

Annual Report

AND FINANCIAL STATEMENTS 2021/2022

LAURI, AGED 13,
DOMINICAN REPUBLIC

Highlights

2021/2022



120,241
CHILDREN SUPPORTED



410,421
LETTERS WRITTEN



£50.5m
TOTAL INCOME



88.9%
OF INCOME WAS USED
FOR CHARITABLE ACTIVITIES

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SARAH, AGED 12, BRAZIL

HOW CHILD SPONSORSHIP CHANGES LIVES

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

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

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

TONY BELTRAN,
Compassion International
National Director,
Dominican Republic



A MESSAGE FROM JUSTIN DOWDS

CEO COMPASSION UK & IRELAND



At Compassion UK, we are fully committed to releasing children from poverty in partnership with local churches. It's a mission we plan for carefully each year as we seek to put innovative and effective strategies in place so we can serve as many children as possible. Everything we do centres around beginning with children and following the biblical call to care for the poor.

We entered into financial year 2021-2022, hopeful that the height of the COVID-19 restrictions in the UK were behind us. We made extensive plans to re-establish activities amongst our UK team that would find sponsors for many more children living in poverty.

Sadly, the outbreak of the Omicron COVID-19 variant proved a significant disruption to this. The restrictions that were needed to protect lives here in the UK presented us with unforeseen challenges. We had to postpone church partnership launches and celebration services, and we had to cancel many of our planned events. Changes to advertising algorithms also impacted our ability to use digital advertising to reach those most likely to support our work. These factors resulted in fewer new child sponsorships than we had hoped. At the end of the 2021-2022, 106,406 children were sponsored through Compassion UK's one-to-one Child Development Sponsorship Programme, which was a reduction of 228 in the year.

Yet, I take great comfort from the fact that at Compassion UK, we do not need to navigate these circumstances alone. God is our ever-present help, and as Hebrews 10:23 says, "Let us hold unwaveringly to the hope we profess, for He who promised is faithful."

Reflecting on 2021-22, I can see this faithfulness in action. I celebrate the fact we finished the year serving 120,336 children and young people across all our programmes which is a record high for Compassion UK. Project sponsorship and Child Survival saw a growth of more than 2,256 children in the year.

I give thanks that we faced the year's challenges and opportunities in partnership with our amazing sponsors and volunteers. In this financial year alone, our administrative volunteers gifted an incredible 2,400 hours whilst our 125 volunteer speakers found sponsors for 687 children.

Despite increasing personal challenges with the cost of living and rising inflation, our supporters have also been remarkable. Child sponsorship cancellations continued to be historically low, with 95% continuing to support their sponsored child, and our total donations before Gift Aid grew by £460,000.

We never take our supporters' generosity and faithfulness for granted, and we are so thankful that they continue to stand alongside the most vulnerable children. We saw this in response to our Haiti Disaster Appeal, launched as a result of the devastating earthquake that struck on 14 August 2021, affecting 15,654 Compassion-supported children. We were able to provide £838,000 in emergency relief in the immediate aftermath of the quake and £425,000 to rebuild infrastructure to modern para-seismic standards in the longer term.

I am also deeply grateful for the continued innovation and adaptability of the Compassion UK team as they delivered impactful initiatives, including

a partnership with Premier Radio that saw 410 children sponsored, improvements to the Compassion UK App, where we celebrated exceeding £1 million in donations since launch and the continued roll-out of our Digital Transformation plan with 10.5% of our supporters now receiving a fully digital or hybrid supporter experience.

In many ways, the uncertainty we faced during the year was rightfully put into perspective by the challenges my colleagues around the world encountered. As the year progressed, our frontline church partners began to share reports of food insecurity with increasing frequency and severity. In immediate response, we were able to provide food assistance to 59,000 displaced people in Ethiopia alongside hygiene supplies and trauma counselling. As the scale of the global need became more evident, we prepared to launch a Global Food Crisis Appeal at the start of financial year 2022-23, an initiative that will be central to our plans in the months ahead.

As we look forward to the next financial year, whilst there will undoubtedly be challenges here in the UK, we know that the children and families we serve are likely to face increasing hardship. We remain committed to our mission of releasing children from poverty, in Jesus' name. This has never been more pertinent, with millions predicted to fall back into extreme poverty in the continued aftermath of the pandemic and one in 10 people globally now going to bed hungry each night.

I hope and pray that you will be encouraged by the contents of this report and the difference you're making to children living in poverty. Thank you for your faithfulness. Thank you for beginning with a child.

Objectives & ACTIVITIES

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



In Togo,
children
receive their
first bible

OUR MISSION:

RELEASING CHILDREN FROM POVERTY IN JESUS' NAME

Our charitable purpose as defined by our articles of association:

**THE RELIEF OF POVERTY, SUFFERING OR
DISTRESS AMONGST CHILDREN.**

THE EDUCATION AND TRAINING OF CHILDREN.

**TO ADVANCE THE CHRISTIAN FAITH IN
ALL OR ANY PART OF THE WORLD.**

**THE DEVELOPMENT OF CHILDREN TO
SOCIAL AND SPIRITUAL MATURITY.**

PUBLIC BENEFIT

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



**TIVANI, AGED 11,
INDONESIA**
Tivani prayed for
many years for
her first Bible

WHO WE ARE



CHRIST CENTRED

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



CHILD FOCUSED

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

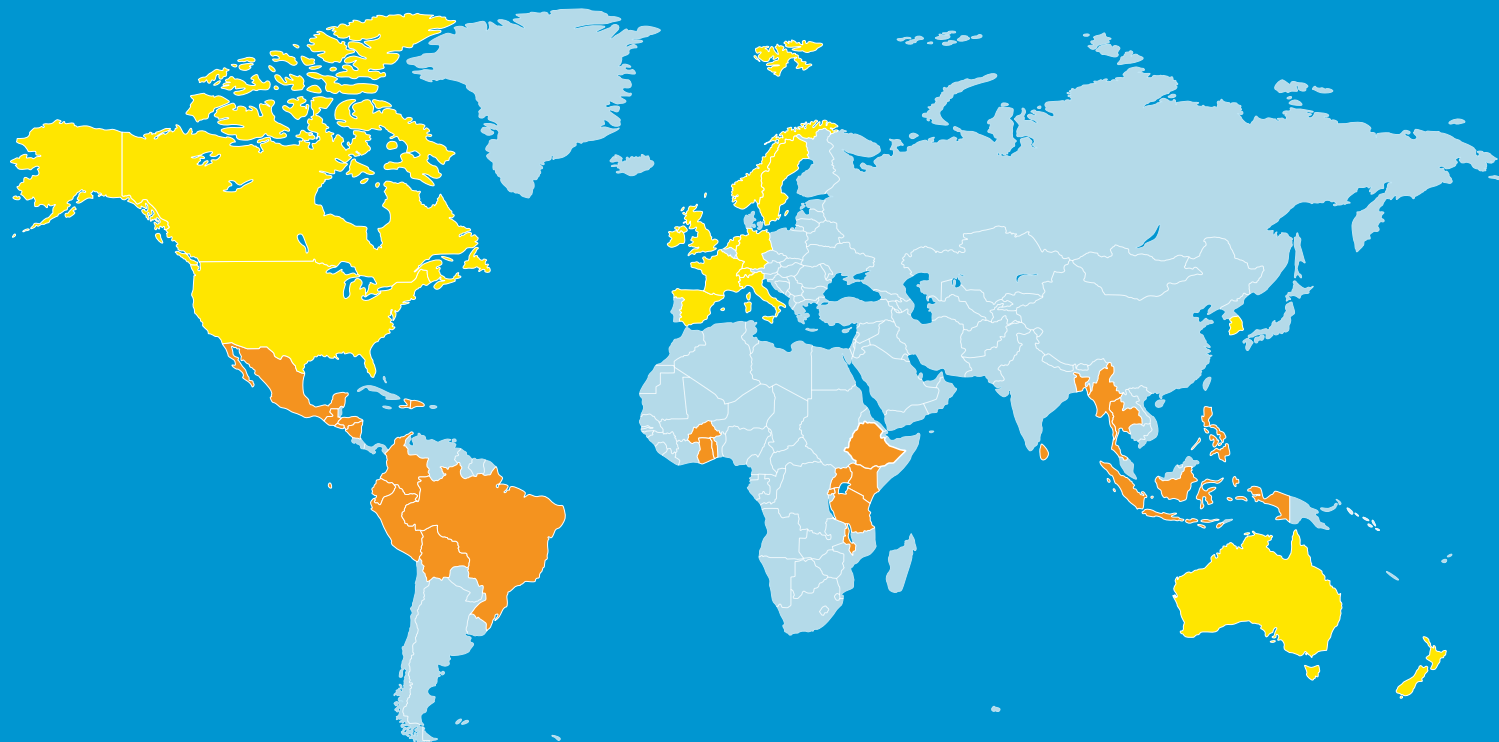


CHURCH BASED

We believe the local church is best placed to care for their community. We run our programmes in partnership with 8,037 local churches who know their communities inside out.



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



MADE UP OF
14
GLOBAL FUNDRAISING PARTNERS

WE WORK IN
27
COUNTRIES

WITH
8,037
FRONT-LINE CHURCHES

WHO ALTOGETHER SUPPORT
2,286,224
CHILDREN

HOW WE SERVE CHILDREN

OUR 3 KEY PROGRAMMES

FORTUNE, AGED 6, TOGO

Fortune is overjoyed to receive letters from her sponsor.

CHILD SURVIVAL 0-1 YEARS

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

SPONSORSHIP 1-22 YEARS

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

INTERVENTIONS

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



Hanna was in desperate need after her husband left and job opportunities dried up. Compassion's local church partner stepped in, providing vocational training and food for her and baby son Mikias.

CHILD SURVIVAL

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

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



CHILD SPONSORSHIP

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

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

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

SCHOOL RESOURCES & UNIFORMS

to help defeat illiteracy and provide critical skills

MEDICAL CHECK-UPS

to fight back against disease and keep children healthy

HEALTHY MEALS

and additional nutritional support where needed

CHRIST-CENTRED GUIDANCE

through the local church to overcome fear and hopelessness

VOCATIONAL TRAINING

to equip them for the future

RECREATIONAL ACTIVITIES

to improve self-confidence, social and emotional skills

A ONE-TO-ONE RELATIONSHIP WITH THEIR ONLY SPONSOR

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

NAPADA AND NATHIPORN, THAILAND

Both girls want to become nurses when they are older to help children.

CHILD SPONSORSHIP

HOW DOES IT WORK?

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

DOES IT WORK?

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

WHAT DO SPONSORS RECEIVE?

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



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

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

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

SCARLET, AGED 6, ECUADOR

"When I grow up, I want to be a doctor because I want to save lives and I want to see all the children always healthy and happy."



*During the COVID-19 pandemic, we have adjusted our strategy for caring for children in extreme poverty, resulting in some changes to the delivery of our programmes. Read more on page 17.

INTERVENTIONS

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

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

ABEL, AGED 13, ETHIOPIA

Diagnosed with stomach cancer at just nine-years-old, Abel's family were unable to afford the three-year treatment he needed. Compassion were able to support the family through this difficult time and offer full funding for Abel's treatment and he is now cancer free.



DISRUPTION TO COMPASSION'S ACTIVITIES

Compassion works with the local church because it's best placed to support communities. Our local church partners have established decades of trust and relationships meaning they can serve children, youth and families as needs arise.

During this past year, Compassion UK's local church partners have faithfully continued to serve their communities. Natural disasters, worsening economic pressure, conflicts and instability, as well as the continued disruption of the pandemic, have all caused churches to adapt further. In these circumstances, our church partners have been released to redeploy sponsorship funds to meet the critical needs of children, young people, and their families by prioritising urgent unmet needs.

LOCAL DISRUPTION CONFLICT

Ethiopia: In November 2020 unrest increased in the northern part of Ethiopia. During 2021 the situation intensified into conflict and Compassion was unable to sustain contact with 12 of our frontline church partners in Tigray, and 25 in eastern Amhara. Sadly, this meant normal programme activities at Compassion's local church partners were suspended. Since then, there's been a ceasefire in the region and projects in eastern Amhara have



largely been able to resume. For those where activities have resumed, funds are being used to supply essentials such as food and hygiene kits, and give children and families access to trauma counselling. However, as of June 2022, we were unable to resume contact with the 12 church partners in the Tigray region.

Burkina Faso: As a result of conflict in Burkina Faso in the Sourou and Tapoa regions, 33 of our church partners have either temporarily paused meetings at

Compassion projects or are providing limited activities to keep children and youth safe. Instead, they're delivering critical programming and support through home visits and distance learning. Urgent interventions are still going ahead focused on child protection, food security, health care and hygiene support.

Letters from children to sponsors are paused and letters from sponsors to children are delayed. However, gifts are still transmissible.

SORAYA, AGED 6, HAITI

After losing her home in the 2021 earthquake, Soraya prayed for food, and God answered her prayer through an emergency box and shelter at her local church.

**NATURAL DISASTERS**

Haiti – Earthquake: In August 2021, a devastating earthquake struck the south of the country, resulting in structural damage and loss of life. Sadly, 46 of Compassion's church partners and more than 150,000 Compassion-supported children were impacted. Compassion UK launched an appeal in response to the need. Since then, meeting places have been constructed, temporary houses have been built, and children and families have received vital food and hygiene support and trauma counselling.



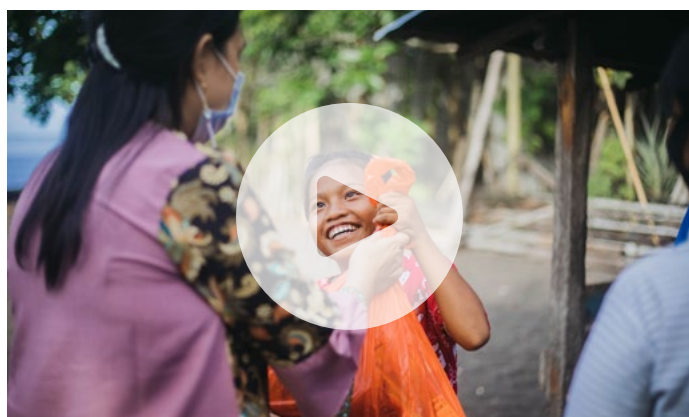
GLOBAL DISRUPTIONS

COVID-19

The countries where we serve are less equipped for testing and caring for COVID-19 patients, with reduced access to preventative measures such as vaccinations. As a result, we've seen greater vulnerability to the economic fallout, food scarcity, civil unrest and child protection issues resulting from quarantines and lockdowns. While the UK has lifted restrictions, some of the world is experiencing either new outbreaks of COVID-19 or very slow ongoing progress.

As a result, some projects are running as usual, but others are still working remotely or holding small group activities at the local church projects. As of June 2022, 46% of projects were operating as normal with children attending the local church project (additional hygiene procedures and social distancing are in place). However, 25% provide small group meetings led by a tutor or volunteer, 12% of local church partners were conducting home visits only and 17% are providing distance learning and support via radio, video or phone calls. Church partners continue to supply urgent hygiene and food supplies to families in need as they are safely able.

**CLICK
FOR MORE
INFORMATION
ABOUT FOOD
SECURITY**



Extreme weather and drought have collided with the impact of the pandemic, conflicts, and rising inflation—creating worsening global food crisis.



**FOOD CRISIS
APPEAL**

FOOD SECURITY

According to the [World Food Programme](#), the number of people facing severe food insecurity has doubled—from 135 million to 276 million—in two years.

Severe food insecurity means a person has not eaten for a day or more. If action isn't taken, it can cause malnutrition, threatening children's development and their lives.

The impact of the conflict between Russia and Ukraine, two of the three largest food exporters in the world, is worsening the crisis, increasing the cost of living globally. Families living in poverty are the most vulnerable to cost-of-living increases and food scarcity. The response is two-fold: meeting urgent nutrition needs now while working towards sustainable solutions to help stop hunger. Over the past two years of the pandemic, local church partners have been providing food support, including delivering more than 23 million food packs to hungry children and their families. But now the crisis is worsening and the number of people who need help are increasing. The cost of providing this urgent support exceeds what sponsorship giving can provide.



STELLA, KENYA

Eight-year-old Stella and her family are living with the disastrous effects of the prolonged drought impacting Kenya and the rest of the Horn of Africa - the worst drought in 40 years.

Stella's mum Catherine explains, "Rain used to be predictable. It rained consistently, and I knew when to plant and harvest." Yet fertile land is now lacking water to help crops grow. More than four million people are food insecure, and 3.3 million can't get enough water to drink. High food prices are also impacting households' purchasing power.

The Compassion project where Stella is registered is helping families with food parcels and education on sustainable food production methods. "The food we received from the church came as a relief; I got a call telling me of the assistance," reflects Catherine. "I had been considering leaving my elderly mother with the children, so I could go to look for work elsewhere."

Compassion's local church partners are serving families like Catherine's, listening to needs and responding with help.

SPEAKING UP FOR CHILDREN

“The best part of volunteering with Compassion is the friendship and fellowship of working with a group of people who have a common passion, knowing that we are working to promote something so close to God’s heart.”



Our
125
active volunteer
speakers helped us see
687
sponsorships during
the financial year.

Our 27
Administrative
Volunteers
gifted approximately
2,400
HOURS
during the
financial year.



76
volunteers helped
serve Compassion at
live events during the
financial year.



Our Challenge Event
Volunteers raised
£45,000
during the
financial year.



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

MARK 9:36-37

**MIGUEL,
AGED 5,
COLOMBIA**

Strategic REPORT

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

JEREMIAH 29:11

SOPHIA, AGED 6, BRAZIL
Inspired by Sara, a Compassion
photojournalist, Sophia dreams
of taking photos and writing
stories when she grows up.

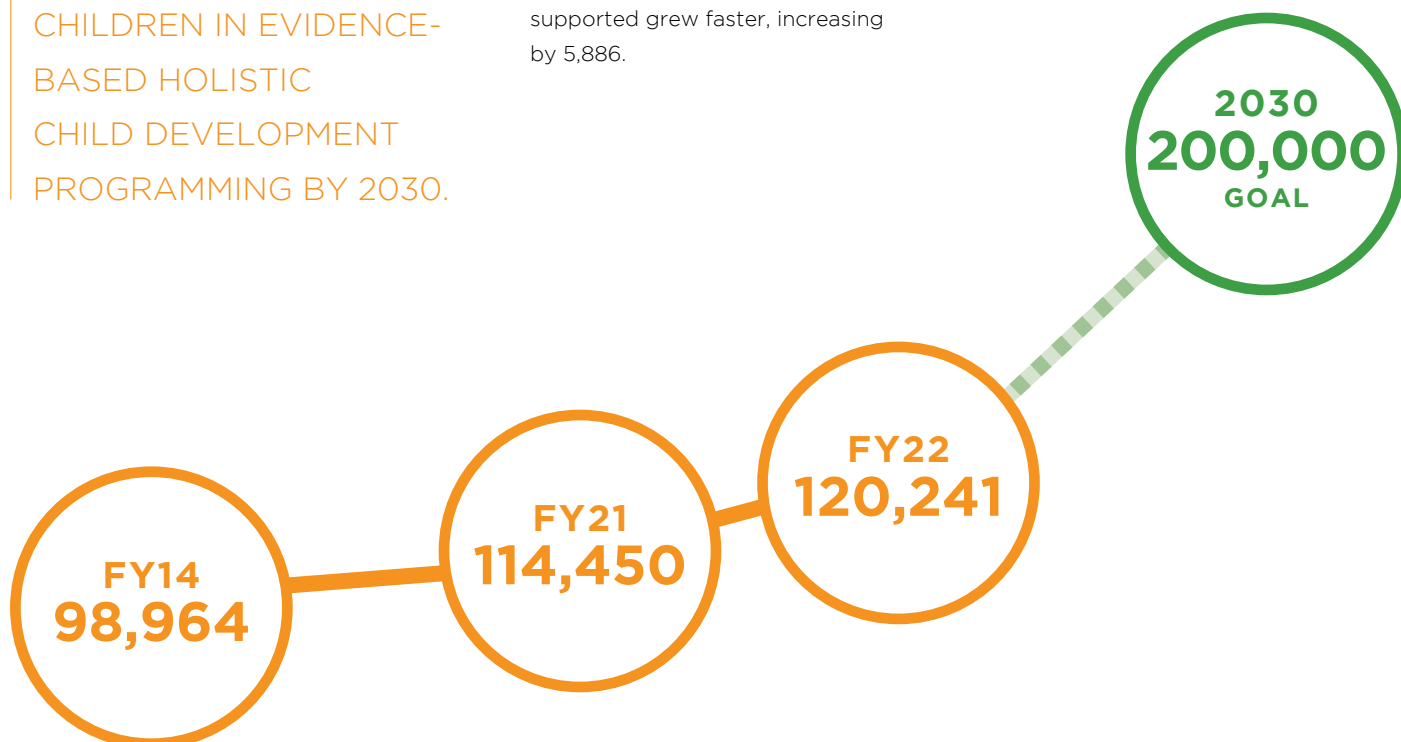
1 JULY 2021 – 30 JUNE 2030

STRATEGIC GOALS

ACCELERATE THE RATE OF MINISTRY GROWTH TO ENABLE THE SUPPORT OF MORE THAN 200,000 CHILDREN IN EVIDENCE-BASED HOLISTIC CHILD DEVELOPMENT PROGRAMMING BY 2030.

In the previous eight years, Compassion has increased the number of children benefiting from our support by 15,486.

In FY22, the number of children supported grew faster, increasing by 5,886.



IN PURSUIT OF OUR FY30 GOAL, WE AIMED TO ACHIEVE THE FOLLOWING IN FY22...

INCREASE THE RATE OF FINDING NEW SPONSORS FOR CHILDREN

Our supporters had been extremely faithful throughout the pandemic, but the ability to recruit new sponsors was severely curtailed due to the reduced level of church and event opportunities. We prioritised sponsorship growth in FY22 and aimed to see 9,550 new

sponsorships. When this goal was set we expected no further COVID restrictions.

Progress was as expected for the first six months, but the outbreak of the Omicron variant reduced opportunities between January and April. In May and June, we saw a significant increase in new sponsorships

FY21

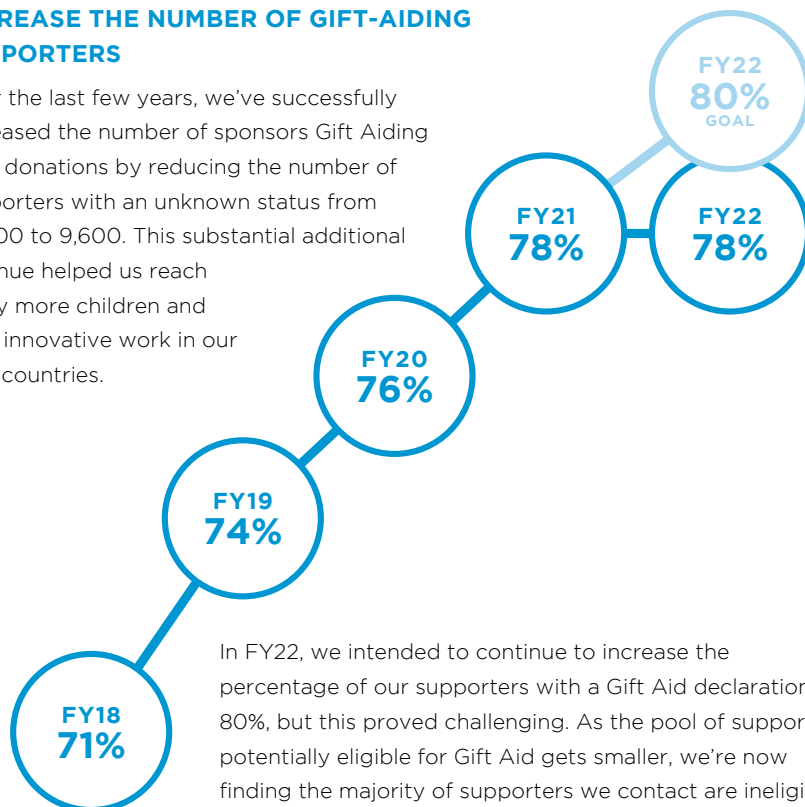
6,043

FY22

7,760 9,550

INCREASE THE NUMBER OF GIFT-AIDING SUPPORTERS

Over the last few years, we've successfully increased the number of sponsors Gift Aiding their donations by reducing the number of supporters with an unknown status from 23,500 to 9,600. This substantial additional revenue helped us reach many more children and pilot innovative work in our field countries.



In FY22, we intended to continue to increase the percentage of our supporters with a Gift Aid declaration to 80%, but this proved challenging. As the pool of supporters potentially eligible for Gift Aid gets smaller, we're now finding the majority of supporters we contact are ineligible.

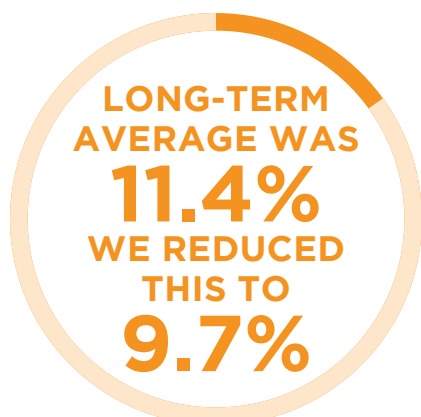
HELP SPONSORS EMPOWER ANOTHER LIFE

Our sponsors faithfully sponsor children in poverty for multiple years, and it's a significant milestone in a young adult's life when they no longer need Compassion's support.

We innovated and ran trials in several areas to try and improve the rate at which sponsors choose to empower another life by sponsoring a subsequent child after graduation. Having learned from those results, we did see an improvement in the last few months of FY22; however, the backdrop of increased economic uncertainty was a common reason for supporters to not want to sponsor again at this time.

REDUCE THE NUMBER OF SPONSORS WHO CANCEL THEIR SPONSORSHIP WITHIN THE FIRST YEAR

Data analysis shows a supporter is most likely to cancel their sponsorship in the first year. We aimed to ensure supporters had the best possible introduction to their sponsored child and increased the sophistication of our welcome journeys.



EMBED INNOVATION AS A CORE COMPETENCY

We want each of our team members to be able to answer the question, "What would need to be true for this team to make its biggest possible contribution to the journey to 2030?" and obtain the tools to take a holistic view of innovation.

Most of our team received full or partial training in FY22, and those that haven't done so will receive full training in early FY23.



HIGHLY ENGAGED TEAM MEMBERS

We want our people to thrive in a rapidly changing environment and remain highly engaged, knowing this will lead to better outcomes for the children we serve, higher job satisfaction and, ultimately, staff retention.



IN PURSUIT OF OUR FY30 GOAL, WE AIM TO ACHIEVE THE FOLLOWING IN FY23

ACCELERATE OUR IMPACT

As part of the goal to reach 200,000 children by FY30, in FY23 we aim to increase the number of children supported in effective programming, most of which will come from sponsorship growth.



123,700
CHILDREN SUPPORTED

BUILD CAPABILITIES ENABLING FUTURE GROWTH

During the year, we'll build a strategy and insights capability and an operational innovation lab tasked with ideating and developing products that'll enable the ministry to serve more children in effective programming.



2023
CREATION OF NEW
INNOVATION LAB

EMPOWERING OUR PEOPLE TO THRIVE

We want to see a continued increase in staff engagement this year. We value our staff and want to see them thrive and enjoy their work. Highly engaged team members achieve better outcomes for the children we serve and are less likely to leave in what is expected to be a challenging recruiting market.



2%
INCREASE IN
ENGAGEMENT METRICS

KNOWING, LOVING AND CONNECTING SUPPORTERS

We want to increase the number of highly engaged supporters because they pray for their sponsored children more often, write more encouraging messages and are less likely to cancel their sponsorship.



5%
INCREASE IN HIGHLY
ENGAGED SPONSORS

COMPASSION UK'S IMPACT THIS FINANCIAL YEAR

OUR SPONSORSHIP PROGRAMME

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



7,760
CHILDREN
WERE NEWLY
SPONSORED

6,519
YOUNG ADULTS
AND CHILDREN LEFT
THE PROGRAMME



95%
OF SPONSORS
CONTINUED THEIR
CHILD SPONSORSHIP

AT THE YEAR
END THERE
WERE
106,311
CHILDREN AND
YOUNG ADULTS
REGISTERED
IN OUR
SPONSORSHIP
PROGRAMME



PROJECT SPONSORSHIPS

We're piloting a new approach using Gift Aid funds to support whole projects in Rwanda, Uganda and Kenya and are monitoring outcomes.



5,760
CHILDREN
WERE BEING
SUPPORTED
IN THIS
PROGRAMME
THIS YEAR, AN
INCREASE OF
2,256

OUR CHILD SURVIVAL INTERVENTIONS

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



4,996
MOTHERS AND
BABIES WERE
REGISTERED IN
CHILD SURVIVAL
INTERVENTIONS
BY THE YEAR
END, AN
INCREASE OF
2,732

OUR UNSPONSORED CHILD PROGRAMME

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

AT THE YEAR
END THERE
WERE
5,672
CHILDREN BEING
LOOKED AFTER
WHILE WAITING
FOR A SPONSOR



COMPASSION UK

CHILDREN SUPPORTED:

120,241

IN 27 COUNTRIES
WHERE WE WORK

Bangladesh	1,897	Kenya	12,898
Bolivia	3,046	Malawi*	-
Brazil	2,832	Mexico	1,913
Burkina Faso	4,843	Myanmar*	-
Colombia	3,368	Nicaragua	2,165
Dominican Republic	2,357	Peru	3,072
Ecuador	2,799	Philippines	3,741
El Salvador	2,360	Rwanda	9,397
Ethiopia	8,167	Sri Lanka	1,454
Ghana	9,402	Tanzania	5,522
Guatemala	1,884	Thailand	2,324
Haiti	6,235	Togo	5,711
Honduras	1,668	Uganda	15,794
Indonesia	5,392		



*Compassion has now begun to partner with local churches in Malawi and Myanmar. Currently these projects support mothers and babies enrolled in Child Survival Interventions.



410,421
ENCOURAGING
MESSAGES
OF SUPPORT
BETWEEN
CHILDREN
AND THEIR
SPONSORS

WE PROVIDED
EVERY CHILD IN OUR
PROJECTS WITH A
CHRISTMAS GIFT AND
65,785
ADDITIONAL GIFTS
TO CHILDREN,
THEIR FAMILIES OR
THEIR PROJECTS



SET UP AN
AGRICULTURAL
BUSINESS SCHOOL



BUILT
115
TOILETS



8,544
PARENTS
PARTICIPATED IN
WORKSHOPS TO
PREVENT CHILD
MARRIAGE

PROVIDED FOOD
ASSISTANCE, TO
59,000
DISPLACED PEOPLE IN
ETHIOPIA ALONGSIDE
HYGIENE SUPPLIES
AND TRAUMA
COUNSELLING



PROVIDED
8,120
HOUSEHOLDS
IN KENYA WITH
EMERGENCY
FOOD RELIEF



£838,000
ON EMERGENCY RELIEF IN THE
IMMEDIATE AFTERMATH OF THE
EARTHQUAKE IN HAITI AND
£425,000
REBUILDING INFRASTRUCTURE TO
MODERN PARA-SEISMIC STANDARDS


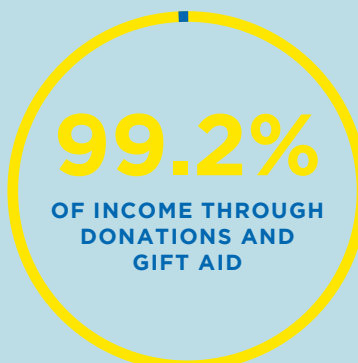
DISASTER FUND

We granted **£280,000**
into a disaster fund to be used to
provide emergency relief in 2023.

FINANCIAL REVIEW

INCOME

Total Income:
£50.55m



DONATIONS BEFORE GIFT
AID GREW BY
£0.46m



DONATIONS TO THE MOST NEEDED
FUND INCREASED BY £0.42M TO
£1.42m



GIFT AID RECEIVED
REDUCED BY

£0.47m

Gift Aid on donations made in the year was higher than in 2020/21; however, last year, significant back claims were made due to raising the Gift Aid sign-up rate to 78%, which was not replicated in FY22.

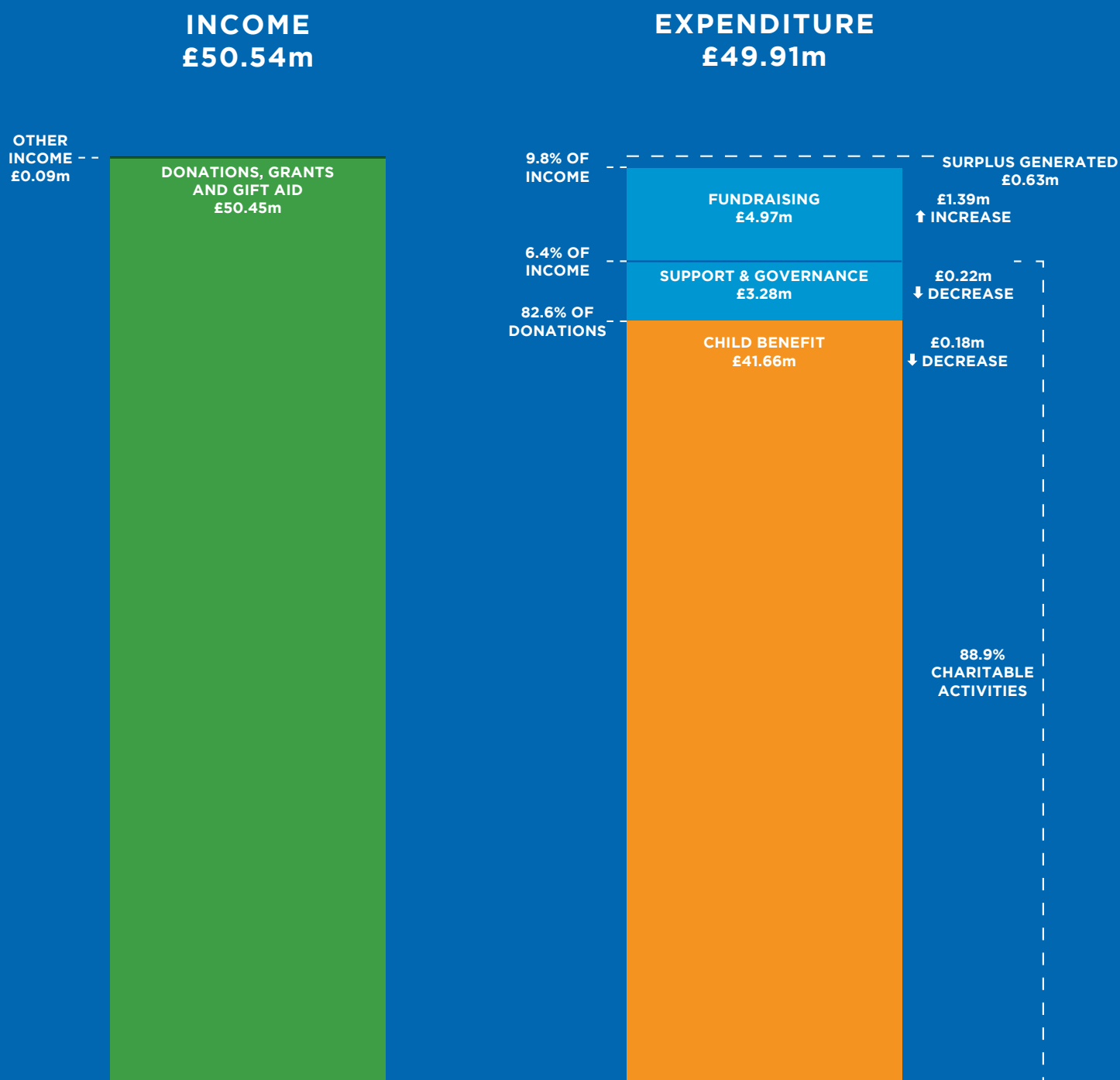


DONATIONS FOR GIFTS
FELL BY
£0.34m

FY21 represented an all-time high for gift giving, but our supporters still gave £3.59m of giving in this area, considerably more than in a typical year.

FINANCIAL REVIEW

INCOME & EXPENDITURE



During the financial year 82.6% of each donation was used to benefit children, an increase from 82.3% the previous year.

We slightly reduced the amount we spent on support and governance by £0.22m. This is primarily a reduction in technology costs as we did not repeat the same level of investment in the digital journey for supporters and automation as in the previous year.

The amount spent on fundraising increased by £1.39m compared to Financial Year 2021 due to fewer pandemic restrictions. However, this figure is still £0.61m below the level of spending in FY2020 as pandemic restrictions continued to reduce fundraising options.

The savings in fundraising resulted in a surplus which will be utilised over the next three financial years.

FINANCIAL REVIEW

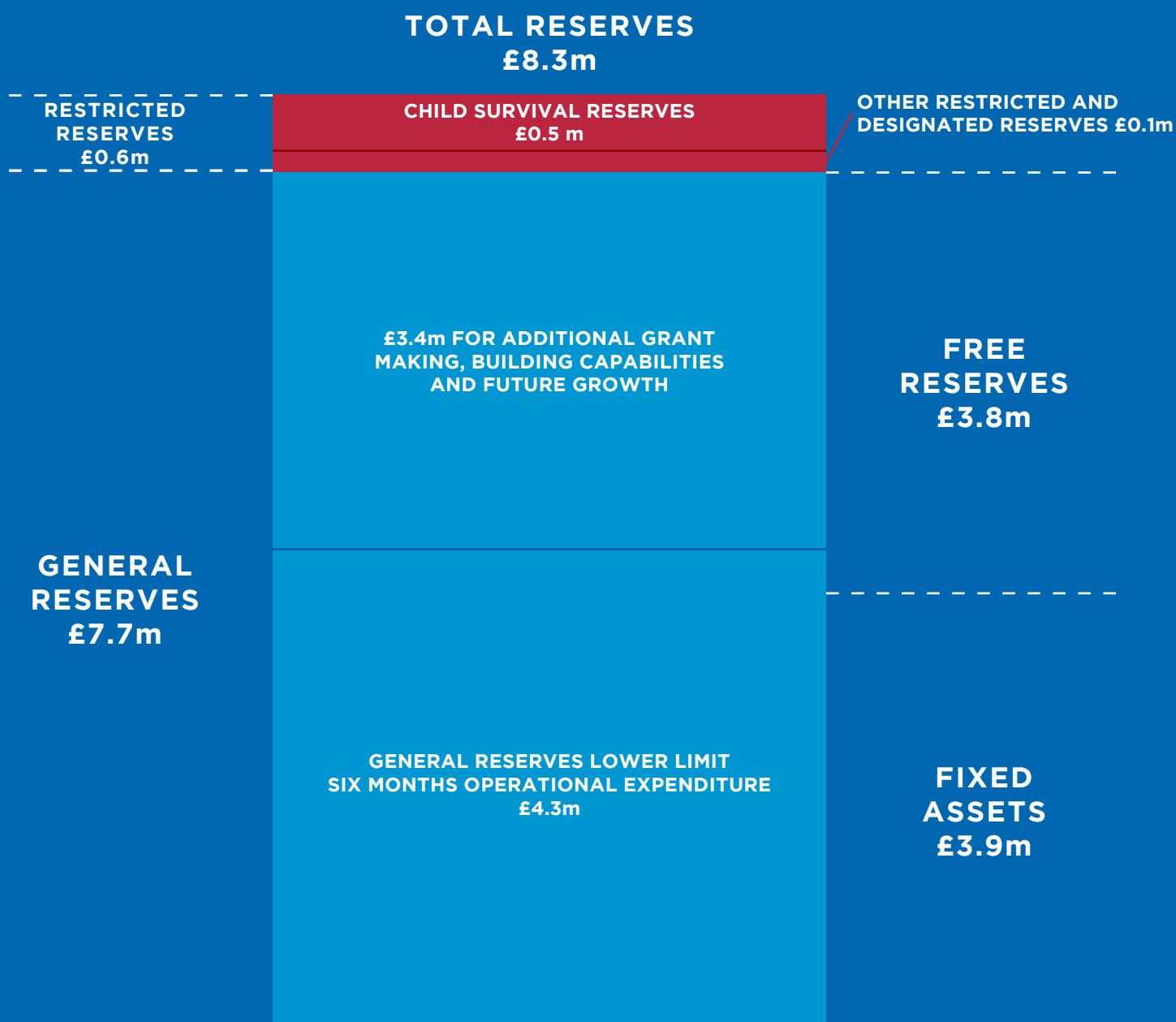
RESERVES

The pandemic limited the number of cost-effective opportunities to meet with potential new supporters and introduce them to the work of Compassion. As a result, fundraising expenditure has been much lower than planned for the last three financial years, as have the number of sponsored children. The reduction in planned spending has resulted in excess general reserves.

The trustees and senior leadership team are acutely aware that there has been a sharp rise in extreme poverty in many communities due to factors such as COVID-19, inflation, food shortages and climate change. There is an urgent need to provide additional support to children and youth who are

already in the sponsorship programme, while at the same time, there is an urgent need to enrol children who are not receiving the benefits of being in the programme.

At the end of the financial year, Compassion UK held £7.7m of general reserves, and the trustee's policy is to only hold six months of operational expenditure (£4.3m) in reserve to protect the charity from unexpected income drops or unanticipated expenses. The remaining £3.4m of general reserves are excess reserves that will be utilised to provide immediate and long-term relief from emerging crises and increase the number of children supported by Compassion.



PRINCIPAL RISKS AND UNCERTAINTIES

Compassion UK is a global partner of Compassion International, which has a separate risk management and global audit function focusing on Compassion's large-scale risk profile internationally. Compassion entities work together in the identification and co-assessment of Compassion's global risks. This includes the risks all the way from Compassion UK to the child and their project. The UK trustees are responsible for ensuring that risks are managed and controlled appropriately.

SUMMARY OF MAJOR RISKS AND COMPASSION'S RISK MITIGATION

THE NEED IS INCREASING, BUT THE DIFFICULT ECONOMIC CLIMATE MEANS THE RISK OF REDUCED OR INSUFFICIENT INCOME

Decades of development progress are being lost. Extreme weather and drought, the impact of the pandemic, conflict and rising inflation mean more children are falling into extreme poverty. The current volatility in the economic climate and continued uncertainty due to the cost-of-living crisis, impact of the COVID-19 pandemic, currency fluctuations and slow return to church attendance have made our future financial planning to meet the need challenging.

Generosity of our supporters

We are grateful and blessed to have supporters who continue to be inspired even in these difficult times to give generously to prevent even more children from being drawn into extreme poverty.

Food Crisis Appeal

In response to the global food crisis, we have an ongoing appeal to provide emergency food packages to families vulnerable to food insecurity and provide long-term food security through the distribution of seeds, fertiliser, livestock, and training on building and maintaining home gardens and small-scale farms.

Increasing our reach via investment in church partnerships and volunteers

We have expanded our volunteer speaker network and continue to find ways to partner with churches both physically and digitally.

Hedging

Careful planning means we can increase currency stability via hedging.

Diversifying revenue streams

We continue to receive grant funding from the Foreign, Commonwealth & Development Office (FCDO) towards Child Survival Interventions in Togo. We also have other plans to diversify income further in the future.

CONFLICT AND UNSTABLE POLITICAL ENVIRONMENTS

Compassion's full range of programming operations in some countries where our national offices are based were either closed or suspended because of conflict or unstable political environments.

Robust business continuity and disaster recovery planning

Compassion International monitors persistent and emerging issues in the national offices and has in place contingency measures for adapting activities, as far as possible, to meet the needs of the participants and ensure the safety and security of the workforce.

ACTS OF GOVERNMENT AND REGULATORY BODIES

The stringent and complex government and public health regulations in response to the COVID-19 pandemic continue to significantly impact the achievement of strategic goals and objectives, including full or partial closure or suspension of office premises or centre-based programme activities in countries where Compassion operates and disruption of partnerships for Christian events and church services.

Implementing temporary adaptations

We have made temporary adaptations to our programme delivery in response to the health regulations, incorporating findings from our risk assessments. This includes delivering a home-based programming model and direct cash transfers for caregivers of participants.

In the UK, we are piloting a flexible working policy and have ensured all Compassion UK staff are equipped with the necessary resources that enable homeworking at short notice.

We also successfully delivered Virtual Vision Trips, which have enabled our supporters to stay connected with the realities of global poverty in times of crises and the difference the Compassion ministry is making.

RECRUITMENT CHALLENGES

The current labour market has been impacted by the 'Great Resignation', where employees are considering resigning or changing professions. Job vacancies are also at a record high, with high staff turnover seen nationally. Weekly earnings in the UK have also grown. This has led to difficulty in recruiting for some roles.

Annual Pay Reviews and Remuneration benchmarking

We remain committed to attracting, recruiting, and retaining the right calibre of highly skilled staff. We promote the distinct benefits of working for the Compassion ministry.

Our trustees conduct an annual review of the Pay Policy and pay scales.

We also regularly and recently conducted a salary benchmarking exercise for all roles to ensure these are matched to market salary trends.

ADVERSE NEGATIVE PUBLICITY

Any risk of potential reputational damage as a result of incidents or crises which have impacted Compassion or our partners is carefully managed. Our response and resolution to any issues are overseen by our trustees.

Investment in media monitoring

We invest in media monitoring services to be aware of any emerging stories relating to Compassion, our partners, or our

area of ministry as soon as possible. In addition, we have a clear and robust crisis communication process in place, which includes collaboration with Compassion International and our UK-based PR agency, to manage any potential or emerging communications issues.

SAFEGUARDING INCIDENTS

Protecting children is the heart of what we do. Implementing child protection measures across all our church partners continued to be a challenge during the COVID-19 pandemic, impacting both incident reporting and the ability to run full investigations due to lockdowns. Additionally, there was a global rise in the threat of online sexual exploitation of children.

Child protection remains Compassion's key priority

Modifications have been made to programme implementation, including providing families and caregivers with relevant resources for child protection, enabling incident reporting to be done remotely, and monitoring and assessing local and national restrictions. For more on Safeguarding, see page 35.

FINANCIAL INCIDENTS

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

Working with the right partners

We have a rigorous recruitment and selection process for choosing partners we work with. Our partnership agreements set out responsibilities and expectations, including alignments with Compassion global policies and financial control frameworks, reporting and audit systems.

Supervising and auditing

Our main national offices in each country supervise local churches, overseeing

financial, operational and regulatory compliance. Suitable and qualified finance staff are employed to review expenditure in detail which helps to ensure that money is being spent correctly, alongside an independent internal audit department that reviews both local churches and the national offices.

Training and Awareness

Compassion's global audit team lead the development and delivery of fraud awareness training, improving fraud detection capabilities.

Financial Incident Management

There is a robust investigation process in the event of an actual or suspected financial incident. During the investigation, partnerships with churches may be suspended and funds withheld.

A serious incident process is also in place for reporting to appropriate local law enforcement agencies and UK regulators. Based on the outcome of the investigation, a church partnership may be terminated, and the perpetrators dismissed from their role. Compassion will take reasonable steps to recover stolen or intentionally misused funds.

CYBERSECURITY ATTACKS


In an increasingly connected world, cyberattacks are sadly becoming more sophisticated.

We continued to strengthen technical and organisation safeguards

Compassion UK has successfully maintained the National Cyber Security Centre's Cyber Essentials Plus Certification, demonstrating that sufficient measures are in place to guard against the most common cyber threats.

We continue to implement security enhancements to proactively identify cyber risks, and commit to conducting robust security reviews of suppliers who are engaged as data processors.

Structure, GOVERNANCE & MANAGEMENT



INGRIDD, AGED 17, INDONESIA
Compassion's church partner established a computer lab at Ingrid's project. As a result, she's now the first member of her family to become computer literate.

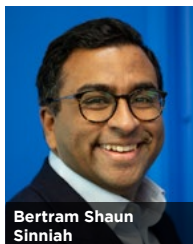
OUR VOLUNTEER TRUSTEES

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

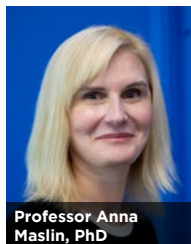


Chair of the Board of Trustees

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



Bertram is the Chief Operating Officer and on the board of one of the world's leading professional service firms in the areas of risk, safety and people. He has a wealth of experience in multiple industries.



Deputy Safeguarding Trustee Lead

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



Chair of the Finance and Audit Committee

Hedy is a chartered accountant who has had various roles working with the public sector, charities, churches and community projects with a particular focus on families and young people.



Cathy and her husband are involved in the global leadership of Hillsong Church, a thriving church in the heart of cities around the world.

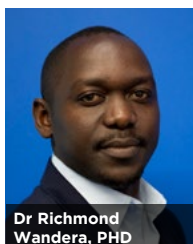


Matthew is a qualified accountant and Chartered Member of the Institute of Housing. Passionate about improving quality of life for those he serves, he is Chief Executive of Leeds Federated Housing Association and Chair of PlaceShapers and Life Church Bradford.

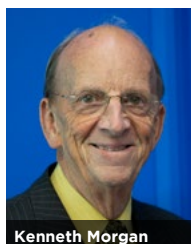


Safeguarding Trustee Lead

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



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



(Retired as a Trustee on 29 October 2021)

Ken is a chartered accountant with more than 40 years experience supporting the growth and development of a variety of organisations.

LEADERSHIP TEAM

Authority to conduct the day-to-day operations of the charity is delegated to the Chief Executive Officer, who is responsible for carrying out the strategies and policies set by the trustees. The trustees' responsibilities are set out on page 39.



Chief Executive Officer



Senior Director of Partnerships



Chief Operating Officer and Company Secretary



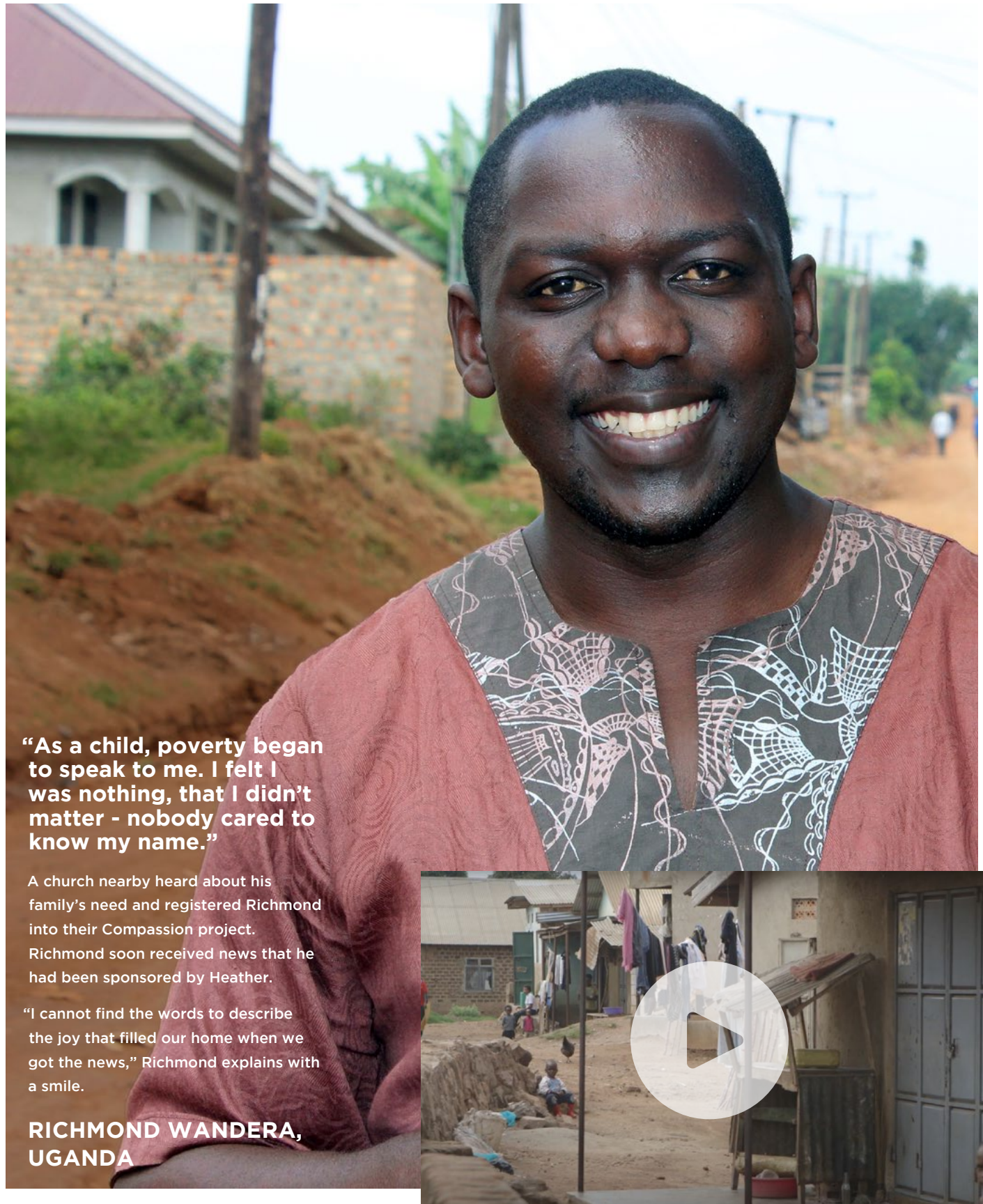
Finance Director



Senior Director of Marketing and Engagement

HOW CHILD SPONSORSHIP CHANGED MY LIFE

Richmond Wandera, Trustee



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

A church nearby heard about his family’s need and registered Richmond into their Compassion project. Richmond soon received news that he had been sponsored by Heather.

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

**RICHMOND WANDERA,
UGANDA**



SAFEGUARDING

The protection of anyone who comes into contact with Compassion UK or our work is at the core of our ministry, and we are committed to doing all we can to keep children and adults safe, ensuring that they are known, loved and protected.

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

PREVENTION

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

Governance and Leadership – our Board of Trustees and Executive Team take their safeguarding responsibilities very seriously, continually considering how to strengthen this area of our work. During the last year, we have appointed a full-time Head of Safeguarding role for Compassion UK, created a Board level Safeguarding Committee and increased the resources we devote to our safeguarding work. The Committee includes both the Designated and Deputy Designated Safeguarding Trustees, which were already in place prior to forming the Safeguarding Committee and Executive level representation. Safeguarding is a standing agenda item at each Board meeting; regular Executive Team

meetings and updates are provided to every trustee regularly. In addition, a child protection policy covers all countries where Compassion works.

Safer Recruitment – safeguarding is embedded in the recruitment processes for staff, trustees and volunteers, including background and DBS checking and high standards of behaviour being set. This year Compassion has joined the Misconduct Disclosure Scheme. Further measures have also been embedded within our recruitment process, including mandatory interview questions for all new roles and updated Referencing, Disciplinary and Recruitment & Selection policies.

Training and Development – all staff and trustees receive child protection training as part of their initial onboarding. Refresher training was provided to all staff in February 2022 and the Board in March 2022. Further training has been developed for Volunteers and contractors in high-risk roles.

Communications and Content – Compassion's Marketing and Communications Team have global standards to align with our Child Protection policies. The child's interest is always our primary concern, which we would never compromise when capturing content. We were pleased to launch an awareness and fundraising campaign called 'Stop the Weddings', which focused on preventing child marriage.

Field Experience – with continued disruption to travel due to COVID-19, no in-person trips have taken place during the past year. Our safeguarding controls have been adapted so they are fit for purpose in virtual and online trips.

REPORTING

Everyone at Compassion UK is responsible for reporting any potential

incident, abuse or concern they witness or are made aware of. This includes a responsibility to report any breach of Compassion's 'Statement of Commitment to Child Protection and Code of Conduct', which all staff and trustees sign. Compassion UK has an appropriate and accessible process for reporting safeguarding concerns available to all. Training was provided to all staff at Compassion UK on the reporting protocols and procedures.

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

RESPONSE

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

Compassion follows all relevant national laws relating to reporting child maltreatment and criminal behaviour.

Compassion UK takes our responsibility seriously to report all serious incidents to the Charity Commission, Foreign, Commonwealth & Development Office (FCDO) and any other relevant authority.

MODERN SLAVERY

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

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

FUNDRAISING STATEMENT

Registered with



WE BELIEVE THAT EXTREME POVERTY CAN BE ERADICATED IN OUR LIFETIME. THIS AMBITIOUS AIM CANNOT BE ACHIEVED WITHOUT IGNITING MEMBERS OF THE PUBLIC TO ACTION. WE ARE BLESSED AND THANKFUL FOR THE LONG-TERM COMMITMENT AND GENEROSITY OF OUR SUPPORTERS AS WE WORK TOGETHER TO EMPOWER CHILDREN AND THEIR FAMILIES TO BREAK FREE FROM EXTREME POVERTY.

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

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

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

Compassion has a number of supporters who undertake fundraising activities either on our behalf or through their own initiative. We have also taken reasonable steps to monitor and review fundraising activities undertaken by third-party organisations acting on our behalf, including applying robust due diligence procedures; reviewing agreements and contractual clauses in relation to compliance with the Code of Fundraising Practice; and performance reviews.

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

Compassion UK's Supporter Charter is available on our website and outlines our procedures for handling complaints. In the 2021-2022 financial year, we received 25 fundraising complaints. All complaints were treated seriously, and prompt actions were taken to resolve these satisfactorily. The trustees and senior leadership continue to review complaints as a standing agenda item at their meetings. This includes reviewing lessons learnt, which are used to inform future training needs or procedure reviews.

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

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

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

Compassion UK's Policy on Supporters in Vulnerable Circumstances is publicly available on our website. We ensure everyone involved in fundraising activities is equipped to identify, interact and respond to our supporters who are in potentially vulnerable circumstances. We will always be mindful to respond appropriately to the particular needs of a supporter and ensure we have effective policies and procedures in place to treat them respectfully and fairly.

OUR ENVIRONMENT



Young inventor, Winner, from Togo has been encouraged through Compassion's programme to pursue her passion for engineering. Here, she stands with her latest creation; a solar-powered wheelchair.

People living in poverty are disproportionately harmed by climate issues. We want to do all we can to be part of the solution.

Through assessing our carbon footprint, we monitor, reduce and offset our emissions to maintain our carbon neutral status.

WE CONTINUE TO:

- Harness energy-efficient systems, such as solar panels and other technologies, in our offices.
- Offer paper-free experiences for supporters. We have identified this could save half a million printed documents each year.
- Reduce single-use plastic, for instance, using a biodegradable starch-based protective cover for our magazine.

DURING THE LAST YEAR:

- Emissions have decreased by 93% compared to the base year, however, this was predominately due to being unable to travel by air. Typically, more than 80% of our carbon emissions are linked to air travel.
- Where possible, all cars are now fully electric.
- Offset carbon emissions for this year.

GOING FORWARD, WE ARE COMMITTED TO:

- Further evaluating the effectiveness of virtual tours. As well as cutting our emissions, there are both money and time-saving alternatives to in-person project visits and have so far been a great success.
- Limiting the amount of air travel and selecting airlines based on sustainability credentials for necessary flights.

- Transferring the office from a 93% renewable tariff to a 100% renewable tariff.
- Offsetting the carbon emissions caused during future periods.

Our assessment this year showed that we had produced 71 tonnes CO₂. We have offset this through a tree-planting project in Kenya and the Amazon. This has enabled emission reductions and restored the water catchment and ecosystem. The project also seeks to empower women, who make up more than 50% of the team, and provide livelihoods for local people.

As we move forward, we are committed to reducing our environmental impact to ensure we do all we can to protect people and the planet.



GOVERNING DOCUMENT

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

APPOINTMENT OF VOLUNTEER TRUSTEES

Every trustee volunteers their services to the charity and must be a member. The chair of the Board of trustees is elected by the trustees from one of their number.

New trustees are appointed by the existing trustees according to the charity's governing document, ensuring that the Board has the appropriate balance of skills, experience, independence and knowledge to enable them to carry out their respective duties and responsibilities.

TRUSTEE INDUCTION AND TRAINING

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

ORGANISATION

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

All trustees give their time freely, and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in notes 11 and 18 to the accounts.

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

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

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

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

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

A new Safeguarding Committee has been formed to provide regular Board oversight to develop Compassion UK's safeguarding culture, handling and reviewing all reported safeguarding incidents across Compassion and its Frontline Church Partners. The committee is chaired by the Designated Safeguarding Trustee. It consists of no less than two members with a minimum of two Board members, the Head of Safeguarding and Chief Operating Officer.

Trustee Indemnity Insurance is provided by Compassion UK for trustees.

CONNECTED CHARITIES

COMPASSION INTERNATIONAL

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

Fundraising partner countries transfer funds raised to Compassion International which are then used to support programmes in the 27 frontline field countries. Grants paid to Compassion International cover the grants to the frontline church partners and running the field country and regional offices, as well as programme costs at Compassion International as this is the most efficient way to distribute funds.

COMPASSION IRELAND

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

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

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

Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the income and expenditure of the charity for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement Of Recommended Practice (SORP);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

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

AUDITOR

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

STRATEGIC REPORT

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

The Trustees' Report (incorporating the Strategic Report) was approved by the Board of Trustees (which is also the Board of Directors) on 28 October 2022 and signed on its behalf by Jon Toohey (Chair).

On behalf of the Board



Jon Toohey (Chair)
Dated 28 October 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASSION UK CHRISTIAN CHILD DEVELOPMENT

OPINION

We have audited the financial statements of Compassion UK Christian Child Development (the 'charitable company') for the year ended 30 June 2022, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2021, and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual

report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the trustees' responsibilities statement set out on page 39, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for

this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below:

- The charitable company is subject to laws and regulations that directly affect the financial statements, including financial reporting legislation. We determined that the following laws and regulations were most significant, including the Companies Act 2006, Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Safeguarding Vulnerable Groups Act 2006, GDPR and the UK Code of Fundraising Practice. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur. As a result of the above procedures, we considered that the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the posting of fraudulent journal entries, fictitious employees and timing of revenue recognition.

- Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgments made by management in its significant accounting estimates;
 - Identifying and testing journal entries, in particular, any journal entries posted with unusual account combinations;
 - Carrying out checks to establish the validity of employees, and
 - Reviewing and verifying the basis on which income is recognised in the accounts

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance


with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state

to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Janice Matthews FCA, Senior
Statutory Auditor

For and on behalf of Menzies LLP,
Statutory Auditor

Chartered Accountants
Statutory Auditor
Centrum House
36 Station Road
Egham
Surrey
TW20 9LF

Dated:
28 October 2022

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

GIMENA, AGED 13, HONDURAS

While Gimena comes from a rural community where education levels are low, she has excelled in mathematics. She discovered a love for maths at her Compassion project, and now competes nationally.

Financial STATEMENTS

STATEMENT OF FINANCIAL ACTIVITY

(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

		FOR THE YEAR ENDED 30 JUNE 2022				FOR THE YEAR ENDED 30 JUNE 2021			
	NOTE	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2021	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2020
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME FROM									
Donations & Legacies	5a	33,389	7,581	9,200	50,170	33,410	7,619	9,152	50,181
Grants	5b	280	-	-	280	322	-	280	602
TOTAL VOLUNTARY INCOME		33,669	7,581	9,200	50,450	33,732	7,619	9,432	50,783
Charitable activities	6	-	-	71	71	-	-	61	61
Investments:									
Interest		-	-	24	24	-	-	1	1
Other Income:									
Profit/(Loss) on disposal of assets		-	-	-	-	-	-	(9)	(9)
TOTAL INCOME		33,669	7,581	9,295	50,545	33,732	7,619	9,485	50,836
EXPENDITURE ON									
Raising Funds	7	-	-	4,966	4,966	-	-	3,576	3,576
Charitable activities	8	34,016	7,642	3,287	44,945	33,874	7,968	3,483	45,325
TOTAL EXPENDITURE		34,016	7,642	8,253	49,911	33,874	7,968	7,059	48,901
NET MOVEMENT IN FUNDS		(347)	(61)	1,042	634	(142)	(349)	2,426	1,935
RECONCILIATION OF FUNDS									
Total Funds Brought Forward		996	93	6,614	7,703	1,138	442	4,188	5,768
TOTAL FUNDS CARRIED FORWARD		649	32	7,656	8,337	996	93	6,614	7,703

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenses derive from continuing activities.

TREATMENT OF RESTRICTED, DESIGNATED AND GENERAL FUNDS

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

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

The definitions of restricted, designated and general funds can be found in the accounting policies note 1J, 1K and 1L.

BALANCE SHEET

	NOTE	AS AT 30 JUNE 2022	AS AT 30 JUNE 2021
		£'000	£'000
FIXED ASSETS			
Tangible assets	12	3,912	3,847
Intangible assets	12	-	-
TOTAL FIXED ASSETS		3,912	3,847
CURRENT ASSETS			
Debtors	13	672	1,640
Cash at bank and in hand		4,793	3,891
Current Asset Investment		4,085	4,000
TOTAL CURRENT ASSETS		9,550	9,531
LIABILITIES			
Creditors	15	(5,125)	(5,675)
TOTAL LIABILITIES		(5,125)	(5,675)
NET CURRENT ASSETS		4,425	3,856
TOTAL NET ASSETS		8,337	7,703
THE FUNDS OF THE CHARITY			
UNRESTRICTED FUNDS			
General Funds		7,656	6,614
Designated Funds: Most Needed Fund		32	93
TOTAL UNRESTRICTED FUNDS		7,688	6,707
Restricted income funds	17	649	996
TOTAL FUNDS CARRIED FORWARD		8,337	7,703

Approved by the Board on 28 October 2022 and signed on its behalf by Jon Toohey



Company Registration Number 03719092

CASHFLOW STATEMENT

	AS AT 30 JUNE 2022	AS AT 30 JUNE 2021
	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the reporting period (as reported in the Statement of Financial Activities)	634	1,935
ADJUSTMENTS FOR:		
Depreciation & Amortisation charges	169	168
(Profit)/Loss on the sale of fixed assets	-	9
Dividends, interest and rents from investments	(24)	(1)
Decrease/(Increase) in debtors	968	(503)
(Decrease)/Increase in creditors	(550)	187
Creditors for fixed asset acquisitions unpaid at year end	37	-
Net cash provided by operating activities	1,234	1,795
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interest and rents from investments	24	1
Amount invested in short term investments	(85)	(4,000)
Purchase of fixed assets	(234)	(41)
Creditors for fixed asset acquisitions unpaid at year end	(37)	-
Proceeds from the sale of fixed assets	-	13
Net cash provided by/(used in) investment activities	(332)	(4,027)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	902	(2,232)

	AS AT 30 JUNE 2022	AS AT 30 JUNE 2021
	£'000	£'000
Cash in hand at beginning of period	2,891	6,123
Notice deposits (less than three months) at beginning of period	1,000	-
TOTAL CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,891	6,123
Cash in hand at end of period	3,793	2,891
Notice deposits (less than three months) at end of period	1,000	1,000
Notice deposits (more than three months) at end of period	-	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,793	3,891
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	902	(2,232)

ANALYSIS OF CHANGES IN NET DEBT

	AT START OF YEAR	CASH FLOWS	AT END OF YEAR
CASH	2,891	902	3,793
CASH EQUIVALENTS	1,000	-	1,000
OVERDRAFTS AND LOANS	-	-	-

NOTES

1 ACCOUNTING POLICIES

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

A) BASIS OF PREPARATION

The financial statements have been prepared under the historic cost convention. These accounts have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2019.

The charity meets the definition of a public benefit entity under FRS 102. The reporting currency is GB Pounds Sterling and the accounts are rounded to the nearest thousand (£'000). The principal accounting policies adopted in the preparation of the financial statements are set out below.

The charity has adequate reserves and substantial recurring income. The Trustees therefore consider that the charity will be able to meet its commitments for at least twelve months from the date of approval of these financial statements and for the foreseeable future. The accounts are accordingly prepared on a Going Concern basis.

B) INCOME

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

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

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

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

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

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

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

Income from government grants is recognised on the performance basis when there is evidence of entitlement to the grant, receipt is probable, and its amount can be measured reliably.

Grants that are subject to conditions such as matched funding are only recognised once those conditions have been fulfilled.

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

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

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

Investment income is included in the accounts when receivable.

C) CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

The main area of judgement is in relation to the allocation of central overhead costs between the various expenditure categories on the Statement of Financial Activities, the basis of which is set out in note 1(F).

Compassion makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. In the opinion of the trustees, the main estimate and assumption that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the useful life of fixed assets, which are written-off in accordance with the depreciation policies set out in note 1(E).

D) FIXED ASSETS

Fixed assets are capitalised if they can be used for more than one year and cost at least £5,000. They are valued at cost on receipt.

E) DEPRECIATION AND AMORTISATION

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

- Computer equipment: 25% straight line
- Motor Vehicles: 25% straight line to estimated residual value
- Software: 25% straight line
- Furniture, fixtures and plant: 10% straight line
- Building structure: 2% straight line

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

F) EXPENDITURE

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

Where such costs relate to more than one functional cost category, they have been split on an estimated time, floor space or other basis, as appropriate. A functional breakdown of expenditure is shown in notes 7 to 9.

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

Expenditure on Charitable Activities include: monies remitted to Compassion International and other organisations in respect of child sponsorship income;

costs of supporting and providing information and education to child sponsors, including a share of the costs of the charity's magazine; and other costs incurred directly in meeting the aims of the charity. Child grants include all monies paid to Compassion International and other organisations for the direct benefit of children.

Child Ministry and Advocacy Costs include all costs incurred in the ministry of children and raising awareness on their behalf.

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

G) FOREIGN CURRENCIES

Assets, liabilities, revenues and expenditure in foreign currencies are translated into Sterling at the rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date where material. Transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract are translated at those contracted rates. Differences arising on the translation of such items are dealt with in the SoFA.

H) GRANTS

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

I) OPERATING LEASES

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

J) GENERAL FUNDS

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

K) DESIGNATED FUNDS

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

L) RESTRICTED FUNDS

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

M) PENSION COSTS

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

N) LIABILITIES

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

O) FINANCIAL INSTRUMENTS

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

P) CURRENT ASSET INVESTMENTS

Current asset investments are investments which the charity holds with a maturity date of less than one year. Investment properties are measured at fair value.

2 LEGAL STATUS OF THE CHARITY

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

3 COMPASSION CHARITIES

COMPASSION INTERNATIONAL

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

The amount of these funds granted during the year was £38,440,000 [FY21 £38,896,000] of which £2,864,000 [FY21 £3,723,000] was owed at the year-end and a further £719,000 [FY21 £451,000] was accrued. The outstanding amount represents the June 2022 grant and was transferred to Compassion International after the year-end.

The UK charity is actively involved in the overall administration of the

support given to children and in the decisions made by the international partnership of Compassion charities.

Compassion International paid expenses of £3,000 [FY21 £20,000] to Compassion UK. Compassion UK incurred expenses of £74,000 [FY21 £29,000] to Compassion International of which £45,000 [FY21 £0] was accrued at year-end.

COMPASSION IRELAND

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

During the year £65,000 [FY21 £63,000] was received in income from servicing Compassion Ireland and costs were £89,000 [FY21 £86,000]. The intercompany balance owing by Compassion Ireland is £82,000 [FY21 £36,000].

4 NET MOVEMENT IN RESOURCES FOR THE YEAR

	FOR THE YEAR ENDED 30 JUNE 2022	FOR THE YEAR ENDED 30 JUNE 2021
	CURRENT TOTAL	PRIOR TOTAL
	£'000	£'000
Depreciation and amortisation of fixed assets	169	168
(Profit)/Loss on disposal of fixed assets	-	9
Annual audit fees	23	26
Other fees paid to auditor for advice/consultancy etc	4	4
Foreign exchange (gains)/losses	(5)	(39)

5a DONATIONS AND LEGACIES

	FOR THE YEAR ENDED 30 JUNE 2022				FOR THE YEAR ENDED 30 JUNE 2021			
	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2022	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MINIMUM 80% RESTRICTED								
Child Sponsorship	27,489	-	6,872	34,361	27,531	-	6,883	34,414
Un-sponsored Children	99	-	25	124	86	-	22	108
Project Sponsorship	-	-	-	-	-	-	-	-
Interventions	657	-	180	837	596	-	144	740
Sponsorship Plus	521	-	125	646	480	-	114	594
Child Survival Programme	344	-	86	430	261	-	65	326
HIV/Aids Fund	65	-	16	81	68	-	17	85
100% RESTRICTED								
Gifts for children and families	2,362	-	-	2,362	2,700	-	-	2,700
Gifts for projects	236	-	-	236	307	-	-	307
Christmas Appeal	992	-	-	992	906	-	-	906
Disaster Relief	624	-	-	624	475	-	-	475
MINIMUM 80% DESIGNATED								
Gift Aid	-	6,443	1,611	8,054	-	6,820	1,705	8,525
General unrestricted income	-	1,138	285	1,423	-	799	200	999
OTHER DONATIONS								
Other Donations	-	-	-	-	-	-	2	2
TOTAL	33,389	7,581	9,200	50,170	33,410	7,619	9,152	50,181

Included in the above is legacy income of £640,000 [FY21: £320,000]

5b GRANTS RECEIVED

	FOR THE YEAR ENDED 30 JUNE 2022				FOR THE YEAR ENDED 30 JUNE 2021			
	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2022	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FCDO Grant	280	-	-	280	322	-	-	322
Job Retention Scheme	-	-	-	-	-	-	280	280
TOTAL	280	-	-	280	322	-	280	602

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

6 CHARITABLE ACTIVITIES

	FOR THE YEAR ENDED 30 JUNE 2022	FOR THE YEAR ENDED 30 JUNE 2021
	£'000	£'000
Compassion Ireland Service Income	65	63
Field Experience Income/(Refunds)	-	(4)
Other	6	2
TOTAL	71	61

Sponsors normally have the opportunity to visit projects and their sponsored children on a Compassion Insight Trip.

Field Experience income represents fees paid for trips which took place in the period. No trips have taken place since COVID-19 became a worldwide pandemic.

7 EXPENDITURE ON RAISING FUNDS

	NOTE	FOR THE YEAR ENDED 30 JUNE 2022	FOR THE YEAR ENDED 30 JUNE 2021
		£'000	£'000
Direct Costs Excluding Staff		1,971	1,104
Direct Staff Costs		1,799	1,531
Apportioned Support costs	9	1,196	941
TOTAL		4,966	3,576

8 EXPENDITURE ON CHARITABLE ACTIVITIES

		FOR THE YEAR ENDED 30 JUNE 2022				FOR THE YEAR ENDED 30 JUNE 2021			
	NOTE	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grant Making	8a	34,016	4,552	647	39,215	33,874	5,102	633	39,609
Child Ministry Costs	8b	-	3,090	2,500	5,590	-	2,866	2,435	5,301
Compassion Ireland		-	-	89	89	-	-	86	86
Field Experience	8c	-	-	51	51	-	-	48	48
Furloughed Staff Salaries		-	-	-	-	-	-	281	281
TOTAL CHARITABLE EXPENDITURE		34,016	7,642	3,287	44,945	33,874	7,968	3,483	45,325

8a GRANT MAKING

		FOR THE YEAR ENDED 30 JUNE 2022				FOR THE YEAR ENDED 30 JUNE 2021			
	NOTE	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Sponsorship		27,489	-	-	27,489	27,531	-	-	27,531
Un-sponsored Children		99	42	-	141	86	1,854	-	1,940
Project Sponsorship		-	1,282	-	1,282	-	135	-	135
Gifts for Children and Families		2,362	11	-	2,373	2,700	9	-	2,709
Gifts for Projects		236	-	-	236	305	-	-	305
Christmas Appeal		992	-	-	992	906	-	-	906
Interventions		803	2,817	-	3,620	697	29	-	726
Disaster Relief		824	370	-	1,194	568	3,069	-	3,637
Child Survival Interventions		867	-	-	867	691	-	-	691
FCDO Child Survival Grant - Togo		152	30	-	182	248	-	-	248
HIV/Aids Funds		65	-	-	65	68	-	-	68
Other Funds		(1)	-	-	(1)	-	-	-	-
TOTAL CHILD GRANTS TO COMPASSION INTERNATIONAL	(i)	33,888	4,552	-	38,440	33,800	5,096	-	38,896
Compassion Norden and Germany Grants		-	-	23	23	-	-	25	25
Other Grants	(ii)	-	-	-	-	-	6	-	6
TOTAL GRANTS		33,888	4,552	23	38,463	33,800	5,102	25	38,927
Grant making support costs	9	-	-	624	624	-	-	608	608
FCDO Child Survival Grant - Togo	9	128	-	-	128	74	-	-	74
TOTAL COSTS OF GRANT MAKING		34,016	4,552	647	39,215	33,874	5,102	633	39,609

- (i) Direct costs for child support and other child grants are grants for the benefit of children. Grants paid to Compassion International cover the grants to the projects, costs to run the field country and regional offices, as well as programme costs at Compassion International.
- (ii) Other grants include grants to organisations that support Compassion's mission.

8b CHILD MINISTRY COSTS

		FOR THE YEAR ENDED 30 JUNE 2022				FOR THE YEAR ENDED 30 JUNE 2021			
		RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Child Ministry Costs	(iii)	-	3,090	-	3,090	-	2,866	-	2,866
Child Ministry Support Costs	9	-	-	2,500	2,500	-	-	2,435	2,435
TOTAL CHILD MINISTRY COSTS		-	3,090	2,500	5,590	-	2,866	2,435	5,301

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

8c FIELD EXPERIENCE COSTS

		FOR THE YEAR ENDED 30 JUNE 2022				FOR THE YEAR ENDED 30 JUNE 2021			
		RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Field Experience Direct Costs		-	-	-	-	-	-	-	-
Field Experience Support Costs	9	-	-	51	51	-	-	48	48
TOTAL FIELD EXPERIENCE COSTS		-	-	51	51	-	-	48	48

Sponsors normally have the opportunity to visit projects and their sponsored children on Compassion Insight Trips. No trips have taken place since COVID-19 became a worldwide pandemic.

9 ANALYSIS OF SUPPORT COSTS

FOR THE YEAR ENDED 30 JUNE 2022						
	RAISING FUNDS	GRANT MAKING	CHILD MINISTRY	FIELD EXPERIENCE	ADMINISTERING FCDO GRANT	TOTAL SUPPORT COSTS
	£'000	£'000	£'000	£'000	£'000	£'000
Facilities management	91	23	94	12	6	226
Information technology	301	182	728	14	36	1,261
Operations and finance	99	51	205	(3)	10	362
Support salaries	693	350	1,398	26	72	2,539
Audit and accounting fees	-	4	18	-	1	23
Governance costs	12	14	57	2	2	87
	1,196	624	2,500	51	127	4,498

FOR THE YEAR ENDED 30 JUNE 2021						
	RAISING FUNDS	GRANT MAKING	CHILD MINISTRY	FIELD EXPERIENCE	ADMINISTERING FCDO GRANT	FIELD EXPERIENCE
	£'000	£'000	£'000	£'000	£'000	£'000
Facilities management	77	20	81	10	3	191
Information technology	281	190	758	11	23	1,263
Operations and finance	133	59	236	2	8	438
Support salaries	439	320	1,281	25	38	2,103
Audit and accounting fees	-	5	21	-	-	26
Governance costs	11	14	58	-	2	85
	941	608	2,435	48	74	4,106

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

10 STAFF COSTS

	FOR THE YEAR ENDED 30 JUNE 2022	FOR THE YEAR ENDED 30 JUNE 2021
	£'000	£'000
Wages and salaries	4,514	4,208
Contributions to defined contribution pension schemes	509	444
Social security costs	468	420
Health insurance and other HR costs	83	102
	5,574	5,174
Job Retention Scheme Grant Income	-	280

	FOR THE YEAR ENDED 30 JUNE 2022	FOR THE YEAR ENDED 30 JUNE 2021
	FTE	FTE
Management	5	5
Support and administration	30	27
Supporter relations	46	40
Fundraising and communications	56	57
Grant Management	1	1
	138	130
Percentage increase in staffing levels	6%	5%

	FOR THE YEAR ENDED 30 JUNE 2022	FOR THE YEAR ENDED 30 JUNE 2021
AVERAGE NUMBER OF EMPLOYEES (HEADCOUNT)	161	152
THE NUMBER OF EMPLOYEES WHOSE REMUNERATION FOR THE PERIOD FELL WITHIN THE FOLLOWING BANDS:		
Figures Represent Salary Before Any Salary Sacrifice Deductions		
£60k up to £70K	3	3
£70k up to £80K	2	2
£80k up to £90K	-	-
£90K up to £100K	-	-
£100K up to £110K	1	1

- Defined benefit pension contributions of £47,000 [FY21: £44,000] were made during the year for the above higher paid staff. This excludes employee contributions made via salary sacrifice.
- The company operates a defined contribution pension scheme on behalf of its employees. The pension charge for the year was £481,000 [FY21: £434,000], of which £52,000 [FY21: £40,000] was payable at the year-end.
- The five key management personnel are listed on page 33. The total employee remuneration, including National Insurance and benefits, of key management personnel of the charity was £477,000 [FY21: £469,000].
- During the year, £0 [FY21: £3,000] of redundancy costs were incurred.

11 TRUSTEES' REMUNERATION

No trustees' remuneration was voted during the year.

Trustee expenses of £800 [FY21 £0] were paid in the year.

The total premiums paid for trustee indemnity insurance in the year was £1,000 [FY21 £1,000].

12 FIXED ASSETS

	TANGIBLE ASSETS				INTANGIBLE ASSETS	
	FURNITURE, FIXTURES AND PLANT	COMPUTER HARDWARE	MOTOR VEHICLES	FREEHOLD LAND AND BUILDINGS	TOTAL	COMPUTER SOFTWARE
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
Balance at 1 July 2021	386	297	41	3,656	4,380	1,243
Additions for the year	6	-	228	-	234	-
Disposals for the year	-	-	-	-	-	-
BALANCE AT 30 JUNE 2022	392	297	269	3,656	4,614	1,243
DEPRECIATION/AMORTISATION						
Balance at 1 July 2021	136	234	3	160	533	1,243
Disposals for the year	-	-	-	-	-	-
Depreciation for the year	42	59	16	52	169	-
BALANCE AT 30 JUNE 2022	178	293	19	212	702	1,243
NET BOOK VALUE						
At 1 July 2021	250	64	38	3,495	3,847	-
At 30 June 2022	214	4	250	3,444	3,912	-

13 DEBTORS

	AS AT 30 JUNE 2022	AS AT 30 JUNE 2021
	£'000	£'000
Compassion Ireland	82	36
Gift Aid reclaimable	115	1,150
Other debtors and grants receivable	128	77
Prepayments	347	377
	672	1,640

14 CURRENT ASSET INVESTMENTS

	AT 30 JUNE 2022	AT 30 JUNE 2021
	£'000	£'000
Investment Property	85	-
Cash held on 95 day deposit	4,000	4,000
	4,085	4,000

During the year one property was donated to Compassion during the year with a fair value of £85,000. The property was unsold at the end of the financial year.

15 CREDITORS

		AS AT 30 JUNE 2022	AS AT 30 JUNE 2021
		£'000	£'000
Compassion International		2,864	3,722
Deferred income	16	286	242
Trade creditors		602	546
Accruals		1,194	1,025
Other taxation and social security		127	99
Pension contributions outstanding		52	41
		5,125	5,675

16 DEFERRED INCOME

		AS AT 30 JUNE 2022	AS AT 30 JUNE 2021
		£'000	£'000
DEFERRED INCOME BROUGHT FORWARD		242	215
Deferred income released in the year		(193)	(163)
Income deferred in the year		237	190
DEFERRED INCOME CARRIED FORWARD		286	242

17 RESTRICTED FUNDS

	BALANCE AT 1 JULY 2021	RESTRICTED INCOME	TRANSFER	RESTRICTED EXPENDITURE	BALANCE AT 30 JUNE 2022
	£'000	£'000	£'000	£'000	£'000
Child Sponsorship	-	27,489	-	(27,489)	-
Un-sponsored Children	-	99	-	(99)	-
Project Sponsorship	-	-	-	-	-
Gifts for children and families	-	2,362	-	(2,362)	-
Gifts for Projects	2	236	-	(236)	2
Christmas Appeal	-	992	-	(992)	-
Interventions	102	634	163	(803)	96
Hillsong Water from Partners	-	23	-	-	23
Disaster Relief	200	624	-	(824)	-
Child Survival Programme	693	344	358	(867)	528
FCDO Child Survival Grant - Togo	-	280	-	(280)	-
HIV/Aids Funds	-	65	-	(65)	-
Sponsorship Plus	(1)	521	(521)	1	-
TOTAL	996	33,669	-	(34,016)	649

	BALANCE AT 1 JULY 2020	RESTRICTED INCOME	TRANSFER	RESTRICTED EXPENDITURE	BALANCE AT 30 JUNE 2021
	£'000	£'000	£'000	£'000	£'000
Child Sponsorship	-	27,531	-	(27,531)	-
Un-sponsored Children	-	86	-	(86)	-
Project Sponsorship	-	-	-	-	-
Gifts for children and families	-	2,700	-	(2,700)	-
Gifts for Projects	-	307	-	(305)	2
Christmas Appeal	-	906	-	(906)	-
Interventions	295	596	(93)	(697)	101
Disaster Relief	-	475	293	(568)	200
Child Survival Programme	843	261	280	(691)	693
FDCO Child Survival Grant - Togo	-	322	-	(322)	-
HIV/Aids Fund	-	68	-	(68)	-
Sponsorship Plus	-	480	(480)	-	-
TOTAL	1,138	33,732	-	(33,874)	996

PURPOSE OF RESTRICTED FUNDS

CHILD SUPPORT

To relieve poverty amongst sponsored children.

UNSPONSORED CHILDREN

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

GIFTS FOR CHILDREN AND FAMILIES

To bless the child or their family with additional gifts.

GIFTS FOR PROJECTS

To bless a church project with additional resources.

CHRISTMAS APPEAL

To provide a present and a celebration for each child.

INTERVENTIONS

To meet vital needs outside of what sponsorship covers.

DISASTER RELIEF

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

CHILD SURVIVAL INTERVENTIONS

Pre and post-natal care for mothers and babies.

HIV AND AIDS FUND

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

SPONSORSHIP PLUS

Additional support for beneficiaries. To address critical needs of children around the

world, including Child Survival Interventions, medical emergencies, disaster relief and preventative health. During the year, £521,000 was transferred to other appropriate restricted funds. £163,000 was transferred to interventions and £358,000 to child survival.

FCDO CHILD SURVIVAL GRANT TOGO

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

18 RELATED PARTY TRANSACTIONS

During the year there were no related party transactions.

19 LEASING COMMITMENTS

At 30 June 2022 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	AS AT 30 JUNE 2022			AS AT 30 JUNE 2021		
	CARS £'000	OTHER £'000	TOTAL £'000	CARS £'000	OTHER £'000	TOTAL £'000
Less than one year	27	13	40	47	12	59
Two to five years	26	25	51	40	5	45
Greater than five years	-	2	2	-	-	-
	53	40	93	87	17	104

During the year £59,000 of lease payments were recognised as an expense (FY21 £60,000).

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

	AS AT 30 JUNE 2022			AS AT 30 JUNE 2021		
	FIXED ASSETS £'000	NET CURRENT ASSETS £'000	TOTAL 2022 £'000	FIXED ASSETS £'000	NET CURRENT ASSETS £'000	TOTAL 2021 £'000
Restricted Funds	-	649	649	-	996	996
Designated Funds Most Needed	-	32	32	-	93	93
General Funds	3,912	3,744	7,656	3,847	2,767	6,614
	3,912	4,425	8,337	3,847	5,044	7,703

REFERENCES AND ADMINISTRATIVE DETAILS

**REGISTERED CHARITY NO. 1077216 (ENGLAND AND WALES)
SC045059 (SCOTLAND) COMPANY NUMBER 03719092**

COMPANY SECRETARY

Amy Hiorns (née Carter)

REGISTERED AND PRINCIPAL OFFICE

Compassion House, Barley Way, Fleet, GU51 2UT

AUDITORS

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

SOLICITORS

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BANKERS

Barclays Bank PLC
Tunbridge Wells Group



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