundraising through innovative new products, and by developing and nurturing relationships with community fundraisers

We're incredibly thankful for those who raise money for us in so many inventive ways. From craft sales to sponsored walks, coffee mornings to live concerts, there is no end to people's generosity and creativity. Each year, thousands of individuals of all ages from across the UK devote their time and energy in support of our work.

By offering our fundraisers resources, tips and encouragement in the lead-up to their events, we hope to build strong and lasting relationships with them. We also keep them updated throughout the year with news and stories. In our 50th anniversary year, we shared an inspiring fundraising story every week on social media, to celebrate and give thanks for our supporters.

To expand our community fundraising work, we developed a new initiative this year called the *Big Quiz Night*. More than 500 churches and 22,000 individuals took part across the UK, raising an astonishing £170,000. The response from our supporters was so positive that planning for *Big Quiz Night*, on Saturday 16 November 2019, has already begun.

3. Develop and deepen our relationships with churches, charitable trusts and foundations in the USA, parts of Asia and Europe

The most significant development this year with our work in the United States has been helping with the establishment of Tearfund USA and with its charitable registration under US law. This is the culmination of years of prayer, planning and dedication to a vision that Tearfund would have an opportunity to bring a fresh voice to the USA. There is now a team based in the States who are not just focusing on raising funds for Tearfund's global work, but also looking to influence on justice issues, including our changing climate. We have had an enthusiastic welcome in many quarters and many invitations to engage and collaborate more closely. We continue to see our income from the USA increase.

Internationally, for a second year, Tearfund has been involved in The Justice Conference Asia, which has helped to build our profile among international churches. This has led to a number of churches committing to take their leaders to visit an overseas programme in the coming year. In Europe we have been engaging with grant-making foundations and working with our friends in the Integral Alliance to explore new funding opportunities.

Our fundraising practices

We're determined to follow the example of Jesus and treat all people with care and respect. We remain wholly committed to safeguarding and protecting our beneficiaries across the world, as well as all Tearfund staff, volunteers, representatives and partners.

As part of this commitment to maintaining high standards, we are registered with the Fundraising Regulator and have no failures to report against its practices or standards this year. We are also a member of the Institute of Fundraising and the Direct Marketing Association, where we seek to share, learn and improve best practice across the sector.

We carefully monitor our fundraising activity and how we treat any information we hold on our supporters. We are especially aware of responding appropriately to any supporters who may be vulnerable, and we provide clear training for all supporter-facing staff on how to treat people responsibly and in line with our values.

We record any complaints made and report them to our Executive team and the Board's Global Fundraising Committee every quarter. In 2018/19, we received 1,889 complaints about our fundraising, which represented 0.92% of all enquiries we received that year. These were managed and resolved internally. We consider a complaint as any instance where an expectation has not been met, however unreasonable, or where something reflects poorly on Tearfund, whether we're responsible for it or not. No complaints were made to the Fundraising Regulator.

Most of our fundraising is carried out by centrally employed staff, and we do not employ external agencies to do this work on our behalf. The exception to this is Toilet Twinning where we contract Kingsley Management Consulting to run the scheme. We have a close working relationship and hold regular governance meetings and consistently review plans, budget, forecasting and strategy.

COMMUNITY FUNDRAISERS MARK 50 YEARS

This year, we saw thousands of supporters across the country engaged in community fundraising to celebrate our 50th anniversary and raise awareness of our work. Their hard work, energy and enthusiasm are a wonderful encouragement to us, and an inspiration to others who may not have come across our work before. This year, they raised more than £664,000 towards our work, which is an incredible increase from £482,000 last year.

Our *Big Quiz Night* was a huge success, as was another initiative we launched this year called *Run to Beat Poverty*. More than 80 supporters took on running challenges, mostly half-marathons, over the summer and autumn, so they had to train through the UK's joint-hottest summer on record. Between them, they raised an amazing £36,750.

Some supporters went even further to celebrate our 50th anniversary. One group ran, cycled and kayaked 50 miles along the Thames, while another supporter rode a horse for 50 miles. Another committed to doing 50,000 press-ups over the course of the year. And one couple joined their own 50th wedding anniversary celebrations to ours, asking friends and family to donate to Tearfund instead of giving gifts. Our community fundraisers' passion for our work alone inspires us to keep going in our mission to end extreme poverty.

watch more stories about our work at www.tearfund.org/annualreport

WHAT WE LEARNT

Our focus on prayer in our Jubilee year reminded us that prayer unites us and that, as much as anything else, our mission to end extreme poverty is a spiritual battle. Prayer can change even the most hopeless situations. We will continue to push deeper in prayer for our work – because prayer is the lifeblood of everything we do.

WE KNOW WE CAN GO FURTHER

Each month we receive a number of complaints from people receiving too many mailings or communications they didn't expect. We want to get the right balance: we don't want to overwhelm people but equally we want to be accountable and show supporters the impact their generosity is having. We're listening to supporters to understand what they want to hear about and investing more time in planning and scheduling our communications.

GOING FORWARD IN 2019/20, WE AIM TO:

1. Launch our new regular giving product, World of Difference, to encourage more people across the UK to support us with a regular donation
2. Develop a new UK website, as part of a wider digital strategy to make it easier for all our audiences to find what they are looking for and have a positive experience of Tearfund online
3. Promote our *Less Is More* campaign which will feature our CCT work in Nigeria with networks and peers

WE COULDN'T DO OUR WORK WITHOUT YOU

PANEL DEBATE TO BEAT POVERTY

Tearfund campaigner Alison Dennis organised a panel debate to challenge her community to take action on climate change, which particularly affects people in poverty. Panellists – including MP Jo Johnson and Tearfund's Billie Anderson – explored the role of politics, faith and personal action in tackling injustice. 'I'm excited that the church seems to be waking up to this issue,' Alison said. 'I want to be a part of this and encourage it in every way.'

COMING TOGETHER TO CHANGE THE WORLD

Julianne and Christine recently came to the London Together Weekend, a gathering of 18 to 25 year olds passionate about changing the world. During the weekend, they got involved in Tearfund Action's 'green heart' campaign, where they sent Valentine's Day cards to their local MP, asking them to take action to end climate change.

40TH BIRTHDAY MARATHON CHALLENGE

To mark her 40th birthday, Nikki Graham ran half-marathons in Scotland, Wales and Northern Ireland in 2018 as part of our Run to Beat Poverty. The previous year she ran the Ealing Half-Marathon for us. As well as being a dedicated supporter, Nikki is also a Tearfund church rep, so she persuaded several other members of her church to join her in the Belfast Half-Marathon. In total, 18 Tearfund supporters ran in Belfast in September 2018, raising more than £8,000. Undaunted, Nikki has signed up for a full marathon in 2019.

PEDALLING ON FOR INDONESIA

Paul Collins, 12, had his reasons to cycle 50 miles in a day to raise money for our Indonesia Tsunami Appeal. Back in 2015, Paul was living with his family in Nepal when two major earthquakes struck, killing nearly 9,000 people. Paul's memories of how he felt during and after the earthquakes spurred him on to raise £1,320 for Tearfund.

'Jesus showed deep, practical compassion for people's material needs but didn't stop there. He cared for their spiritual needs, for forgiveness and love. Tearfund follows Jesus in this way, caring for the whole person.'

Tearfund Supporter

STRUCTURE, GOVERNANCE AND MANAGEMENT

Tearfund is a registered charity in England and Wales and in Scotland. It is also a registered company limited by guarantee in England and Wales. It is governed by a memorandum and articles of association.

ORGANISATION

The Board of Trustee Directors holds formal, scheduled, all-day meetings four times a year, as well as a number of other ad hoc meetings and events. The Board is ultimately responsible for strategic decisions, having taken advice from the Chief Executive and Executive team. Trustee Directors are appointed by the Members at the Annual General Meeting. The Trustee Directors may also appoint a Trustee Director to serve until the next Annual General Meeting, at which time he or she ceases to hold office but is eligible for election. The procedures for appointment and induction of Trustee Directors are set out in the Tearfund Board manual.

Trustee Directors' recruitment is undertaken by the Board in consultation with the Chief Executive and Executive team. An induction programme is run for new Trustee Directors which includes visiting Tearfund's UK offices and an overview of Tearfund's activities. Trustee Directors also visit overseas programmes to gain a wider appreciation of Tearfund's work.

In March 2019 the Board carried out a re-evaluation of the skills and experience required to be a Trustee Director. Where key gaps were identified, a plan to fill them over the course of the next two years is in place.

The current composition of the Board of Trustee Directors is set out on page 32. Trustee Directors are appointed for three years and serve a maximum of three terms unless exceptional circumstances apply. As permitted by the Articles of Association, the Trustee Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and, throughout the financial year maintained, Directors' and Officers' liability insurance in respect of itself and its Trustee Directors. Trustee Directors of the Board receive no remuneration for acting as Trustee Directors of Tearfund.

Board committees meet regularly to oversee the following areas:

- Audit, Risk and Finance: ensures the organisation's key risks are adequately managed through financial and nonfinancial internal controls and that effective financial management is in place.
- International: oversees the delivery of Tearfund's work.
- Global fundraising: oversees fundraising and marketing of Tearfund globally.
- Theological: advises Tearfund on its theological positioning and challenges it to think more deeply about relevant issues arising.
- Safeguarding: provides oversight to the development of Tearfund's safeguarding culture and handles and reviews all reported safeguarding incidents across Tearfund and its partners.

The Board has delegated approval for day-to-day operational decisions up to certain financial thresholds to the Chief Executive and other Executive team members under a Scheme of Delegation to enable them to coordinate and direct Tearfund's work worldwide. All decisions above this threshold must be approved by the Board. The Board has also reserved to itself certain important decisions, such as major initiatives, appointment of the senior executives and approval of the long-term objectives and strategy.

MEMBERS

The Members constitute the ultimate authority within Tearfund's governance structure. They are appointed at the invitation of the Trustee Directors, with a focus on people who have a longstanding association with Tearfund and who care deeply for its mission and ministry. They are entitled to attend all general meetings, including the Annual General Meeting (AGM). They receive the Annual Report and Financial Statements, elect or re-elect Trustee Directors, appoint auditors and fix the remuneration of the auditors. Regular contact is now maintained with Members through quarterly communications and informal contact with the management and Trustee Directors.

EMPLOYEES

The work of Tearfund overseas and in the UK relies on the commitment and hard work of its valued staff. Communication links are maintained through team briefings and other internal channels. Tearfund holds regular meetings with a staff representation body, known as the Staff Council, for consultation on relevant issues. This is to ensure continued promotion and development of healthy staff relations. Tearfund is committed to equality in recruitment, training, promotion and career development.

VOLUNTEERS

The financial statements set out the results for the year but do not reflect the considerable and vital support given to Tearfund by more than 9,700 volunteers in the UK and countless more overseas. Their help is at the heart of Tearfund's work: they bring life to the organisation and help it to operate effectively. The many roles they undertake include encouraging prayer, campaigning, acting within their local churches and communities, enthusing others, engaging with local media and championing lifestyle changes. We celebrate the enormous contribution made by so many of our volunteers in organising or participating in fundraising activities in their homes, churches and communities. This volunteer network is a distinctive aspect of Tearfund's approach and the Board is very grateful for their commitment and contribution.

INTERNAL CONTROL AND RISK MANAGEMENT

The Trustee Directors have overall responsibility for Tearfund's system of internal control. Such a system can provide only reasonable, and not absolute, assurance against errors or frauds. There is a clear delegation of the Trustee Directors' authority through the Chief Executive to the rest of the organisation.

The Audit, Risk and Finance Committee, which meets four times a year, receives reports from the internal auditor, who works in accordance with an agreed plan produced following a risk assessment.

In addition, the external auditor meets with the Audit, Risk and Finance Committee twice a year.

Tearfund operates a comprehensive, rolling, three-year planning and budgeting system with an annual budget approved by the Board of Trustee Directors. Significant changes are subject to specific approval. The financial reporting systems provide continuous comparison of actual results with budget. Forecasts of the expected results for the year are undertaken on a regular basis.

Tearfund maintains a comprehensive register of risks, stated on page 34. This register identifies the major strategic and operational risks faced and how they are being managed. As part of the annual three-year planning process, the key risks are considered by the Trustee Directors and the risks Tearfund faces are reassessed during the year by the Executive team. The Trustee Directors are satisfied that systems are in place to monitor, manage and mitigate Tearfund's exposure to major risks. They consider that maintaining Tearfund's general fund at the levels stated on page 36, and reviewing internal controls and risks through an internal audit programme will provide Tearfund with adequate risk assurance and sufficient financial resources in the event of adverse conditions. They also recognise that the nature of some of Tearfund's work requires active acceptance and management of some risks when undertaking activities to achieve the objectives of the charity.

Fraud is a major risk in many countries where Tearfund and its partners operate. As a result, Tearfund recognises fraud as one of the major risks that has to be managed. All potential frauds or other irregularities are required to be reported to the Director of Finance and IT, who maintains a register of the irregularities, actions taken and results. This register is reviewed regularly by the Audit, Risk and Finance Committee. Serious frauds are reported to the Charity Commission, including all frauds with a potential financial impact of £20,000 or more.

Tearfund is committed to learning from the past and continually strengthening our safeguarding policies and processes. We are deeply committed to building a world where healthy relationships are restored, a world where violence, harassment and abuse is never tolerated. Sadly, even as a Christian organisation, we are not immune from safeguarding incidents, but our solemn commitment is to investigate and deal with all such incidents

appropriately. In line with emerging sector good practice, page 30 includes a fuller report on our safeguarding processes, procedures and a review of safeguarding incidents reported during the year and how we have dealt with them.

FINANCIAL RISK MANAGEMENT

Goods and services purchased are subject to contracts with suppliers based on market prices. Market risk is dealt with in the investment policy and performance section below. Credit risk on amounts owed by donors is low. Cash flow and liquidity risks have been minimised by the level of reserves held and lack of borrowings. Action is taken to mitigate foreign exchange risk; future programme expenditure may be hedged by the use of forward exchange contracts when this is deemed appropriate.

REMUNERATION

Tearfund's remuneration policy seeks to balance our Christian values with the ability to attract and retain the best people in our sector.

We do this by market-matching our salary scales every two to three years. We use The Birches Group's benchmark data in all the countries in which our staff are based, and in the UK we benchmark with other organisations using the following criteria:

- Greater London-based organisations
- a 2:1 split between charities based on private donations and charities based on state grants
- organisations with an income of between £40 million and £75 million
- organisations of between 200 and 499 employees
- a 2:1 split between international aid organisations and religious and missionary organisations

Our latest exercise was completed in 2018/19. Our salary scales are set at or below the mid-point of market benchmark data depending broadly on the location, if working in our country programmes or within the UK. We take inflation into account by considering yearly increases based on available finances, consultation with Staff Council and a survey of similar organisations in the sector. Tearfund's Executive team sits in the top scale of the UK salary structure, within the framework set out above. The Board sets the salary for the Chief Executive. Details regarding employees with emoluments above £60,000 can be found in Note 7 to the financial statements.

HEALTH AND SAFETY

Tearfund has a health and safety policy in place in respect of both UK and international operations, and the Board reviews Tearfund's performance annually.

TEARFUND SCOTLAND

We are required by the Office of the Scottish Charity Regulator to report separately upon the activities that Tearfund has undertaken in Scotland. These activities are led by a team based in Tearfund's Glasgow office. We receive funding from the Scottish government and Scottish trusts. We raise funds from individuals and other organisations throughout Scotland, and raise other support including campaigning and prayer support. Tearfund does not have grantmaking activity in Scotland.

OUR COMMITMENT TO SAFEGUARDING

We are deeply committed to following Jesus' example in treating everyone with care and respect and building a world where healthy relationships are restored and where violence, harassment and abuse are not tolerated. It is of paramount importance to us that we safeguard and protect all our partners, representatives, staff and, above all, our beneficiaries, some of the world's most vulnerable people.

SAFEGUARDING POLICIES AND PROCEDURES

We have in place a robust suite of policies and procedures aimed at preventing abuse and harm.

In addition, in 2018/19 we reviewed our safeguarding, whistleblowing and personal conduct policies to further embed best practice, in accordance with our policy review schedule. We also introduced mandatory e-learning on child and adult safeguarding for all staff and Board members globally. This training will be refreshed annually and is recorded for audit purposes. We have set up a network of country, cluster and directorate 'focal points' who have received additional indepth training, and we have a three-year rolling plan to ensure that the partners with whom we work receive training too.

We take the safety of all our staff extremely seriously, including the prevention of sexual assault. On the rare occasion where a Tearfund staff member or representative might experience sexual assault, we are committed to providing the best possible support for them. To that end, we began developing a survivor-centred protocol that will improve this support. We have introduced enhanced Disclosure and Barring Service (DBS) checks to ensure that all relevant staff and representatives are securely vetted and safely recruited to work with children and vulnerable adults. We are also strengthening our approach to preemployment checks for non-UK citizens. We also introduced a set of child- and beneficiary-friendly policies and posters in English, French, Spanish and Portuguese aimed at raising awareness of safeguarding and encouraging communities to report abuse. These posters are also translated into local languages where appropriate.

We actively encourage our staff, representatives and beneficiaries to report safeguarding concerns and incidents when they occur, and to report allegations in connection with historic incidents. We have a number of safe-reporting mechanisms to ensure concerns and incidents can be safely reported. Our dedicated safeguarding and whistleblowing emails are dealt with confidentially. In addition, we use an independently administered 24/7 whistleblowing hotline, Safecall, that anyone can ring confidentially, to report concerns or incidents involving our staff or partner staff, with the option to report in more than 100 languages. We raise awareness of both mechanisms through our beneficiary-friendly posters displayed in our offices, our partners' offices and Tearfund projects, communication updates, training events and the 'Reporting concerns' page on our website. We will be working further to ensure communities are involved in designing reporting processes.

HANDLING COMPLAINTS AND CONCERNS

All safeguarding complaints and concerns are initially reviewed by our Safeguarding Adviser and then by the full Safeguarding Review Team, who oversee all investigations. This team is formed of key senior staff from across the organisation.

In 2018, we set up a Board Safeguarding Committee comprising trustees and members of the Safeguarding Review Team to support the Board in overseeing the development and implementation of our safeguarding policies and procedures. The committee's role also includes reviewing the management of investigations, providing support and advice, identifying and mitigating risks, and reviewing learning and outcomes. Incidents and investigation outcomes are scrutinised to ensure that we capture learning before cases are closed. The Safeguarding Committee Chair is notified immediately of any critical incidents and reviews all cases quarterly. The committee Chair and members also liaise with the Safeguarding Review Team on an ad hoc basis when required.

The full Board receives quarterly updates from the Safeguarding Committee. We report concerns to the Charity Commission in line with its guidance, and to relevant authorities and donors as appropriate. Our prime consideration is acting in the interests of the survivor where allegations arise.

We are currently in an audit process for Level 1 certification from Keeping Children Safe, an organisation specialising in advising safeguarding best practice for International NGOs. This will give us an independent assessment of the quality of our policies and practices.

ASSESSMENT OF SAFEGUARDING

RISKS We have long made it a priority to assess all our projects, programmes, activities and events, to identify potential safeguarding risks and develop appropriate measures to mitigate them. This year, to hone that process, we have developed and started implementing a standardised framework which helps staff and partners carry out risk assessments in a methodical and consistent way.

2018/19 REVIEW OF CASES

We work in more than 50 countries through 261 partners and have reached 1.2 million people through our response to disasters and 2.5 million people through our community development work this financial year. In this period, we received 31 reports through our safeguarding channels, 24 of which have been investigated and closed. Seven cases continue as open investigations at the year end.

Of the 24 cases closed, seven cases were substantiated as abuse, harm or exploitation. Two of these were allegations made against Tearfund staff that were substantiated; one case involved a Tearfund staff member as the survivor. The other four substantiated reports involved partner staff. In each of these seven cases the perpetrators were dealt with appropriately by Tearfund, the partner and/or local authorities.

Following the initial review, the reports were classified as follows:

- a) Seven were classified as child safeguarding incidents (see below).
- b) Seven were classified as safeguarding incidents relating to adults at risk (see below).

c) Seven were not classified as safeguarding allegations and were referred on to the relevant team internally to review and respond appropriately.

d) Five related to safeguarding incidents which were alleged to have taken place in communities where Tearfund or our partners were working but did not involve Tearfund or partner staff, volunteers or representatives. Although we did not have direct control over, or responsibility for these incidents, we sought to influence the wider community to provide support and protection for those people affected.

e) Three reports related to incidents which were perpetrated against Tearfund staff or volunteers by members of the public. We took appropriate steps to support the individuals affected and to report these incidents to the relevant authorities, where appropriate.

f) Two concerned complaints via our safeguarding channel by, or on behalf of, Tearfund supporters who identified themselves as vulnerable adults. We have marked these relevant supporter records to highlight that these individuals are vulnerable and we are no longer accepting financial gifts from them.

Child safeguarding

A child is any individual under the age of 18. In this financial year, we received seven reports relating to allegations of abuse, harm or exploitation of a child connected with the work of Tearfund. Of these, one incident related to an allegation that the harm was perpetrated by a representative of Tearfund and the remaining six allegations were raised in connection with our partners.

Each incident was investigated either by Tearfund or the partner, and five cases were substantiated. Of the substantiated cases, two involved incidents of sexual abuse or exploitation and two involved incidents of physical abuse. One of the substantiated cases related to the physical injury of a child who fell into an uncovered well in a Tearfund partner's project. Fortunately, the child was not seriously harmed and followup action was taken to reduce the risk of similar incidents occurring again.

Tearfund took appropriate disciplinary action against the perpetrators and followed up with partner organisations to ensure that they did the same. Reports were made to local authorities and the police where appropriate.

Adult safeguarding

We acknowledge that while adult safeguarding has traditionally been limited to those who would be considered an adult at risk under UK legislation, all beneficiaries may be 'at risk'. This is due to the unequal power relationship between Tearfund or partner staff and volunteers and members of vulnerable communities in which we work. Furthermore, Tearfund has identified that any adults who are in a relationship where there is unequal authority or power dynamics may be at risk of abuse.

Seven reports related to allegations of abuse, harm or exploitation of an adult at risk. Of these, three incidents related to an allegation that the harm was perpetrated by a representative of Tearfund and the remaining four allegations were raised in connection with our partners. Of these seven reports, two cases were substantiated and one remains open under investigation. Both of the substantiated cases involved an allegation of sexual harassment: one of the vulnerable adults affected was a Tearfund beneficiary and the other was a Tearfund staff member. Tearfund took appropriate disciplinary action against perpetrators and followed up with the partner organisation to ensure they did the same.

LESSONS LEARNT

We are committed to improving our safeguarding continually. In 2018/19 we implemented a number of actions to address safeguarding learning points we had identified. These included:

- strengthening our safeguarding training to improve abuse awareness and incident reporting among our partners
- providing expert advice and capacity building support to two specific partners to strengthen their risk assessment, incident reporting and investigation processes
- developing a set of survivor-centred protocols for handling incidents of violent sexual assault

As an organisation we remain committed to being proactive in seeking learning from all reports received via our safeguarding channels. We will always follow up to ensure agreed actions are implemented and reviewed, and take all steps possible to make certain that those who come into contact with Tearfund are protected from harm.

TRUSTEE DIRECTORS, COMMITTEE MEMBERS, OTHER MEMBERS, AMBASSADORS AND EXECUTIVE TEAM

BOARD OF TRUSTEE DIRECTORS

The Board of Trustee Directors is responsible for ultimate strategic decisions and is appointed by the Members at the Annual General Meeting (AGM). The Board of Trustee Directors who were in office during the year and up to the date of signing the financial statements were:

Stephanie Biden 2,6

Ian Curtis³ John Davidson 4,6

Jill Garner⁵ Stephanie Heald 4

Sally Jones-Evans 3

Anna Laszlo 1 (Chair from September 2018)

Philip Loney 2

Deepak Mahtani 3 (board and committee member to September 2018)

Clive Mather 1 (board, committee member and Chair to September 2018)

Rev Mark Melliush 4,5

Rt Rev Harold Miller 5

Rosemary Nuamah Williams 3,6

Rt Rev Anthony Poggo 3

Craig Rowland 4

John Shaw 2 (Treasurer)

COMMITTEE MEMBERS

The Board co-opts individuals with specific expertise to sit on sub-committees of the Board:

Stafford Carson 5

Hilary Croft 4

Rosalee Ewell 5

Steve Foster 2

Ben Gilbert 3

Jim Ingram 5 (from April 2018)

Blessings Kachale 3

Iain Macaulay 4,7

Gordon McKechnie 2,7

Fi McLachlan 3

Phillip McMillan 4,7

Michael Stewart 2,7

Dr Elaine Storkey 5

Adam Taylor 3

Mark Thompson 2,7

OTHER MEMBERS

In addition to all of the Board of Trustee Directors and some of the Committee Members as indicated, the following people are also Members of the Charity. The Members of the Charity are referred to as Members of the Council:

Robert Camp

Gary Carpenter

Steve Clifford

Dr Elizabeth Corrie

Graham Fairbairn

Paul German

Richard Gough

Kim Hurst

Anne de Leyser

Deepak Mahtani

Fiona Major

Clive Mather

Julia Ogilvy

David Thomas (to September 2018)

Rev Dr Chris Wright

1 – Ex-officio on all Committees

2 – Member of Audit, Risk and Finance Committee

3 – Member of International Committee

4 – Member of Global Fundraising Committee

5 – Member of Theological Committee

6 – Member of Safeguarding Committee

7 – Council Member

NATIONAL ADVISORY COMMITTEE MEMBERS

NORTHERN IRELAND

Phillip McMillan

Paul Coulter

Susie McCollough

Denise Hayward

Stephen Adams (to December 2018)

SCOTLAND

Rev Iain Macaulay (Chair)

Richard Atkinson

Carolyn Finlayson

Jenny Honey

Rev David McCarthy

Rev Ian McEwen (to October 2018)

Fiona Morrison

WALES

Mark Andrews (Chair) (member from November 2018, Chair from March 2019)

Dr Jane Hanson (from November 2018)

Rev Simeon Baker (from November 2018)

Andy Bull

AMBASSADORS

Rev Celia Apeagyei-Collins

Peter Chambers

Anne Coles

Rev John Coles

Martha Collison

Liz Earle (from December 2018)

Rev Elfed Godding

Pete Greig

Tamsin Greig

Bear Grylls

Guvna B

David Gyasi

Lord Michael Hastings

Tom Herbert

Dr Krish Kandiah

Rev Siew-Huat Ong

Rob Parsons

Ruan Pienaar

Rt Hon Dame Caroline Spelman MP

Rt Rev Ric Thorpe

Rt Hon Stephen Timms MP

Will Torrent

EXECUTIVE TEAM

The Board has delegated day-to-day operational decisions to the Executive team:

Nigel Harris

Chief Executive

Karen Brown

Director of People and Talent

Catriona Dejean
Director of Strategy and Impact

Nigel Gavin
Director of Finance and IT (from July 2018)

Myles Harrison
International Director

Jane Pleace
Global Fundraising Director

Dr Ruth Valerio
Global Advocacy and Influencing Director

INDEPENDENT AUDITORS
BDO LLP
55 Baker Street, London W1U 7EU

SOLICITORS
Anthony Collins LLP
134 Edmund Street,
Birmingham B3 2ES

BANKERS
Barclays Bank plc
1 Churchill Place, London E14 5HP

REGISTERED OFFICE
100 Church Road,
Teddington TW11 8QE

RISK MANAGEMENT FRAMEWORK

The Trustee Directors have identified the most important potential risks and uncertainties that may seriously affect the performance, future prospects or reputation of Tearfund and how they will be mitigated.

IDENTIFIED RISK MITIGATION

Christian identity: losing focus on Christian identity

- Clear vision and statement of faith
- Clear supporter communications
- Prayer, worship and devotions central to working practice
- Appointment process for trustees, key staff and other representatives includes exploration of Christian identity

Safety and security: inadequate safety, security and plans for health and well-being of staff and volunteers

- Clear expectations set for staff through induction, handbook and policies
- Clear performance management approach for staff

- Clear requirements set for partners through Partnership Agreement
- Global volunteering briefing manuals and training
- Reporting/whistleblowing actively encouraged

Misconduct: non-adherence to policies and guidelines by UK and international staff, volunteers, partners or members

- Clear expectations set for staff through induction, handbook and policies
- Clear performance management approach for staff
- Clear requirements set for partners through Partnership Agreement
- Global volunteering briefing manuals and training
- Reporting/whistleblowing actively encouraged

Safeguarding: inappropriate conduct of staff, volunteers, members or partners that is inconsistent with our values and safeguarding policies

- Safeguarding, Personal Conduct and Whistleblowing policies regularly reviewed
- Mandatory annual safeguarding and whistleblowing training for all staff
- Independent reporting hotline publicised to staff, partners and communities
- Safeguarding adviser appointed, and local safeguarding focal points appointed and trained
- Minimum standards for partner safeguarding policies
- Board committee reviews how incidents are handled

Organisational change: operational outcomes weakened during restructuring, IT system upgrades and other change initiatives

- All major changes led by experienced project managers
- Formal processes for managing change, including staff consultation and feedback
- Executive team regularly reviews project progress and wider impacts

Impact: not demonstrating sufficient impact in our work, or failing to meet donor expectations

- Design, monitoring and evaluation system used for all projects and programmes
- Partner capacity assessments used to select partners for donor-funded projects
- Grant coordinators are appointed for all major operational programmes
- Corporate scorecard reviewed quarterly by Executive team and Board

Recruitment: failing to recruit and retain appropriate people in critical positions

- Effective recruitment and performance management systems
- Global leadership and management skills development programmes
- Ongoing review of reward strategy
- Rigorous processes of recruitment, probation and performance management
- Board members carefully selected to bring appropriate skills

IT security: inadequate cybersecurity and/or protection of personal data

- Data protection and information security policies
- Annual training developed for all staff
- Segregated networks and security controls for data moving across boundaries
- Secure remote connections
- Data Protection Officer appointed and trained
- Business Continuity Plan (BCP) reviewed and tested annually

Financial mismanagement: corruption/fraud/bribery

- Policy on fraud, bribery and corruption
- Capacity assessments for selecting partners, then regular review and monitoring
- Executive team and Board review all fraud incidents
- Mandatory annual training for all staff

Funding: insufficient unrestricted income to cover unrestricted expenses

- Quarterly fundraising reviews
- Reserves policy and position reviewed regularly
- Monthly review of management accounts
- Brexit impacts being monitored

QUALITY STANDARDS

Tearfund has identified a set of corporate Quality Standards in support of our vision and the delivery of our strategy. These are in keeping with the organisational characteristics we aspire to and which summarise all of the relevant external and internal accountabilities, quality standards, codes, guidelines and principles to which we are committed.

This year, to embed our Quality Standards further, our country offices have completed a self-assessment of their adherence to the standards, as we work towards our goal that all partners and country offices should attain a consistent standard by 2021.

BEHAVIOURS

We expect the highest behaviour standards across all of our work. We stand against all forms of exploitation, abuse, fraud, bribery and any other conduct that is incompatible with our values. We strive to transfer power to the people we serve, and to transform our own, our partners' and communities' attitudes and practices on inclusion, conflict sensitivity, accountability, gender and learning.

IMPARTIALITY AND TARGETING

We are committed to impartiality, providing assistance to the most vulnerable people without regard for race, religion, ethnicity, ability, age, gender, sexuality or nationality. We target our work on the basis of need alone, while remaining sensitive to conflict dynamics, and proactively work to support those who would otherwise be marginalised or excluded, in particular children, the elderly and those living with disability.

ACCOUNTABILITY

We are committed to ensuring that all our work is based upon effective communication with, participation of and feedback from the communities we serve. It is important that all interventions are transparent and based upon

continuous learning. We also hold ourselves accountable to our partners, donors, supporters and colleagues, and to all those with whom we relate and interact.

GENDER

In all our programmes we actively seek to challenge gender inequality and harmful beliefs and practices, and work towards gender justice. We are committed to progressing gender equality and the restoration of relationships between men and women, boys and girls, and ensuring their equal value, participation and decision-making in all aspects of life.

EMPOWERMENT

We are committed to community-led and participatory approaches to development and humanitarian response for sustainable impact that is based on root cause analysis. We encourage participation from all members of a community, and strive to support beneficiaries to have control over their own development at all levels, from local development activities through to local, national and regional advocacy.

RESILIENCE

We are committed to helping people to understand, reduce and manage the risks they face, as well as to address the drivers of vulnerability. This includes supporting people and communities in developing resilient livelihoods, strengthening social cohesion, improving access to services, stewarding environmental resources, reducing disaster risk and adapting to climate change.

PROTECTION

We are committed to restoring relationships and building safe and secure communities. We seek to prioritise the protection of all – especially children and the most marginalised and vulnerable adults – from physical, social and psychological harm. We are taking steps to assess risks, including conflict dynamics, to avoid any adverse effects of our work that might expose people to danger or lead to abuse. We believe that community members are the best actors in their own protection, and will support their actions to stay safe, find security and restore dignity.

TECHNICAL QUALITY

We are committed to the high technical quality of all of our work, and the work of partners, through meeting relevant national and international standards aligned with communities' own priorities. We will continuously learn to improve, and will identify and replicate good practice that is demonstrated to have relevant and positive impact.

Core Humanitarian Standard

As part of Tearfund's commitment to Quality Standards, we are pleased to have been awarded the Core Humanitarian Standard (CHS) since 2016. The CHS provides assurance that Tearfund is following the highest standards within the sector to improve the quality, accountability and effectiveness of our response, and makes sure beneficiaries are kept at the centre of all our work.

FINANCIAL REVIEW

INCOME AND EXPENDITURE

Tearfund's total income for 2018/19 reached £76.3m, a new high and a 2 per cent increase on last year's record of £74.9m. This was a particularly pleasing performance in the light of the difficult climate for fundraising in the UK as a result of the growing economic uncertainty about Brexit. Highlights include 33 per cent increases in both grants income and legacy income, to £22.8m and £7.8m respectively; a characteristically generous response from our supporters to our second UK aid match appeal, which brought in £1.6m during March 2019 and continued into the new financial year; and generous responses to emergency appeals following the earthquake and tsunami in Indonesia and the impact of Cyclone Idai on Mozambique, Malawi and Zimbabwe. Donations from individuals totalled £28.4m compared to £31.9m last year, a reduction which was mostly due to the timing of receipts from the two UK aid match appeals (£1.8m in 2018/19 against £4.5m in 2017/18).

The consolidated results include the operations of Tearfund Trading Limited (TTL), which is a wholly-owned subsidiary of Tearfund. The income generated from TTL is from a variety of sources including Christmas card sales.

Total expenditure increased by 15 per cent to £82.7m (2017/18: £71.8m). This exceeded total income by £6.4m (in 2017/18 income exceeded expenditure by £3.1m). Restricted expenditure has exceeded restricted income by £3.0m due to timing differences between the receipt of income and the related expenditure. Unrestricted expenditure has exceeded unrestricted income by £3.4m in accordance with the approved programme to use a portion of our unrestricted funds to invest in strategic priority areas. The section below on General Funds gives further details of this programme.

GRANTS

A large part of Tearfund's work to address poverty is undertaken through making grants to partner organisations. Grants are made within an agreed strategy. Project proposals received from partner organisations are subject to a formal approval process that includes a technical assessment of the project and a review of the organisation's capacity and compliance policies. An agreed monitoring process is undertaken during the life cycle of all projects. In addition, financial evaluations are carried out on all large projects and on a sample of smaller projects. Details of grants made to the top 50 partner organisations are on our website at www.tearfund.org/top50

GENERAL FUNDS

General funds are needed to:

- fund working capital
- allow flexibility to respond to unexpected opportunities and challenges
- provide a cushion against seasonal variations in income and expenditure
- provide contingency provision against unexpected costs
- provide contingency provision to respond to changes in Tearfund's operating environment
- fund strategic plans outside of Tearfund's normal operations

The Board of Trustee Directors review the level of required general funds annually to ensure that an appropriate level is held. The target range to cover risk and routine working capital is set at between £4.5m and £6.5m (unchanged from 2017/18).

We believe this range continues to reflect the financial risks of our operating environment with its uncertainty about Brexit and other geo-political issues. Tearfund's financial position remains strong and our supporters remain loyal and generous. At the end of 2018/19 our general funds stand at £7.4m. We have completed two years of a three-year spending programme, investing a planned portion of our reserves into scaling up our priority areas of work. We spent £2.5m of unrestricted income on projects which build our capacity in the priority areas of Church and Community Transformation, Environmental and Economic Sustainability and Fragile States. We are also investing in our staff worldwide through leadership and management training, as well as in systems to increase efficiency, transparency and compliance. We will continue this programme in 2019/20, with an expectation that at the end of this period our general funds will have returned to within the target range.

DESIGNATED FUNDS

Designated funds are part of the unrestricted funds which the Trustee Directors have earmarked for a particular use, without restricting or committing the funds legally. The Fixed Asset Fund represents the net book value of Tearfund's fixed assets, including the purchase of Toilet Twinning, to indicate that these resources are not available for other purposes. At the end of the year the Fixed Asset Fund stood at £3.5m (2017/18: £4.4m).

The Overseas Assets Fund at the end of the year stood at £0.2m (2017/18: £0.4m). The majority of this fund represents money set aside for the replacement of vehicles in our overseas locations and is replenished by the relevant country offices over the life of the vehicles. The remainder represents a balance of money set aside for the provision of renewable energy solutions in disaster responses.

The Corporate Priorities Fund is a Designated Fund for projects that build our capacity and expertise in the areas of Church and Community Transformation, Environmental and Economic Sustainability and Fragile States. There was no balance remaining on this fund at the end of the year (2017/18: £1.5m).

RESTRICTED FUNDS

Restricted funds are funds subject to specific conditions imposed by donors. The year-end balances represent income which has been recorded but where the related expenditure has not yet been incurred. The majority of these funds are either institutional awards, or funds generated during emergencies or as a result of other specific

appeals. In many cases these appeals generate income over a short timeframe which is then planned to be spent over a period of up to three years in line with the purpose of the appeal. At the end of the year, total restricted funds had decreased to £15.1m (2017/18: £18.1m). For each fund, Tearfund's assets are available and adequate to fulfil its obligations.

INVESTMENT POLICY AND PERFORMANCE

Tearfund's investment policy is reviewed annually by the Audit, Risk and Finance Committee of the Board. Our objective is to maintain high liquidity while ensuring maximum security. To achieve this, Tearfund invests with institutions with a high security rating in fixed-term or call deposits. During the year Tearfund's sterling deposits achieved an average rate of interest of 0.78 per cent (2017/18: 0.6 per cent) compared with an average bank base rate for the same period of 0.67 per cent (2017/18: 0.35 per cent).

WHERE YOUR MONEY GOES

Emergency needs met 29p
Communities transformed 30p
Churches mobilised 13p
Society changed 8p
Fundraising 13p
Support and running costs 7p

INCOME

General donations £43.8m
Government grants £22.8m
Emergency appeals £7.4m
Other income £2.3m
Total income £76.3m

'Now to him who is able to do immeasurably more than all we ask or imagine, according to his power that is at work within us.' Ephesians 3:20

TRUSTEE DIRECTORS' RESPONSIBILITY STATEMENT

TRUSTEE DIRECTORS' RESPONSIBILITIES

The Trustee Directors are responsible for preparing the Strategic Report, the Trustee Directors' Report/Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustee Directors to prepare financial statements for each financial year. Under that law the Trustee Directors 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 Trustee Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Trustee Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Trustee Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are Trustee Directors of the company at the date when this report was approved:

- So far as each of the Trustee Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and
- Each of the Trustee Directors has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Anna Laszlo
Chair
10 July 2019

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF TEARFUND

OPINION

We have audited the financial statements of Tearfund ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the consolidated cash flow statement 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 Group's and of the Parent Charitable Company's affairs as at 31 March 2019 and of the Group's 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations six and eight of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

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 Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC'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 RELATED 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' 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 Group and the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The other information comprises Trustees' Annual Report, Chair's Introduction and CEO's Introduction. The Trustees are responsible for the other information.

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, which are included in 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 Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

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

RESPONSIBILITIES OF 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 determines 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 Group's and the Parent 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 the Group or the Parent 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 at the Financial Reporting Council's ("FRC's") website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's trustees, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. 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, 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.

Jill Halford

Senior Statutory Auditor for and on behalf of BDO LLP, Statutory Auditor London

10 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENTS OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

Year ended 31 March 2019

Income from: Voluntary income:	Note	Unrestricted funds £'000	Restricted funds £'000	2019	Unrestricted funds £'000	Restricted funds £'000	2018
				Total funds £'000			Total funds £'000
Donations and legacies	2a	29,362	21,812	51,174	26,913	26,524	53,437
Grants	3	-	22,823	22,823	-	17,119	17,119
Total voluntary income		29,362	44,635	73,997	26,913	43,643	70,556
Other trading activities	5	33	45	78	46	32	78
Investment income		76	45	121	85	33	118
Charitable activities:							
Income from contractual services	2b	1,645	-	1,645	3,716	-	3,716
Other income from charitable activities		431	64	495	405	56	461
Total income		31,547	44,789	76,336	31,165	43,764	74,929
Expenditure on raising funds:	4	9,708	822	10,530	10,059	866	10,925
Charitable activities:	4	25,274	46,953	72,227	21,299	39,623	60,922
Total expenditure		34,982	47,775	82,757	31,358	40,489	71,847
Net income / (expenditure) for the year	6	(3,435)	(2,986)	(6,421)	(193)	3,275	3,082
Transfers between funds	14	-	-	-	(284)	284	-
Net movement in funds		(3,435)	(2,986)	(6,421)	(477)	3,559	3,082
Reconciliation of funds:							
Total funds brought forward at 1 April	14b	14,514	18,118	32,632	14,991	14,559	29,550
Total funds carried forward at 31 March	14a	11,079	15,132	26,211	14,514	18,118	32,632

The result for the year for Companies Act 2006 purposes is represented by the net movement in funds in the consolidated statement of financial activities. There are no recognised gains or losses in the current or preceding year other than those shown in the consolidated statement of financial activities above. All amounts derive from continuing operations. There is no material difference between the net expenditure for the financial year stated above and its historical cost equivalent. The turnover of the Company for the year was £76,258,000 (2017/18: £74,851,000). The net result of the company for the year was a deficit of £6,421,000 (2017/18: surplus of £3,082,000). There is no material difference between the entity and the group Statement of Financial Activities.

BALANCE SHEETS

31 March 2019

	Note	Tearfund group		Tearfund	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Tangible assets	9	3,216	3,896	3,216	3,896
Intangible assets	9	265	510	265	510
Long-term investments	10	-	-	5	5
Total fixed assets		3,481	4,406	3,486	4,411
Current assets					
Stocks	11	53	51	45	44
Debtors	12	12,570	8,712	12,600	8,789
Short-term deposits		4,000	10,500	4,000	10,500
Cash at bank and in hand		11,492	14,056	11,482	13,975
Total current assets		28,115	33,319	28,127	33,308
Creditors					
Amounts falling due within one year	13	(5,385)	(4,893)	(5,402)	(4,887)
Net current assets		22,730	28,426	22,725	28,421
Long-term creditors	13	-	(200)	-	(200)
Net assets		26,211	32,632	26,211	32,632
Funds					
Unrestricted funds:					
General fund	14a	7,402	8,162	7,402	8,162
Designated funds	14a	3,677	6,352	3,677	6,352
		11,079	14,514	11,079	14,514
Restricted funds	14a	15,132	18,118	15,132	18,118
Total funds		26,211	32,632	26,211	32,632

The financial statements on pages 42 to 61 were approved by the Board of Directors on 10 July 2019 and signed on its behalf by:

Anna Laszlo
Chair of the board

John Shaw
Treasurer

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2019

	2019	2018	
	£'000	£'000	
Net cash provided by operating activities	(8,753)	2,889	
Cash flow from investing activities:			
Investment income receivable	121	118	
Purchase of property, plant, equipment and intangibles	(433)	(332)	
Proceeds from the sale of property, plant and equipment	1	2	
Net cash used in investing activities	(311)	(212)	
Change in cash and cash equivalents in the reporting period	(9,064)	2,678	
Cash and cash equivalents at the beginning of the reporting period	24,456	21,778	
Cash and cash equivalents at the end of the reporting period	15,392	24,456	
Reconciliation of net income/(expenditure) to net cash flow from operating activities			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(6,421)	3,082	
Adjustments for :			
Depreciation charges	1,356	1,158	
Investment income receivable	(121)	(118)	
(Profit)/Loss on sale of tangible fixed assets	1	(2)	
Decrease/(increase) in stocks	(2)	51	
Decrease/(increase) in debtors	(3,858)	152	
(Decrease)/increase in creditors	292	(1,434)	
Net cash provided by operating activities	(8,753)	2,889	
Analysis of changes in net funds	1 April	Cash flows	31 March 2019
	2018	£'000	£'000
	£'000		
Cash at bank and in hand	14,056	(2,564)	11,492
Bank deposits	10,500	(6,500)	4,000
Interest-free loans	(100)	-	(100)
	24,456	(9,064)	15,392

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006, Charities Act 2011, Charities Accounts (Scotland) Regulations 2006, Charities and Trustee Investment (Scotland) Act 2005, Statement of Recommended Practice (SORP) on Accounting and Reporting by Charities effective from 1 January 2015, FRS102, and applicable United Kingdom accounting standards. The Charity has adapted the Companies Act formats to reflect the Charities SORP and the special nature of the Charity's activities.

Consolidation

The Statement of Financial Activities (SOFA) and Group Balance Sheet consolidate the financial statements of the Charity and its wholly-owned subsidiary undertaking Tearfund Trading Limited. The results of the subsidiary are consolidated on a line-by-line basis. No separate Statement of Financial Activities has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006.

Accounting estimates and key judgements

Critical accounting estimates and judgements are based on historical experience and other relevant factors, including reasonable expectations of future events. The main areas which involve such estimates and judgements include the accrual of legacy income; entitlement to grant and contract income; useful lives of fixed assets; and provisions. Company status Tearfund is a registered charity in England and Wales (number 265464) and Scotland (number SC037624) and is constituted as a company registered in England and Wales and limited by guarantee (company number 00994339). It is governed by its Memorandum and Articles of Association and at the year-end there were 33 members (2017/18: 33) who were each liable to contribute £1 in the event of the company being wound up.

In the application of the charity's accounting policies, the particular accounting policies adopted by the Board of Directors have been applied consistently and are described below.

Fund accounting

The company maintains three types of funds. General unrestricted funds are funds available for use at the discretion of the Board of Trustee Directors in furtherance of the general charitable objectives. Designated unrestricted funds are monies set aside by the Board from unrestricted funding for specific purposes. Restricted funds are funds subject to specific conditions imposed by donors. At the year-end any fund deficits are maintained only when the Trustee Directors are of the opinion that such deficits will be eliminated by future committed giving. Income and expenditure on these funds are shown as restricted in the SOFA and analysed into the main components in note 14.

Going concern

The Trustee Directors (who are the Directors of Tearfund for the purposes of company law and the trustees of Tearfund for the purposes of charity law) have reviewed the Charity's financial position, taking account of the satisfactory levels of reserves and cash, the annual plan and the three-year financial plan and its systems of financial and risk management. As a result of their review, the Trustee Directors believe that the Charity is well placed to manage operational and financial risks successfully despite the ongoing uncertain economic outlook. Accordingly, the Trustee Directors have a reasonable expectation that the Charity and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Income

All income, including donations, legacies and investment income, is recognised in the SOFA when the Charity can demonstrate entitlement to the income, receipt is probable and the amount can be quantified with reasonable accuracy. The following specific policies apply to the categories of income:

Legacies

Recognition of legacy income is dependent on the type of legacy. Pecuniary legacies are recognised when notification is received. Residuary legacies are recognised when they are measurable, probate has been granted and entitlement is clear. A discount of 10% is applied in cases where there are likely to be fluctuations in value prior to cash being received. No value is included where the legacy is contentious or is subject to a life interest held by another party.

Grants and contracts

Grant and contract income is recognised when the Charity can demonstrate entitlement to the income. Where receipt of funding is conditional only on administrative requirements such as the submission of a claim, it has been accrued. Where there are restrictions on the time period in which funding received can be spent, or where the Charity is not yet in a position to meet the conditions of the funding, the related income has been deferred.

Gifts in kind

Donated gifts in kind for distribution to beneficiaries are included in income at donors' valuation or market value when received. Expenditure is recognised when gifts in kind are distributed.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Like many charities, Tearfund is unable to recover some of the VAT that is incurred on the purchase of goods and services in the UK. The amount of VAT that cannot be recovered is added to the appropriate underlying cost.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

The following specific policies apply to categories of expenditure:

Grants payable

Grants payable to Tearfund partner organisations are made in furtherance of the Charity's objects. Grants are recognised as expenditure when payment is due to the partner organisation, in accordance with Tearfund's project agreement and in line with partner performance.

Support costs

Support costs include functions such as general management, financial management, information technology, human resources and the cost of premises and facilities. They are allocated across the categories of charitable expenditure, governance costs and the costs of generating funds on the basis set out in note 4 to the financial statements.

Fundraising and publicity

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Foreign exchange

Transactions denominated in foreign currency are translated into sterling and recorded at the rates ruling at the date of the transactions. Balances denominated in a foreign currency are translated into sterling at the exchange rates at the balance sheet date. Foreign exchange gains and losses incurred in respect of overseas operations are included in the SOFA within the relevant activity expenditure.

Pensions

Tearfund operates two defined contribution pension schemes. Contributions are charged to the SOFA as they become payable.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Assets costing more than £1,000 with an expected useful life of more than one year are capitalised. Depreciation is provided in order to write off the cost of tangible fixed assets over their estimated useful economic lives, on a straight-line basis, as follows:

Freehold land Nil

Freehold buildings 20–50 years

Fixtures, fittings and equipment including computers 3–5 years
Motor vehicles 3–4 years

The useful economic lives and residual value of fixed assets are reviewed at the end of each accounting period. Property and land is tested annually for impairment.

Vehicles and equipment used in programmes overseas are considered to have a useful economic life of one year or less. They are not capitalised but are charged in full to charitable expenditure when purchased. However, a register is maintained of these assets and reviewed regularly.

Intangible assets and amortisation

Intangible assets are stated at cost less amortisation. They are amortised on a straight line basis being the estimated economic useful life of the asset.

Financial instruments

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

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where Tearfund has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Investments

The investment in the subsidiary is included in the Charity's financial statements at cost.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost represents the cost of materials, freight and insurance that are required to bring it to its current condition and location. Provision is made where necessary for slow-moving, obsolete or defective stock.

Operating leases

Costs in respect of operating leases are charged to the SOFA on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

2a. DONATIONS

	Unrestricted funds	Restricted funds	2019 Total funds	2018 Total funds
	£'000	£'000	£'000	£'000
Donations from:				
Individuals	20,007	8,405	28,412	31,902
Churches	1,415	1,876	3,291	3,086
Trusts, companies and schools	343	3,911	4,254	5,567
Legacies	7,597	242	7,839	5,890
	29,362	14,434	43,796	46,445
Appeals and emergencies:				
Individuals	-	3,946	3,946	2,375

Churches	-	695	695	1,108
Trusts, companies and schools	-	633	633	629
Legacies	-	-	-	6
	-	5,274	5,274	4,118
Via Disasters Emergency Committee	-	2,104	2,104	2,874
	-	7,378	7,378	6,992
Total donations and legacies	29,362	21,812	51,174	53,437

There were no gifts in kind for pro-bono legal work this year (2017/18: £24,000). Donations income in 2018/19 was £51,174,000 (2017/18: £53,437,000) of which £21,812,000 (2017/18: £26,524,000) was restricted and £29,362,000 (2017/18: £26,913,000) was unrestricted.

2b. CONTRACTS

	2019	2018
	£'000	£'000
Contract income from DFID contributed to the following programmes:		
SWIFT (WASH)	1,435	2,280
ICS	210	1,398
SGBV	-	38
Total	1,645	3,716

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

3. GRANTS INCOME

	2019	2018
	£'000	£'000
United States Government	9,494	4,165
United Nations	5,618	4,123
Dutch Government	2,833	1,709
United Kingdom Government	1,058	987
Canadian Foodgrains Bank	777	811
Scottish Government	696	778
States of Jersey	360	716
Belgian Government	333	418
Canadian Government	283	846
New Zealand Government	82	-
Other	76	227
States of Guernsey	60	58
Irish Government	57	241
European Community	15	17
GIZ German Government	(50)	178
Swedish Government	-	(39)
	21,692	15,235
Tear Netherlands (includes funding from the Evangelical Broadcasting Co.)	619	1,524
Integral / Other NGOs (Food for the Hungry)	512	360
	22,823	17,119

Included within the above grants income are gifts in kind of £1,751,000 (2017/18: £406,000) which are also included in expenditure. The whole amount for both years is restricted income. They consist mainly of water and sanitation products; food aid; latrines and seeds and tools for planting.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

4. TOTAL RESOURCES EXPENDED

	Grants £'000	Direct costs £'000	Support costs £'000	2019 Total costs £'000	2018 Total costs £'000
Unrestricted					
Costs of generating funds:					
Costs of generating voluntary income	-	7,570	2,132	9,702	10,038
Fundraising trading	-	-	6	6	21
	-	7,570	2,138	9,708	10,059
Charitable activities:					
Churches mobilised	1,522	5,544	1,476	8,542	5,738
Communities transformed	4,342	2,218	1,758	8,318	9,727
Society changed	521	2,820	993	4,334	2,989
Emergency needs met	68	2,350	1,662	4,080	2,845
	6,453	12,932	5,889	25,274	21,299
Total unrestricted	6,453	20,502	8,027	34,982	31,358
Restricted					
Costs of generating funds:					
Costs of generating voluntary income	-	792	3	795	842
Fundraising trading	-	27	-	27	24
	-	819	3	822	866
Charitable activities:					
Churches mobilised	2,414	1,522	2	3,938	1,940
Communities transformed	4,351	13,693	3	18,047	13,704
Society changed	435	3,008	1	3,444	2,800
Emergency needs met	4,807	16,714	3	21,524	21,179
	12,007	34,937	9	46,953	39,623
Total restricted	12,007	35,756	12	47,775	40,489
Total expenditure	18,460	56,258	8,039	82,757	71,847

Many programmes achieve benefits in a number of different areas and their costs are allocated on the basis of their principal aims. Cost allocation includes an element of judgement and Tearfund has had to consider the cost-benefit of detailed calculations and record-keeping in calculating a best estimate of the attributable costs.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

4. TOTAL EXPENDITURE CONTINUED

	2019	2018
	£'000	£'000
Grants to partner organisations by geographical region:		
Africa	8,280	10,576
Asia	5,872	5,305
Eurasia	2,250	1,311
Latin America and Caribbean	1,302	1,470
Total grants to partner organisations	17,704	18,662
Assistance in establishing Tearfund USA	756	-
Total grants	18,460	18,662

Support costs associated with grant-making activity are £1,641,000 (2017/18: £1,843,000).

The top 15 countries and regions where grants were made:	2019	2018
	£'000	£'000
Nigeria	1,329	967
Bangladesh	1,305	805
Ethiopia	1,079	1,927
India	976	1,085
Yemen	819	1,039
South Sudan	777	304
Nepal	743	543
Democratic Republic of Congo	716	1,104
Uganda	606	1,037
Tanzania	601	397
Pakistan	583	301
Somalia	500	1,166
Mali	499	191
Malawi	490	533
Indonesia	465	-

Details of partner organisations included in the top 50 receiving grants can be found at:
www.tearfund.org/top50

Support costs and the basis of their allocation are as follows:	Principal basis of allocation to activities	2019	2018
		£'000	£'000
General management	Headcount and expenditure	186	177
Financial management	Headcount and expenditure	2,054	1,864
Human resources	Headcount	2,033	1,343
Strategy & Impact	Expenditure	174	801
Information technology	Headcount and expenditure	1,744	1,649
Premises and facilities	Headcount	1,565	1,426
Governance	Headcount and expenditure	283	268
		8,039	7,528

The Strategy & Impact Group was restructured between 2018 and 2019. On a like-for-like basis, prior year Strategy & Impact costs were £167,000.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

5. SUBSIDIARY

Tearfund has a wholly-owned trading subsidiary, Tearfund Trading Limited, which is registered in England and Wales, company registration number 03779450. The registered address is 100 Church Road, Teddington, TW11 8QE. The company undertakes various trading activities to raise funds for Tearfund and all its taxable profits are gifted to Tearfund under Deed of Covenant. Its results and assets for the year ended 31 March 2019 were as follows:

	2019	2018
	£'000	£'000
Total incoming resources	78	78
Total expenditure	(33)	(45)
Profit for the year	45	33
Qualifying distribution	(45)	(33)
Retained profit for the year	-	-
Total assets	57	108
Total liabilities	(52)	(103)
Funds	5	5

In 2018/19, £25,000 (2017/18: £8,000) of profits were restricted and the remainder unrestricted.

6. NET (INCOMING)/OUTGOING RESOURCES FOR THE YEAR

Net (incoming)/outgoing resources for the year are stated after charging the following:	2019	2018
	£'000	£'000
Depreciation of tangible fixed assets	1,111	913
Depreciation of intangible fixed assets	245	245
Auditors' remuneration: audit – Tearfund	53	52
Other assurance services – Tearfund	26	2
Auditors' remuneration: audit – Tearfund Trading	2	2
(Profit) / Loss on sale of tangible fixed assets	1	(2)
Operating leases: land and buildings – unrestricted	70	62
Operating leases: land and buildings – restricted	955	726

The above is all unrestricted expenditure/(income) unless otherwise indicated except the profit on sale of tangible fixed assets in 2017/18 that comprises an unrestricted loss of £1,000 and a restricted gain of £3,000.

7. EMPLOYEES AND TRUSTEES

Employee costs	UK £'000	Overseas £'000	2019 Total £'000	2018 Total £'000
UK-contracted employees:				
Salaries and wages	16,211	4,042	20,253	19,542
Social security costs	1,627	37	1,664	1,612
Other pension costs	1,658	245	1,903	1,809
	19,496	4,324	23,820	22,963
Staff based overseas on local contracts	-	4,877	4,877	4,180
	19,496	9,201	28,697	27,143

Included in the above employee costs are redundancy and severance costs of £717,000 (2017/18: £360,000). Redundancy costs are provided for when they are estimable and settlement is probable in the next financial year. The increase is largely due to the change management programme.

NOTES TO THE FINANCIAL STATEMENTS 31 March 2019

7. EMPLOYEES AND TRUSTEES CONTINUED

Average full-time equivalent number of persons employed during the year	2019 Number	2018 Number
UK-contracted employees based:		
In the UK	424	425
Overseas	113	101
	537	526
Staff based overseas on local contracts	413	352
	950	878

UK staff includes those personnel based at Tearfund's head office in Teddington together with those based at regional offices in the UK. Overseas staff on UK contracts includes UK nationals working overseas as well as non-UK nationals employed to work in various countries around the world. Staff based overseas on local contracts are employed mainly on projects funded by institutions. All staff were employed across the range of activities detailed on the SOFA. No employees are employed directly by Tearfund Trading Limited.

The number of employees whose emoluments (including benefits in kind but excluding employer's pension) amounted to over £60,000 in the year was as follows:

	2019 Number	2018 Number
£60,001 – £70,000	13	8
£70,001 – £80,000	2	1
£80,001 – £90,000	3	2
£90,001 – £100,000	-	1
£110,001 – £120,000	1	-

Pension payments of £111,000 (2017/18: £72,000) were made for these nineteen (2017/18: twelve) higher-paid employees. The total emoluments received by the chief executive in the year was £90,000 (2017/18: £90,000). In 2018/19 the senior executives of the organisation earned a total of £609,000 (2017/18: £610,000) including national insurance and pensions. In 2018/19 Tearfund paid severance to a UK member of staff which resulted in gross earnings in year for the individual totalling £115,585.

Trustees

As Charity Trustees, the Board of Directors and Committee Members, who are not employees, received no remuneration for their services. During the year five directors/committee members were reimbursed for a total of £3,121 for UK travel and subsistence expenses (2017/18: seven for £610). Three directors/committee members had overseas travel paid for by Tearfund, totalling £931 (2017/18: nil).

Indemnity insurance is provided for the Directors at a cost of £6,496 (2017/18: £3,504).

Pensions

Tearfund has a defined contribution pension plan for UK employees called the Tearfund Group Personal Pension Plan and a separate defined contribution pension plan for overseas employees called the Tearfund International Group Personal Pension Scheme. These plans operate on a non-contributory basis.

Included within creditors falling due within one year is £164,000 (2017/18: £179,000) in respect of pension contributions due to be paid to the fund managers.

NOTES TO THE FINANCIAL STATEMENTS

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8. TAXATION

Tearfund is potentially exempt from taxation on its income and gains under sections 466 to 493 of the Corporation Tax Act 2010 and Section 256 of the Taxation of Capital Gains Act 1992, to the extent that they are applied for charitable purposes. No taxable profit arises on Tearfund Trading Limited due to the fact that all taxable profits are gifted to Tearfund under Deed of Covenant.

9. TANGIBLE AND INTANGIBLE FIXED ASSETS

Tearfund and Tearfund Group	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total Tangible £'000	Total Intangible £'000
Cost					
At 1 April 2018	2,683	5,607	81	8,371	1,225
Additions	5	359	69	433	-
Disposals	-	(90)	-	(90)	-
At 31 March 2019	2,688	5,876	150	8,714	1,225
Accumulated depreciation					
At 1 April 2018	1,611	2,783	81	4,475	715
Charge for the year	76	1,034	1	1,111	245
Disposals	-	(88)	-	(88)	-
At 31 March 2019	1,687	3,729	82	5,498	960
Net book value					
At 31 March 2019	1,001	2,147	68	3,216	265
At 31 March 2018	1,072	2,824	-	3,896	510

The book value of freehold land not depreciated is £200,000 (2017/18: £200,000). Tearfund's offices in Teddington have a book value of £1,001,000 (2017/18: £1,072,000) and are insured at a value of £10,000,000 (2017/18: £7,000,000).

The intangible asset is the cost of the purchase of Toilet Twinning.

10. LONG TERM INVESTMENTS

	Tearfund Group		Tearfund	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Unquoted investment in subsidiary	-	-	5	5

At 31 March 2018 Tearfund had one wholly-owned subsidiary which is registered in England and Wales.

Organisation name	Class of share of capital held	Nature of business
Tearfund Trading Limited	Ordinary	Raising funds through trading activities

NOTES TO THE FINANCIAL STATEMENTS

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11. STOCKS

	Tearfund Group		Tearfund	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Finished goods	13	11	5	4
IT stores	21	6	21	6
Disaster management stores	19	34	19	34
	53	51	45	44

12. DEBTORS

	Tearfund Group		Tearfund	
	2019	2018	2019	2018
Due within one year:	£'000	£'000	£'000	£'000
Trade debtors	15	19	-	-
Amount owed by group undertaking	-	-	45	98
Tax recoverable	756	411	756	410
Other debtors	1,829	2,674	1,829	2,673
Accrued institutional grants	4,516	1,547	4,516	1,547
Accrued legacy income	4,688	3,292	4,688	3,292
Prepayments and other accrued income	766	769	766	769
	12,570	8,712	12,600	8,789

13. CREDITORS

	Tearfund Group		Tearfund	
	2019	2018	2019	2018
Amounts falling due within one year	£'000	£'000	£'000	£'000
Interest-free loans	100	100	100	100
Amount owed to group undertaking	-	-	25	-
Other creditors	932	631	927	627
Taxation and social security	1,161	981	1,161	981
Accruals	2,814	2,207	2,811	2,205
Deferred income	378	974	378	974
	5,385	4,893	5,402	4,887
Amounts falling due greater than one year				
Consideration due relating to the purchase of Toilet Twinning	-	200	-	200

The interest-free loans, which have been made by supporters, are unsecured and have no set repayment date.

Deferred income balance	2019	2018
	£'000	£'000
Opening balance	974	690
Released income	(752)	(197)
Deferred income	156	481
Closing balance	378	974

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

14a. FUNDS MOVEMENT (2018/19)

Tearfund and Tearfund Group	1 April 2018	Income	Expenditure	Transfers	31 March 2019
	£'000	£'000	£'000	£'000	£'000
General fund	8,162	31,540	(33,302)	1,002	7,402
Designated funds					
Fixed asset fund	4,406	-	-	(925)	3,481
Overseas assets fund	446	7	(257)	-	196
Corporate priorities	1,500	-	(1,423)	(77)	-
	6,352	7	(1,680)	(1,002)	3,677
Total unrestricted funds	14,514	31,547	(34,982)	-	11,079
Restricted funds:					

Appeals and emergencies:					
Asia floods	86	(9)	(50)	-	27
Burundi and Rwanda	-	977	(493)	-	484
Central African Republic	300	6	(19)	-	287
Democratic Republic of Congo	283	30	(183)	(37)	93
East Africa	2,854	556	(3,196)	-	214
Ebola	16	-	(16)	-	-
Hurricane Matthew	125	1	(118)	-	8
Indonesia	-	2,192	(688)	(72)	1,432
Middle East	2,165	110	(755)	-	1,520
Myanmar	271	634	(587)	69	387
Nepal earthquake	829	5	(752)	74	156
Other	25	37	(1)	128	189
Sahel/Niger crisis	132	-	(87)	-	45
Southern Africa cyclone	-	1,120	(29)	(56)	1,035
Sudan and South Sudan	396	19	-	-	415
Syria crisis	7	682	(20)	-	669
Vanuatu	9	-	(9)	-	-
Yemen	888	999	(506)	-	1,381
	8,386	7,359	(7,509)	106	8,342

14a. FUNDS MOVEMENT (2018/19) (CONTINUED)

Tearfund and Tearfund Group	1 April 2018	Income	Expenditure	Transfers	31 March 2019
	£'000	£'000	£'000	£'000	£'000
Country funds	10	631	(483)	-	158
Project funds:					
Institutions and trusts	3,939	27,612	(28,049)	(177)	3,325
Connected Church	507	942	(1,041)	7	415
Other	943	1,560	(2,285)	82	300
Beneficiary funds:					
Other children funds	-	2,835	(2,156)	-	679
Issue funds:					
Disaster management	-	962	(646)	-	316
Water and sanitation	-	2,334	(2,047)	-	287
HIV and AIDS	-	505	(234)	-	271
Conflict and poverty	4,333	49	(3,325)	(18)	1,039
Total restricted funds	18,118	44,789	(47,775)	-	15,132
Total	32,632	76,336	(82,757)	-	26,211

Designated funds are set up for the following purposes:

- The fixed asset fund represents the net book value of Tearfund's tangible and intangible fixed assets to indicate that these resources are not available for other purposes.
- The overseas assets fund represents money set aside in our overseas locations for the replacement of vehicles and for the provision of renewable energy solutions.
- The corporate priorities fund represents funds set aside for scaling up our work in Church and Community Transformation, Environmental and Economic Sustainability and Fragile States.

Restricted funds are shown under the following main categories:

- Appeal and emergency funds comprise funds raised for specific appeals and emergencies.
- Country funds comprise funds given for specific countries.

- Project funds comprise funds given for specific projects mainly by institutional donors.
- Beneficiary funds comprise funds given for the benefit of specific beneficiary groups such as children.
- Issue funds comprise funds given for specific issues such as disaster management and HIV.

Fund balances may be negative for two reasons:

(a) when expenditure is made on a project that is expected to be reimbursed by a government or other agency but where, at the year-end date, not all the conditions to justify recognising the income within the financial statements had been met. This results in an excess of expenditure over income on some project funds.

(b) for multi-year grants to partners, where future years' grant payments are recognised in line with our accounting policy, but where the related income is recorded in line with the expenditure pattern. These funds will therefore work their way to break-even over the course of their life.

At 31 March 2019, the total deficit balances amounted to £1,071,000 (2017/18: £538,000).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

14a. FUNDS MOVEMENT (2018/19) CONTINUED

Transfers between funds represent:

(a) movements on the net book value of tangible fixed assets between the general fund and the fixed asset fund and designation of funds for work on our corporate priorities.

(b) reallocations between funds reflecting the analysis of funds or balance transfers

(c) reallocation of general funds to support programmes where additional restricted funding was not found.

Within restricted funds are the following amounts relating to money received from the following donors:

Department for International Development (DFID)	1 April 2018	Income	Expenditure	31 March 2019
	£'000	£'000	£'000	£'000
Global Poverty Alleviation fund (GPAF) Niger	-	10	(10)	-
Democratic Republic of Congo Sexual Violence	-	29	(29)	-
Central African Republic : AID Match	-	824	(821)	3
Start Network:				
Emergency floods in Sierra Leone	2	-	(2)	-
Democratic Republic of Congo	11	-	(8)	3
Nigeria Plateau	-	40	(40)	-
Nigeria	-	155	(140)	15
Total DFID funds	13	1,058	(1,050)	21
Disasters Emergency Committee (DEC)				
Yemen appeal 2017	(101)	546	(445)	-
East Africa appeal 2017	(106)	496	(390)	-
Myanmar refugees 2017	29	523	(278)	274
Indonesia tsunami	-	535	(507)	28
Cyclone Idai 2019	-	4	(4)	-
Total DEC funds	(178)	2,104	(1,624)	302

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

14b. FUNDS MOVEMENT (2017/18)

Tearfund and Tearfund Group	1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2018 £'000
General fund	9,562	30,948	(31,675)	(673)	8,162
Designated funds					
Fixed asset fund	5,233	-	-	(827)	4,406
Overseas asset fund	196	(67)	317	-	446
Corporate priorities	-	-	-	1,500	1,500
	5,429	(67)	317	673	6,352
Total unrestricted funds	14,991	30,881	(31,358)	-	14,514

Tearfund and Tearfund Group	1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2018 £'000
Restricted funds:					
Appeals and emergencies:					
Democratic Republic of Congo	363	24	(104)	-	283
Sudan and South Sudan	538	51	-	(193)	396
Hurricane Matthew	682	37	(594)	-	125
Sahel/Niger crisis	145	1	(14)	-	132
Syria crisis	-	9	(2)	-	7
CAR	2	311	(13)	-	300
East Africa crisis	-	-	(41)	41	-
Pakistan floods	(9)	-	(1)	10	-
Philippines	76	-	(76)	-	-
Middle East	2,698	263	(743)	(53)	2,165
Vanuatu	39	-	(30)	-	9
Ebola	102	1	(87)	-	16
Myanmar	-	771	(500)	-	271
Asia floods	-	365	(279)	-	86
Other	43	14	(96)	64	25
Yemen	729	1,041	(882)	-	888
East Africa	2,797	4,174	(4,246)	129	2,854
Nepal earthquake	1,297	369	(836)	(1)	829
El Nino response fund	3	(3)	-	-	-
	9,505	7,428	(8,544)	(3)	8,386

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

14b. FUNDS MOVEMENT (2017/18) CONTINUED

Tearfund and Tearfund Group	1 April 2017	Income	Expenditure	Transfers	31 March
	£'000	£'000	£'000	£'000	2018
					£'000
Country funds	41	660	(650)	(41)	10
Project funds:					
Institutions and trusts	3,770	21,569	(21,444)	44	3,939
Connected Church	534	1,011	(1,038)	-	507
Other	876	1,498	(1,431)	-	943
Beneficiary funds:					
Other children funds	(7)	3,038	(3,031)	-	-
Issue funds:					
Disaster management	(8)	991	(983)	-	-
Water and sanitation	(26)	2,359	(2,333)	-	-
HIV and AIDS	(126)	538	(412)	-	-
Conflict and poverty	-	4,942	(609)	-	4,333
Other	-	14	(14)	-	-
Total restricted funds	14,559	44,048	(40,489)	-	18,118
Total	29,550	74,929	(71,847)	-	32,632

Within restricted funds are the following amounts relating to money received from the following donors:

Department for International Development (DFID)	1 April 2017	Income	Expenditure	31 March 2018
	£'000	£'000	£'000	£'000
Global Poverty Alleviation fund (GPAF) Niger	10	286	(296)	-
Democratic Republic of Congo Sexual Violence	76	225	(301)	-
Pakistan	66	185	(251)	-
Start Network:				
Democratic Republic of Congo	-	177	(166)	11
Ethiopia Capacity Building	-	25	(25)	-
Kenya	-	9	(9)	-
Emergency floods in Sierra Leone	-	50	(48)	2
Total DFID funds	152	957	(1,096)	13
Disasters Emergency Committee (DEC)				
Nepal earthquake	(490)	357	133	-
Yemen	(196)	601	(506)	(101)
East Africa appeal 2017	-	1,588	(1,694)	(106)
Myanmar refugees 2017	-	328	(299)	29
Total DEC funds	(686)	2,874	(2,366)	(178)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2019

15a. ANALYSIS OF NET ASSETS BETWEEN FUNDS (2018/19)

Fund balances at 31 March 2019 are represented by:	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tearfund Group:			
Fixed assets	3,481	-	3,481
Current assets	11,560	16,555	28,115
Current liabilities	(3,962)	(1,423)	(5,385)
	11,079	15,132	26,211
Tearfund:			
Fixed assets	3,486	-	3,486
Current assets	11,565	16,562	28,127
Current liabilities	(3,978)	(1,424)	(5,402)
	11,073	15,138	26,211

15b. ANALYSIS OF NET ASSETS BETWEEN FUNDS (2017/18)

Fund balances at 31 March 2018 are represented by:	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Tearfund Group:			
Fixed assets	4,406	-	4,406
Current assets	14,438	18,881	33,319
Current liabilities	(4,130)	(763)	(4,893)
Long-term liabilities	(200)	-	(200)
	14,514	18,118	32,632
Tearfund:			
Fixed assets	4,411	-	4,411
Current assets	14,427	18,881	33,308
Current liabilities	(4,124)	(763)	(4,887)
Long-term liabilities	(200)	-	(200)
	14,514	18,118	32,632

16. OPERATING LEASE COMMITMENTS

At 31 March 2019 Tearfund and the Tearfund Group were committed to making the following payments in total in respect of operating leases for land and buildings:

	Tearfund Group		Tearfund	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Within one year	671	515	671	515
In the second to fifth years inclusive	467	179	467	179

After five years	131	-	131	-
	1,269	694	1,269	694

17. RELATED PARTY TRANSACTIONS

A number of the trustees of Tearfund are directors and trustees of other charities and organisations with whom Tearfund has historic relationships. There were no related party transactions.

In addition, there were expenditure transfers to the subsidiary of Tearfund of £6,314 _2017/18: £6,187_ in the year ended 31 March 2019. The balance owing by Tearfund Trading Limited to Tearfund at the end of the year is disclosed in note 12.

18. ULTIMATE PARENT

The trustees consider that the ultimate parent and controlling party of the group is Tearfund.

19. CAPITAL COMMITMENTS

At 31 March 2019 there were contracted capital commitments of £123,831 _2017/18: £54,500.