

# ***Watoto***

**Watoto Child Care Ministries**

**Annual Report and Financial Statements**

**For the year ended 31 December 2021**

# **Watoto Child Care Ministries**

## **Annual Report and financial statements for the year ended 31 December 2021**

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# **Watoto Child Care Ministries**

## **Annual Report and financial statements for the year ended 31 December 2021**

### **Legal and Administrative details**

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<b>Registered Name</b>	Watoto Childcare Ministries
<b>Status</b>	The organisation constitutes an unincorporated charity
<b>Governing Document</b>	The Charity was established under a Trust Deed dated 9 <sup>th</sup> March 1999 and amended 6 <sup>th</sup> November 2001.
<b>Trustees</b>	G Skinner (Chair) J Skinner S Campbell J Penry R Walsh D Watt J Rwotlonyo
<b>Charity number</b>	1090810
<b>Principal address</b>	CMS House Watlington Road Cowley Oxford OX4 6BZ
<b>Independent Examiner</b>	Wenn Townsend 30 St. Giles Oxford OX1 3LE
<b>Bankers</b>	The Royal Bank of Scotland Drummond House Redheughs Avenue Edinburgh EH12 9RH
<b>Solicitors</b>	Anthony Collins Solicitors 134 Edmund St. Birmingham B3 2ES

## **Watoto Child Care Ministries**

### **Annual Report and financial statements for the year ended 31 December 2021**

#### **Trustees' report (including strategic report)**

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The Trustees present their report with the financial statements of Watoto Childcare Ministries (the Charity) for the year ended 31<sup>st</sup> December 2021. The content of the report and the financial statements comply with current statutory requirements, the Charity's governing document, deed of trust, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

#### **James Skinner (Secretary) Statement**

In 2021 Watoto UK continued to navigate the challenges of a global pandemic and the economic uncertainty associated with it. It was necessary to manage a declining sponsorship base and the loss of expected revenue generated by the Watoto Children's Choir which has traditionally formed the foundation of Watoto's fundraising strategies in the United Kingdom. In the absence of a regular choir tour in 2021 priority was placed on maintaining relationships with our current sponsors and donors, many of whom have remained remarkably loyal through what has been a very difficult year for many people in the United Kingdom and around the world.

Watoto UK continues to prioritise the ongoing support for Watoto Child Care Ministries in Uganda as they provide essential holistic care for orphans, widows and other vulnerable people in Uganda and South Sudan. To that end in 2021 Watoto retained 10% percent of sponsorship donations to apply towards the operations of Watoto in the United Kingdom, the remaining 90% were sent to Uganda to help Watoto achieve its very important work there.

I am happy to report that in 2021 Watoto distributed £650,882 to Watoto Child Care Ministries in Uganda. While this represents a decline of almost 7 percent from the previous year the Board of Trustees is satisfied that the diligent and competent work of the staff at Watoto UK, along with the loyal support of our faithful sponsors and donors throughout the United Kingdom, has helped us to weather these storms admirably.

To achieve these results, it was necessary to manage our operational costs in the United Kingdom in line with declining inflows of revenue. We do not anticipate receiving the Children's Choir until 2024. The Trustees, therefore, recognise the need to manage current rates of sponsorship attrition and its impact on operational costs. In the future it may be necessary to adjust the percentage of sponsorship funds retained in the United Kingdom. The Trustees are committed to managing this balance in a manner that ensures the ongoing health of Watoto UK while continuing to generously distribute grant funds to Uganda where it is applied to provide essential support for some of Africa's most vulnerable individuals.

I'd like to thank Jonathan Hutchison and the staff at Watoto UK for their excellent work in difficult circumstances. I'd also like to recognise the unwavering support of our faithful sponsors and donors throughout the United Kingdom.

**James Skinner**

Secretary to Board of Trustees

#### **Objectives, activities and public benefit**

##### **Objectives – why we are here**

In 1984, during a time of civil war, aids epidemic and great civil upheaval, Watoto ("Watoto" is Swahili for "children") set up a church in Kampala, Uganda, to reach out to the poor and vulnerable of the country – women and children – in order to offer love, hope and an opportunity to enhance and change their lives through the teachings of the Bible. In 1999, Watoto Childcare Ministries was set up in the UK with a holistic approach to provide financial, spiritual and educational support to Watoto in Uganda. Since then, we have helped rescue thousands of abandoned children, placing them in loving families and

## **Watoto Child Care Ministries**

### **Annual Report and financial statements for the year ended 31 December 2021**

#### **Trustees' report (including strategic report)**

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we have come alongside vulnerable women, equipping them with skills and empowering them to become mothers and leaders.

The median age in Uganda is 15.8 years (UK – 40.5 years) making it the youngest population in the world and, partly as a result, it is one of the poorest in the world with average family income less than \$800 p.a. Watoto UK, through its sponsors and donors helps provide a loving family, home, education, food and medical care to over 3,000 orphaned and abandoned children each year. In addition, we also help support over 3,000 women and 15,000 children through the Watoto Neighbourhood programme.

There are similar, autonomous, organisations operating in the U.S.A., Canada, Australasia, Brazil, Hong Kong and across Europe.

In setting our objectives and planning activities, the Trustees have referred to the Charity Commission's guidance on public benefit and, in particular, to its supplementary public benefit guidance on religion and education and are able to confirm their belief that the trust's activities are of public benefit.

Our core objectives are as follows:

- To advance the Christian faith in Uganda, the UK and such other parts of the world as the Trustees may, from time to time, see fit.
- To care for and relieve distress amongst those who are suffering under conditions of hardship, sickness, homelessness and need, mainly (but not exclusively) orphaned children and widows, in Uganda or such other parts of the world as the Trustees may, from time to time, see fit.
- To advance education in accordance with Christian principles and teachings by means of establishing and operating educational establishments in Uganda or such other parts of the world as the Trustees may, from time to time, see fit.
- To promote and fulfil such other charitable purposes beneficial to communities in Uganda and in other parts of the world as the Trustees may, from time to time, see fit.

Our core funding goes towards the provision of care for orphaned babies and children and vulnerable children and women in Uganda. Education and medical support are not free at the point of use in Uganda, so as well as helping to support the individual, we also support teachers, teaching and medical programmes. In order to achieve all this, we are also involved in the building and running of capital projects such as homes and schools and support many other local projects where the general aim is to set up self-sustaining and caring communities which can carry on the charitable objectives.

#### **Activities, achievements and performance**

##### **How do we achieve this?**

We achieve our charitable objectives through grant funding of Watoto Childcare Ministries – Ugandan office.

Sponsors and donors to our various programmes are invited to join the Watoto family at talks or services given around the UK. These are given at churches, faith groups and schools, or at concerts given by the Watoto Ugandan Orphans Choir (the choir tours the UK annually). Ninety per cent of the sponsorship money is then passed over to the Ugandan office of Watoto Childcare Ministries for distribution in accordance with the designated wishes of the sponsor or donor and fulfilling our core objectives as set out above.

We also encourage individuals and teams of volunteers to go to Uganda and assist with the many projects being undertaken (e.g. construction, maintenance, education, sustainability, development) and we consider the contribution from such volunteers in terms of time and experience to be invaluable. In 2020, there was one small visit at the start of the year before

## **Watoto Child Care Ministries**

### **Annual Report and financial statements for the year ended 31 December 2021**

#### **Trustees' report (including strategic report)**

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Covid-19 and the resulting national restrictions stopped all further tours and visits. We project that it will not be until 2023, at the earliest, before Visit Watoto teams are operational again.

Our operational costs are financed by fundraising activities, a 10% contribution from sponsorship and restricted donation receipts and from gift aid claimed on those sponsorship and donation receipts.

#### **Fundraising activities**

As well as raising awareness of Watoto and its objectives and raising new sponsors, our main fundraising comes from arranging and promoting the annual Watoto Children's Choir tour, the many talks given up and down the UK and from merchandise sales at both of these events. Much of the merchandise is made in Uganda by the women that we help support and, each year, the choir tour has a new production the title of which is also their latest CD and, this too, is on general sale. In 2020 the choir toured and shared the story of God's transforming love with their "We Will Go" production. Due to the effects of Covid-19, we anticipate that choir tours will not be able to return again until 2024.

The Trustees use the following key performance indicators:

- The amount of donations and sponsorship received and the net movement in number of sponsors/donors during the year:
- The number of performances organised for the children's choir each year and the average returns for each performance both per venue and per capita for new sponsors, offerings and merchandise sales; and
- The cost efficiency of operations.

Cost efficiency of operations continues to be monitored in Oxford. The financial impact of Covid-19 has resulted in a further reduction in staff roles as longstanding fundraising activities (such as the choir) will not be operational until 2024. The staffing levels are in place to continue operations and to effectively support strategic fundraising goals for 2022. It must be noted that church gatherings resuming is critical to 2022 strategic goals and this development continues to be monitored.

#### **Financial review**

The year ended with a surplus of £44,807 in unrestricted funds (2020: £26,185 deficit) and a surplus in restricted funds of £4,817 (2020: £13,284 deficit) giving a net total surplus for the year of £49,624 (2020: £39,469 deficit).

#### **Income**

The annual choir tour has been the largest contributor to the UK's Unrestricted Income (through offertories and merchandise sales) and, by far, the biggest generator of new sponsors (and, thus, Restricted Income).

Since the sudden curtailment of the 2020 Choir Tour (due to Covid-19), it has been unable to return to the UK and now is unlikely to do so until 2024. Monies received from the Government furlough scheme during the year of £68,481 (2020: £78,321) were vital to the operational sustainability of the UK office. In addition to this, a number of large donations were received (totalling £13,000) which were gifted for the express purpose of keeping the Charity operational. A number of new fundraising initiatives were planned for 2022 but, unfortunately, these were not able to proceed.

Total unrestricted income for the year was £293,801 which was £57,238 (16.3%) down on the 2020 figure of £351,039. This net fall is almost entirely attributable to there being no tour income during the year. Restricted income (£655,299) fell by £49,244 (7%) from the 2020 level of £704,543. This, in small part was due to there being no Visit Watoto activity in 2021, but is mainly due to sponsor attrition – both natural and additional due to the effects of Covid-19 and its impact upon individual's financial circumstances. The attrition rate amongst UK sponsors of 6.5% was lower than budget expectations and also considerably less than that experienced by other global offices.

#### **Expenditure**

Overall, expenditure through Unrestricted Funds fell from £400,743 in 2020 to £248,751 in 2021 – a fall of £151,992 (37.9%).

## **Watoto Child Care Ministries**

### **Annual Report and financial statements for the year ended 31 December 2021**

#### **Trustees' report (including strategic report)**

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Whilst this is due, in large, to there being no Choir Tour during the year; with no other fundraising activity able to take place during 2021, the Charity was able to restructure administrative staff and office costs. The board are well aware, however, of the fact that these costs will need to be reinstated when fundraising activities (including Choir tours) restart and are mindful of the fact that they will have to be budgeted for accordingly.

Grant funding fell by 6.8% (£47,659) in the year (2020: £698,541 to 2021: £650,882) in line with the fall in sponsorship receipts and it was noted by the board that this trend was likely to continue whilst there was an inability to increase sponsorship numbers.

There were no Trustee expenses in 2021 (2020: nil) as all meetings were held online during the year.

At the year end the Charity holds reserves totalling £257,979 (2020: £208,355), comprising restricted reserves of £168,871 (2020: £164,054), and unrestricted reserves of £89,108 (2020: £44,301). The Charity has available free reserves at the balance sheet date of £44,986 (2020: £2,027). The Trustees acknowledge that this figure, whilst improving upon the 2020 position, is still low and continue to implement a process of restoring the balance to previous levels over the coming 3-5 years. Unfortunately, ongoing Covid-19 restrictions have made this process very difficult. With the next choir tour extremely unlikely to take place before 2024, all efforts continue to be channelled into formulating – and holding – a break-even budget for 2022 and 2023.

#### **Investment Policy**

The Trustees have the power to invest in such assets as they see fit. Funds are held in UK banks to enable the Charity to access them as and when required. Accessibility of funds is very important to the Charity as, this way, we are able to allocate and distribute funds as soon as they are required. The Trustees may, from time to time, use the services of a professional investment adviser; none were required in the year under review.

#### **Reserves Policy**

All reserves are held to be applied to meet with the objectives set out above. Free reserves amounting to three months operating costs should be held as a minimum requirement. The Trustees accept that, currently, this is not the case and are planning to see that this is achieved in the shortest time frame possible with effect from 2024 when the choir are expected to return. Because of the effects of Covid-19 and no choir tour possible from 2021 to 2023, the board are of the opinion that it is extremely difficult to achieve this aim until then.

The Charity has three designated funds. A number of donors give monies with preference that it be used in one of three broad areas though this is not a specified restriction. These three broad areas and the funds created are:

**Keep The Choir On The Road** – The choir has many supporters some of whom give money with the preference that, in the first instance, it be used to help defray any unforeseen (and, thus, unbudgeted) choir tour costs. The sum of £128 was received into this fund in 2021 and the balance on the fund at the year-end is £915.

**Operational Development Fund** – A number of individuals and churches give donations with a preference, in the first instance, that they be used to help advance the Christian faith and defray the costs of promoting and growing the work of Watoto in the UK. The sum of £500 was received into this fund during 2021 and the fund has a balance at the year-end of £12,900.

**Where Most Needed** – A third group give donations freely but with an expressed preference that they be immediately available for use by the Country Director (with board approval) to put towards any emergency purpose or appeal, either in the UK or elsewhere in the world, as he sees fit and appropriate. £6,158 was received into this fund during 2021 and the sum of £400 was used to augment the Watoto Christmas Appeal.

The board decided that these donations should be specifically recorded and acknowledged and set up these three designated funds to record this. No minimum or maximum fund balances have been set and it was envisaged that, under normal circumstances, the majority of these donations would be utilised in the year that they are received. However, Covid-19 has meant that all such activities have had to cease for the majority of 2021 and 2022 and so the board have agreed that income should continue to accrue into these funds until such times as activities re-commence and the funds can be properly utilised.

#### **Future Plans**

As 2021 progressed, it became increasingly discernible that many previous plans to increase revenue streams for 2022 onwards would have to go on hold. The Choir Tour, which was hoped to return in 2023 will not now take place until 2024. A

## **Watoto Child Care Ministries**

### **Annual Report and financial statements for the year ended 31 December 2021**

#### **Trustees' report (including strategic report)**

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Graduate Tour (to replace the Choir Tour) was budgeted to take place in 2022 but that will now not happen until 2023 at the earliest. National and regional events that Watoto had expected to attend have been greatly curtailed and other expected fundraising initiatives have not, as yet, materialised. The board are very cognisant of the rapidly worsening global economic situation and the effects that this will have on sponsors' finances and, thus, sponsor numbers. They are kept informed of changes in attrition rates and frequently re-model scenarios and outcomes based upon this information. New opportunities and revenue streams will continue to be sought out for 2022 and beyond and sponsorship retention and increase will remain a focus throughout 2022 and beyond.

#### **Structure, governance and management**

##### **Governing document**

The Charity is constituted under a Trust Deed dated 9<sup>th</sup> March 1999, amended 6<sup>th</sup> November 2001(charity No. 1090810) and is operated in accordance with its governing document, the deed of trust and constitutes an unincorporated charity.

##### **The Trustee Board**

The board of Trustees meets every four months to set and review the strategy of the Charity. The Chief Executive is appointed by the board and to whom it delegates responsibility for the day to day running of the Charity.

The Board of Trustees is fully committed to the financial stewardship, quality and safety of the Charity.

The Trustees are guided by an agreed scheme of corporate governance which sets out their responsibilities and those of the Chief Executive. The Board of Trustees regularly consider the skills mix required to support the Charity.

New Trustees are selected from long-term supporters of the Charity with the appropriate skills and are interviewed by Senior Trustees before being offered appointment. They are encouraged to visit Uganda to view the works undertaken there and they undertake an induction programme designed to ensure their understanding of the trustee role and their wider knowledge of Watoto and its philosophy.

All Trustees give of their time freely and no trustee received any remuneration during the year. Details of Trustees expenses are disclosed in note 8 in the accounts.

##### **Risk Management**

The Trustees regularly review the risks faced by the Charity, in particular those related to financial security and operationally surrounding choir tours, to ensure that key risks have been identified, and that suitable plans are in place to prevent or manage these risks. We approach risk management on three levels; strategic, operational and at project level. This enables both Trustees and staff to undertake the identification of risk and allows clear allocation of responsibilities for managing these risks. Trustees and staff use a clear understanding of risk to help inform decision making within the Charity, including decisions regarding use of resources, tour planning, sponsor recruitment and development.

##### **Covid-19**

The effects of Covid-19 were felt more deeply and lock downs lasted longer in Uganda than here in the UK. Children did not return to school until April 2022 (a break of 2 years) and, because of the resulting loss of education, a decision was taken to postpone all tours until 2024. In the UK churches have generally taken a very cautious approach to coming out of lock-down and, when they have, have experienced a significant drop-off in numbers and offertory income. The capacity for Watoto to re-enter these churches has been much slower than anticipated as has the re-introduction of awareness and fundraising events that we had also expected to participate in. The board continues to be actively engaged in modelling both short and medium term effects on sponsor numbers and of having no tours and looking at possible ways of how this may be addressed.



**Statement of the Board of Trustees' responsibilities for the financial statements**

The Trustees are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practices).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for that year. 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 SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements, and;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provision of the trust deed. 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.

The Trustees' report and financial statements on pages 12 to 25 were approved by the Board of Trustees on 31<sup>st</sup> October 2022 and signed on its behalf by:



J Skinner  
Trustee

Dated: 16<sup>th</sup> December 2022

**Watoto Child Care Ministries**  
**Annual Report and financial statements for the year ended 31 December 2021**  
**Independent Examiner's Report**

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**Independent Examiner's Report to the Trustees of Watoto Child Care Ministries**

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31st December 2021 which are set out on pages 9 to 25.

**Responsibilities and basis of report**

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act'). I report in respect of my examination of the charity's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

**Independent examiner's statement**

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the Act. I confirm that I am qualified to undertake the examination because I am a member of the ICAEW, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



**Andrew Rodzynski FCA**  
**Wenn Townsend**  
**Chartered Accountants**  
**Oxford**

**21<sup>st</sup> December 2022**

# Watoto Child Care Ministries

## Annual Report and financial statements for the year ended 31 December 2021

### Statement of financial activities (including income and expenditure account)

	Notes	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total 2020 £
<b>INCOME AND EXPENDITURE</b>							
<b>Income from:</b>							
Donations and legacies	2	293,802	655,299	949,101	351,039	704,543	1,055,582
Charitable activities	3	-	-	-	-	5,186	5,186
Other trading activities	4	193	-	193	36,238	-	36,238
Investments	5	46	-	46	240	-	240
<b>Total income</b>		<u>294,041</u>	<u>655,299</u>	<u>949,340</u>	<u>387,517</u>	<u>709,729</u>	<u>1,097,246</u>
<b>Expenditure on:</b>							
<b>Raising funds</b>							
Trading costs	6	(82)	-	(82)	(12,959)	-	(12,959)
<b>Charitable activities</b>	7	(248,752)	(650,882)	(899,634)	(400,743)	(723,013)	(1,123,756)
<b>Total expenditure</b>		<u>(248,834)</u>	<u>(650,882)</u>	<u>(899,716)</u>	<u>(413,702)</u>	<u>(723,013)</u>	<u>(1,136,715)</u>
<b>Net (expenditure) / income</b>		<u>45,207</u>	<u>4,417</u>	<u>49,624</u>	<u>(26,185)</u>	<u>(13,284)</u>	<u>(39,469)</u>
<b>Net movement between funds for the year</b>		<u>(400)</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net movement of funds for the year</b>		<u>44,807</u>	<u>4,817</u>	<u>49,624</u>	<u>(26,185)</u>	<u>(13,284)</u>	<u>(39,469)</u>
<b>Reconciliation of funds</b>							
Balances brought forward 31 December 2020		44,301	164,054	208,355	70,486	177,338	247,824
<b>Balances carried forward 31 December 2021</b>		<u>89,108</u>	<u>168,871</u>	<u>257,979</u>	<u>44,301</u>	<u>164,054</u>	<u>208,355</u>

The incoming and outgoing resources relate to continuing activities.

The notes on pages 12 to 25 form part of these financial statements.

**Watoto Child Care Ministries****Annual Report and financial statements for the year ended 31 December 2021****Balance sheet**

	Note	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Plant and equipment	10		8,376		12,913
<b>Current assets</b>					
Stocks of goods for resale	11	5,965		6,047	
Debtors	12	95,360		154,280	
Cash at bank and in hand		217,530		198,255	
		<u>318,855</u>		<u>358,582</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(69,252)</u>		<u>(163,140)</u>	
<b>Net current assets</b>			249,603		195,442
<b>Net assets</b>			<u>257,979</u>		<u>208,355</u>
<b>Funds</b>					
Restricted funds	14		168,871		164,054
Unrestricted funds	15		89,108		44,301
<b>Total funds</b>			<u>257,979</u>		<u>208,355</u>

The notes on pages 12 to 25 form part of these financial statements.

Approved by the trustees on 31<sup>st</sup> October 2022 and signed on their behalf by



J Skinner

Trustee

Dated: 16<sup>th</sup> December 2022

**Watoto Child Care Ministries****Annual Report and financial statements for the year ended 31 December 2021****Statement of Cash Flows**

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	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>£</b>	<b>£</b>
<b>Net cash flow from operating activities</b>	<b>20</b>	19,229	(18,914)
		<hr/>	<hr/>
		19,229	(18,914)
<b>Cash flow from investing activities</b>			
Payments to acquire tangible assets	<b>10</b>	-	(10,072)
Interest received		46	240
		<hr/>	<hr/>
<b>Net cash flow used in investing activities</b>		46	(9,832)
		<hr/>	<hr/>
<b>Net (decrease) / increase in cash &amp; cash equivalents</b>		19,275	(28,746)
		<hr/>	<hr/>
<b>Cash and cash equivalents as at 1st January 2021</b>		198,255	227,001
		<hr/>	<hr/>
<b>Cash and cash equivalents as at 31st December 2021</b>		<u>217,530</u>	<u>198,255</u>

The notes on pages 14 to 27 form part of these financial statements.

## **1 Accounting policies**

### **Charity Information**

The Charity is an unincorporated Charity registered with the Charity Commission (number 1090810), its principle address is detailed within the legal and administration section of the accounts.

### **1.1 Accounting Convention**

The accounts have been prepared in accordance with the Charity's trust deed, the Charities Act 2011 and the 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)' (effective 01 January 2019). The Charity is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on the historical cost convention.

### **1.2 Going concern**

At the time of approving the financial statements, the Trustees foresee no material uncertainties and are confident that the Charity has both adequate resources and the means of maintaining them for at least 12 months from the approved date of these accounts. Expenditure is largely fixed by nature and, thus, fairly predictable. Sponsorship income has held-up better than expected during the pandemic and, now that the worst is now behind us, the Trustees are confident that income will start to rise over the coming 12 months. The Charity has a number of temporary measures to fall back on should recovery not be at the expected rate. These include an increase in the level of retained sponsorship and a salary reduction.

### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the charitable objectives unless the funds have been designated for other purposes.

Restricted funds can only be used for particular restricted purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for a particular restricted purpose. Further explanation of the nature and purpose of each significant restricted fund is included in the notes to the financial statements.

### **1.4 Incoming Resources**

All incoming resources are included on the Statement of Financial Activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation and is used to facilitate the general work of the Charity.

Donated services are recognised at fair value, being the cost of market value.

**1.5 Resources expended**

Expenditure is recognised on the accruals basis and is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure, it is probable that settlement will be required and the amount of the obligation can be measured. Where possible, expenditure is allocated directly to activities undertaken. Support costs are allocated between the expenditure categories on a basis designed to reflect the use of the resource. The majority of support costs (80%) are apportioned on the basis of staff time spent on each activity; bank and finance charges are apportioned in line with receipts; governance costs are apportioned in an equal 3-way split.

Grant and donations paid are accounted for when paid.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

**1.6 Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost less estimated residual value on each asset over its expected useful life on a straightline basis as follows:

Musical equipment	three years
Fixtures & fittings	three years
Computer equipment	five years
Office equipment	five years
Motor vehicles	five years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

**1.7 Stock**

Stock is valued at the lower of cost and net realisable value.

**1.8 Cash and cash equivalents**

Cash and cash equivalents included cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial instruments**

The Charity only had financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at settlement value.

**1.10 Retirement Benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.11 Leases**

Rentals payable under operating leases, include any lease incentives received, are charged as an expense on a straight-line basis over the term of the relevant lease.

### **1.12 Fund accounting**

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

### **1.13 Taxation**

The Charity is not subject to Corporation Tax. It is entitled to claim from HM Revenue & Customs the tax associated with income received under gift aid.

## **2 Donations and legacies**

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total 2020 £
Donations and gifts - sponsorship	75,188	622,272	697,460	84,539	665,544	750,083
Donations and gifts - appeals	2,314	23,467	25,781	58,081	26,981	85,062
Donations and gifts - general	22,096	6,027	28,123	21,202	7,602	28,804
Gift aid reclaimed	125,723	3,533	129,256	108,896	4,416	113,312
Government furlough scheme	68,481	-	68,481	78,321	-	78,321
	<u>293,802</u>	<u>655,299</u>	<u>949,101</u>	<u>351,039</u>	<u>704,543</u>	<u>1,055,582</u>

## **3 Charitable activities**

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total 2020 £
Visit Watoto	-	-	-	-	5,186	5,186
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,186</u>	<u>5,186</u>

## **4 Trading activities**

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total 2020 £
Choir tour - merchandise sales	193	-	193	36,238	-	36,238
	<u>193</u>	<u>-</u>	<u>193</u>	<u>36,238</u>	<u>-</u>	<u>36,238</u>



## **5 Investments**

	<b>Unrestricted Funds 2021 £</b>	<b>Restricted Funds 2021 £</b>	<b>Total 2021 £</b>	<b>Unrestricted Funds 2020 £</b>	<b>Restricted Funds 2020 £</b>	<b>Total 2020 £</b>
Interest receivable	46	-	46	240		240
	<u>46</u>	<u>-</u>	<u>46</u>	<u>240</u>	<u>-</u>	<u>240</u>

## **6 Raising funds**

	<b>Unrestricted Funds 2021 £</b>	<b>Unrestricted Funds 2020 £</b>
Trading costs		
Merchandise purchases	82	12,959
	<u>82</u>	<u>12,959</u>

# Watoto Child Care Ministries

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### Notes to the financial statements

#### 7 Charitable activities

	Notes	Restricted		Unrestricted			2021 £	2020 £
		Sponsorship Programme £	Restricted - Other £	Uganda Programme £	Choir Tour £	Development & Engagement £		
<b>Costs directly allocated to Charitable Activities</b>								
Grant funding to Uganda		650,882	-	-	-	-	650,882	698,541
Visit Watoto costs		-	-	-	-	-	-	24,472
Frazerborough - (bible purchases)		-	-	-	-	-	-	-
Marketing & administration		-	-	-	-	1,979	1,979	1,415
Choir - living expenses & subsistence		-	-	-	-	-	-	19,613
Choir - international travel		-	-	-	-	-	-	16,525
Domestic travel		-	-	-	-	133	133	14,275
Choir - equipment (hire & rep's)		-	-	-	-	-	-	3,384
Bank & finance charges		-	-	-	113	-	113	473
Licencing & database costs		-	-	5,954	-	-	5,954	8,207
Depreciation		-	-	-	1,907	-	1,907	2,756
<b>Support costs allocated to Charitable Activities</b>								
Admin staff costs		-	-	151,916	-	13,731	165,647	253,071
Admin & office exp.		-	-	4,619	2,772	1,848	9,239	12,756
Admin travel & subsistence		-	-	470	282	188	940	2,396
Bank & finance charges		-	-	8,149	370	943	9,462	12,528
Van costs		-	-	278	2,221	278	2,777	1,211
Rent, services & insurance		-	-	10,820	10,422	10,223	31,465	31,755
Storage, repairs & m'tnce		-	-	145	2,616	145	2,906	2,273
Office equipm't & I.T.		-	-	2,054	1,232	822	4,108	3,752
Depreciation		-	-	1,250	802	578	2,630	3,141
Legal & professional		-	-	1,566	940	626	3,132	4,704
Governance	8	-	-	2,120	2,120	2,120	6,360	6,508
<b>Total expenditure</b>		650,882	-	189,341	25,797	33,614	<b>899,634</b>	<b>1,123,756</b>
<b>Charitable activities expenditure - Restricted funds</b>		<b>650,882</b>						<b>723,013</b>
<b>Charitable activities expenditure - Unrestricted funds</b>						<b>248,752</b>		<b>400,743</b>

During the year the Charity paid grants to Watoto Uganda, who operate the sponsorship programme and projects that are funded by the Charity.

Expenditure on charitable activities was £899,634 (2020 - £1,123,756) of which, £650,882 was allocated to restricted funds (2020 - £723,013) and £248,752 (2020 - £400,743) allocated to unrestricted funds.

For support cost allocation see note 1.5.

#### 8 Governance costs

	2021 £	2020 £
Trustees expenses	-	-
Audit fee	6,508	6,508
	<u>6,508</u>	<u>6,508</u>

## **9 Employees**

<b>Staff costs</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages & salaries	148,822	227,381
Redundancy and termination costs	-	-
Social security costs	10,998	18,004
Other pension costs	5,827	7,686
	<u>165,647</u>	<u>253,071</u>

### **Staff numbers**

	<b>2021</b>		<b>2020</b>	
	<b>F.T.E.</b>	<b>Number</b>	<b>F.T.E.</b>	<b>Number</b>
Charitable activities	3.6	5.4	6.6	8.5
	<u>3.6</u>	<u>5.4</u>	<u>6.6</u>	<u>8.5</u>

F.T.E. = Full time equivalent

The following number of employees received total employment benefits during the year between:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
£80,001 - £90,000	1	1
£70,001 - £80,000	0	0

The key management personnel of the Charity comprise the trustees and the Chief Executive and the total employee benefits (including pension contributions and employer's National Insurance) of key management personnel was £81,942 (2020: £81,565). The Charity trustees were neither paid nor received any other benefits from employment with the Charity in the year (2020: £nil) and no trustee received payment for professional or other services supplied to the Charity (2020: £nil).

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**10 Fixed assets**

	Choir Equipment £	Office Equipment £	Office Furniture £	Computers £	Motor Vehicles £	Total Fixed Assets £
<b>Cost</b>						
At 1 January 2021	48,638	6,633	1,324	20,148	19,144	95,887
Additions	-	-	-	-	-	-
At 31 December 2021	<b>48,638</b>	<b>6,633</b>	<b>1,324</b>	<b>20,148</b>	<b>19,144</b>	<b>95,887</b>
<b>Depreciation</b>						
At 1 January 2021	41,047	5,966	823	15,994	19,144	82,974
Charge for the year	1,907	261	130	2,239	-	4,537
At 31 December 2021	<b>42,954</b>	<b>6,227</b>	<b>953</b>	<b>18,233</b>	<b>19,144</b>	<b>87,511</b>
<b>Net Book Value</b>						
At 31 December 2021	<b>5,684</b>	<b>406</b>	<b>371</b>	<b>1,915</b>	-	<b>8,376</b>
At 31 December 2020	<b>7,591</b>	<b>667</b>	<b>501</b>	<b>4,154</b>	-	<b>12,913</b>

**11 Stock**

	2021 £	2020 £
Goods for resale	5,965	6,047

**12 Debtors**

	2021 £	2020 £
<b>Due within one year</b>		
Other debtors	56,233	30,622
Prepayments & accrued income	39,067	123,658
	<b>95,360</b>	<b>154,280</b>

**13 Creditors**

	2021 £	2020 £
Trade creditors	2,089	7,422
Tax & social security costs	37,672	19,643
Other creditors	19,797	117,049
Accruals	6,000	14,508
Deferred income - (see note 13b)	3,694	4,518
	<b>69,252</b>	<b>163,140</b>

**Watoto Child Care Ministries****Annual Report and financial statements for the year ended 31 December 2021****Notes to the financial statements**

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**13b Deferred income**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Opening balance	4,518	1,437
Amount deferred in the year	9,412	12,526
Amount released to incoming resources	(10,236)	(9,445)
Closing balance	<u>3,694</u>	<u>4,518</u>

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**14 Restricted funds**

	Balance as at 1st Jan 2021 £	Incoming Resources £	Resources Expended £	Transfer From Other Funds £	Balance as at 31st Dec 2021 £	Balance as at 1st Jan 2020 £	Incoming Resources £	Resources Expended £	Balance as at 31st Dec 2020 £
<b>Sponsorship and Donations</b>									
Child	39,610	420,294	(418,937)		40,967	42,003	452,328	(454,721)	39,610
Mother	3,866	42,484	(42,481)		3,869	3,707	46,129	(45,970)	3,866
Baby	5,468	50,735	(51,490)		4,713	4,146	55,625	(54,303)	5,468
Neighbourhood Child	5,410	67,542	(67,299)		5,653	5,269	67,127	(66,986)	5,410
Neighbourhood Mother	2,588	29,266	(29,161)		2,693	2,581	32,352	(32,345)	2,588
Teacher	216	1,728	(1,728)		216	162	1,926	(1,872)	216
Special Needs	1,687	6,723	(6,778)		1,632	553	6,722	(5,588)	1,687
SEED	1,664	6,874	(6,838)		1,700	480	6,501	(5,317)	1,664
Watoto Uganda Support Fund	90,743	6,027	(6,184)		90,586	92,013	7,601	(8,871)	90,743
<b>Appeals</b>									
Gift pool	533	160	(310)		383	323	1,250	(1,040)	533
Gulu project	1,109	7,216	(7,261)		1,064	375	8,018	(7,284)	1,109
Christmas appeal	741	4,012	(649)	400	4,504	2,349	363	(1,971)	741
Sustainability project	-	170	(170)		-	-	896	(896)	-
Winnie's medical appeal	13	-	-		13	-	13	-	13
Keep A Girl in School	1,100	223	(303)		1,020	-	1,806	(706)	1,100
Other appeals	5,215	11,846	(11,294)		5,767	-	15,886	(10,671)	5,215
<b>Other</b>									
Visit Watoto	4,091	-	-		4,091	23,377	5,186	(24,472)	4,091
	164,054	655,300	(650,883)	400	168,871	177,338	709,729	(723,013)	164,054

## **14 Restricted funds (continued)**

Restricted funds fall into three categories:

1. **Sponsorship** – Sponsorship is an on-going regular commitment to support the holistic care of babies, children and mothers; either as individuals or as a general support to those areas. Sponsorship is promoted, and new sponsors gained, mainly at choir concerts and we are now developing new avenues for sponsorship income. Ninety per cent of all sponsorship income is sent directly to Uganda and the groups that we help support are:
  - Babies
  - Children
  - Children with special needs – because of their additional care costs, sponsorship of these children is higher.
  - Mothers
  - Neighbourhood children and mothers – these are not located in our Watoto villages but in the surrounding neighbourhoods. All are single-parent families.
  - Teachers – education is not free in Uganda so, by employing its own teachers, Watoto can guarantee an education to all children in its care.
  - Watoto Uganda support fund – largely regular donations that are not restricted to any of the above but are for free distribution by Watoto Uganda.
2. **Appeals** – These are discrete, single purpose donations usually in response to an appeal and 100% of these donations are sent to Uganda. We run an autumn / Christmas appeal each year to enable all in our care to receive a small gift at Christmas and, in addition to this, the UK supported the following appeals during 2021:
  - Gift pool – any separate donation made for a child are pooled so that all children may receive a small gift on their birthday.
  - Gulu project – this is a specific village project in the north of Uganda.
  - Sustainability project – for providing support to sustainable projects such as provision of solar panels in Uganda.
  - Keep a girl in school project – provides resources to help keep young, marginalised girls in school in Uganda & South Sudan e.g. school fees, uniforms, personal hygiene, mentoring.

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Watoto education programme – provides comprehensive education to Ugandan youth through Ugandan educational institutions.  
Winnie Appeal – during 2019 monies were raised in order that one of our young people, Winnie Namugala, was able to travel to America for a life-saving blood transfusion. A small donation to this appeal was received in 2020.

**3. Other**

**Visit Watoto** – sponsors and supporters are encouraged to visit Uganda and, if appropriate, volunteer to assist with one of our many ongoing projects. Visit Watoto is the receipt of monies to pay for travel, accommodation and subsistence on these trips and 100% of this money is passed over to Uganda. There was one small trip at the beginning of 2020 and then, due to the pandemic, all further visits ceased until further notice.

**15 Unrestricted funds**

		Balance as at 1st Jan 2021	Incoming Resources	Resources Expended	Transfer To Other Funds	Balance as at 31st Dec 2021	Balance as at 1st Jan 2020	Incoming Resources	Resources Expended	Balance as at 31st Dec 2020
Unrestricted funds	Notes	£	£	£	£	£	£	£	£	£
General fund		14,940	287,255	(248,834)		53,361	59,161	369,481	(413,702)	14,940
<b>Designated funds</b>	<b>16</b>									
Where most needed fund		16,174	6,158	-	(400)	21,932	8,325	7,849	-	16,174
Operational development fund		12,400	500	-		12,900	3,000	9,400	-	12,400
Keep Choir on the road		787	128	-		915	-	787	-	787
		<u>44,301</u>	<u>294,041</u>	<u>(248,834)</u>	<u>(400)</u>	<u>89,108</u>	<u>70,486</u>	<u>387,517</u>	<u>(413,702)</u>	<u>44,301</u>



## **16 Designated funds**

**Where most needed** – this fund is available for the immediate use of the Chief Executive for any emergency purpose, either in the UK or elsewhere in the world, as he sees fit and appropriate.

**Operational development fund** – this fund is available to the Chief Executive in helping defray costs incurred in the development and growth of new fundraising activities and income streams.

**Keep the choir on the road** – this fund is available to defray any exceptional, unbudgeted choir tour costs.

**17a Analysis of net assets between funds (current year)**

	Restricted £	General Unrestricted £	Designated Funds £	Total 2021
Fixed Assets	-	8,376	-	8,376
Net Current Assets	168,871	44,985	35,747	249,603
	<u>168,871</u>	<u>53,361</u>	<u>35,747</u>	<u>257,979</u>

**17b Analysis of net assets between funds (previous year)**

	Restricted £	General Unrestricted £	Designated Funds £	Total 2020
Fixed Assets	-	12,913	-	12,913
Net Current Assets	150,770	15,311	29,361	195,442
	<u>150,770</u>	<u>28,224</u>	<u>29,361</u>	<u>208,355</u>

Within current assets is £168,871 (2020: £164,054) of cash which is held to cover restricted funds.

**18 Operating lease commitments**

At the reporting end date, the Charity had outstanding commitments for futures minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
<b>Leases due to expire in:</b>		
Less than one year	-	-
Between two & five years	67,662	90,216
	<u>67,662</u>	<u>90,216</u>

**19 Related party transaction**

There were no Trustee expenses (£ nil) in 2021 (2020: £nil) as all meetings were held online. There were no amounts owing to or owed by the Trustees or other related parties at the balance sheet date (2020: £nil). These payments are permissible under sections 19 and 20 of the Charity's trust deed.

Aggregated donations received from the Trustees or related parties without conditions were £26,492 (2020: £18,492).

Trustees of Watoto Child Care Ministries hold a controlling position in Watoto Uganda. Grant funding is paid to Watoto Uganda, and in 2020 this totalled £650,882 (2020: £698,541).

**20 Reconciliation of net (expenditure)/income to net cash flow from operating activities**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net incoming/(outgoing) resources before revaluations	49,624	(39,469)
Depreciation of tangible assets	4,537	5,897
Interest received	(46)	(240)
Decrease/(increase) in stocks	82	(902)
Decrease/(increase) in debtors	58,920	(38,403)
(Decrease)/increase in creditors within one year	(84,557)	44,614
(Decrease)/increase in accruals and deferred income	(9,331)	9,589
Net cash (outflow)/inflow from operating activities	<u>19,229</u>	<u>(18,914)</u>