

Watoto

Watoto Child Care Ministries

Annual Report and Financial Statements

For the year ended 31 December 2022

Watoto Child Care Ministries

Annual Report and financial statements for the year ended 31 December 2022

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Watoto Child Care Ministries

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Legal and Administrative details

Registered Name	Watoto Childcare Ministries
Status	The organisation constitutes an unincorporated charity
Governing Document	The Charity was established under a Trust Deed dated 9 th March 1999 and amended 6 th November 2001.
Trustees	J Rwotlonyo (Chair) G Skinner J Skinner S Campbell (Resigned 31.07.23) J Penry R Walsh D Watt
Charity number	1090810
Principal address	CMS House Watlington Road Cowley Oxford OX4 6BZ
Independent Examiner	Wenn Townsend 30 St. Giles Oxford OX1 3LE
Bankers	The Royal Bank of Scotland Drummond House Redheughs Avenue Edinburgh EH12 9RH
Solicitors	Anthony Collins Solicitors 134 Edmund St. Birmingham B3 2ES

Watoto Child Care Ministries

Annual Report and financial statements for the year ended 31 December 2022

Trustees' report (including strategic report)

The Trustees present their report with the financial statements of Watoto Childcare Ministries (the Charity) for the year ended 31st December 2022. 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

2022 was a year of significant change at Watoto UK as the charity continued to adjust to the long-term impacts of the COVID-19 pandemic in the UK, as well as in the communities in Uganda and South Sudan that depend upon Watoto's ongoing support.

At the beginning of September, the Executive Director resigned. Given the declining revenue from donations, and it being unlikely that the Watoto Children's Choir will travel to the United Kingdom until 2024, the Trustees decided to postpone the appointment of a new Executive Director until 2023. This allowed the charity to offset declining inflows by reducing operational costs, resulting in a total deficit of £32,063 in 2022.

I am happy to report that Watoto UK distributed £586,315 to Watoto Child Care Ministries in Uganda in 2022. I'm also happy to report that throughout the year Watoto UK retained only 10% of sponsorship donations to support operational costs. This emphasises our commitment to provide essential care for Africa's most disadvantaged individuals. The trustees recognise that this percentage may need to be increased at a future date and remain committed to ensuring that Watoto UK continues to operate from a position of strength, while conducting its vital work in Africa with integrity and prudence.

Watoto UK continues to prioritise support for the holistic care of orphans, widows and other vulnerable people in Uganda and South Sudan, and I'd like to express my sincere gratitude to each of our donors and partners in the United Kingdom who continued to give generously in 2022.

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

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Trustees' report (including strategic report)

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. 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. All visits had to stop at the outbreak of Covid-19 and national restrictions stopped all further visits until the end of 2022. Although some staff have, since then, been able to visit Uganda, we project that it will not be until 2024, at the earliest, before Visit Watoto is operational again.

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Trustees' report (including strategic report)

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, goes on general sale. 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 long-term 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 operational goals for 2022 and 2023. It should be noted that church gatherings – an important access for fundraising activities – were very slow in resuming, with many not fully opening up until late 2022, and churches reporting significant falls in attendance from pre-covid levels. This development continues to be monitored.

Financial review

The year ended with a deficit of £27,717 in unrestricted funds (2021: £44,807 surplus) and a deficit in restricted funds of £4,346 (2021: £4,817 surplus) giving a net total deficit for the year of £32,063 (2021: £49,624 surplus).

Income

Restricted Funds

Sponsorship donations have seen a fall of 9.3% (£58,080) on 2021 levels, which was within the budgeted parameters for net attritional losses during the year. 2022 once again proved, as expected, to be difficult for finding sponsorship promotional opportunities. Watoto UK participates in an (international) appeal each year for Uganda but, due to staffing reductions, the Charity was not fully able to engage in the 2022 appeal. Thus, appeal income fell by £13,900 (59.2%) in the year. Overall, income into restricted funds fell by £73,330 (11.2%) in 2022.

Unrestricted Funds

Sponsorship donations (unrestricted) fell by 11% (£8,256) during the year. As above, the drop was within budgeted expectations. General donations fell by £8,931 and this was entirely due to two, one-off, donations totalling £9,000 being received in 2021. Gift aid receipts fell by 22.2% (£27,862) from £125,723 in 2021 to £97,861 in 2022. A significant proportion of this can be attributed to the fall in sponsor numbers (as above) but we also have an increasingly aging donor base and the changing financial situations of many means that they are no longer able to gift-aid their donations. Finally, the beneficial effects of the government's furlough scheme in 2020 and 2021 were hugely instrumental in the survival of the Charity during those two years, and the loss of that income (£68,481 in 2021) was strongly felt in 2022. Allied with the extended inability to re-commence any fundraising activities, the Charity suffered a total deficit for the year of £32,063 (being £4,346 through restricted funds and £27,717 through unrestricted funds).

The nature of the Charity's activities means that income growth is unlikely to be restored before mid-2024 at the earliest. In acknowledgement of this, the Charity continued to monitor and restrict expenditure wherever possible in 2022 and will continue to do so through 2023/24 and until such times as income generation can properly resume.

Expenditure

Restricted Funds

In line with the fall in income, grant fund payments to Uganda fell by 9.9% to £586,315 in 2022 (£650,882 in 2021). The board noted that this trend was likely to continue whilst there was an inability to increase sponsorship numbers.

Unrestricted Funds

Overall, expenditure through Unrestricted Funds fell 15.7% (£39,146) from £249,234 in 2021 to £210,088 in 2022. This was almost entirely due to a decrease in staff costs. The CEO, Jonathan Hutchinson, left the Charity in the summer of 2022 to return to Canada with his family. The board took the decision to defer appointing a replacement until 2023, thus reducing salary costs for the remainder of the year.

Since December 2019, all Trust meetings had taken place online (due to Covid-19 restrictions). Face-to-face Trust meetings recommenced in 2022 and there were meeting expenses of £1,604 in the year (nil in 2021).

At the year end the Charity holds reserves totalling £225,916 (2021: £257,979), comprising restricted reserves of £164,525 (2021: £168,871), and unrestricted reserves of £61,391 (2021: £89,108). The Charity has available free reserves at the balance sheet date of £16,228 (2021: £44,986). The Trustees acknowledge that this figure is low and continue to look to implement processes which will restore the balance to previous levels over the coming 3-5 years. 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 2023 and 2024.

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. The effects of Covid-19 has meant that no choir tours were possible from 2021 to 2023 and 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. No sums were received into this fund during 2022 and the balance on the fund at the year-end remained at £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. There were no monies received into this fund during 2022 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 they see fit and appropriate. £4,757 was received into this fund during 2022 and the fund had a balance at the year-end of £26,689.

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, since all such activity has had to be suspended since 2020, the board have agreed that income should continue to accrue into these funds until such times as activities recommence, and the funds can be properly utilised.

Future Plans

As 2022 progressed, it became increasingly discernible that many previous plans to increase revenue streams for the year would have to go on hold. The Choir Tour, which was initially hoped may return in 2023 will not now take place until 2024 at the earliest. A Graduate Tour (to replace the Choir Tour) was budgeted to take place in 2022 but that had to be cancelled. 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 be sought out in 2023/24 but will now go on hold until a new CEO is appointed. Sponsorship retention and increase will remain a focus throughout 2023 and beyond.

Structure, governance and management

Governing document

The Charity is constituted under a Trust Deed dated 9th March 1999, amended 6th 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 31st October 2023 and signed on its behalf by:



J Skinner
Trustee

Dated: 31st October 2023

Watoto Child Care Ministries
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Independent Examiner's Report

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 2022 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

31st October 2023

Watoto Child Care Ministries

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Statement of financial activities (including income and expenditure account)

	Notes	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £
INCOME AND EXPENDITURE							
Income from:							
Donations and legacies	2	180,345	581,969	762,314	293,802	655,299	949,101
Charitable activities	3	1,550	-	1,550	-	-	-
Other trading activities	4	60	-	60	193	-	193
Investments	5	416	-	416	46	-	46
Total income		<u>182,371</u>	<u>581,969</u>	<u>764,340</u>	<u>294,041</u>	<u>655,299</u>	<u>949,340</u>
Expenditure on:							
Raising funds							
Trading costs	6	(30)	-	(30)	(82)	-	(82)
Charitable activities	7	(210,058)	(586,315)	(796,373)	(248,752)	(650,882)	(899,634)
Total expenditure		<u>(210,088)</u>	<u>(586,315)</u>	<u>(796,403)</u>	<u>(248,834)</u>	<u>(650,882)</u>	<u>(899,716)</u>
Net (expenditure) / income		<u>(27,717)</u>	<u>(4,346)</u>	<u>(32,063)</u>	<u>45,207</u>	<u>4,417</u>	<u>49,624</u>
Net movement between funds for the year		-	-	-	(400)	400	-
Net movement of funds for the year		<u>(27,717)</u>	<u>(4,346)</u>	<u>(32,063)</u>	<u>44,807</u>	<u>4,817</u>	<u>49,624</u>
Reconciliation of funds							
Balances brought forward 31 December 2020		89,108	168,871	257,979	44,301	164,054	208,355
Balances carried forward 31 December 2021		<u>61,391</u>	<u>164,525</u>	<u>225,916</u>	<u>89,108</u>	<u>168,871</u>	<u>257,979</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 2022****Balance sheet**

	Note	2022	2021
		£	£
Fixed assets			
Plant and equipment	10	4,659	8,376
Current assets			
Stocks of goods for resale	11	5,870	5,965
Debtors	12	145,102	95,360
Cash at bank and in hand		119,542	217,530
		<u>270,514</u>	<u>318,855</u>
Creditors: amounts falling due within one year	13	<u>(49,257)</u>	<u>(69,252)</u>
Net current assets		221,257	249,603
Net assets		<u>225,916</u>	<u>257,979</u>
Funds			
Restricted funds	14	164,525	168,871
Unrestricted funds	15	61,391	89,108
Total funds		<u>225,916</u>	<u>257,979</u>

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

Approved by the trustees on 31st October 2023 and signed on their behalf by



J Skinner
Trustee

Dated: 31st October 2023

Watoto Child Care Ministries**Annual Report and financial statements for the year ended 31 December 2022****Statement of Cash Flows**

	Note	2022	2021
		£	£
Net cash flow from operating activities	20	(98,404)	19,229
		<hr/> (98,404)	<hr/> 19,229
Cash flow from investing activities			
Interest received		416	46
Net cash flow used in investing activities		<hr/> 416	<hr/> 46
Net (decrease) / increase in cash & cash equivalents		<hr/> (97,988)	<hr/> 19,275
Cash and cash equivalents as at 1st January 2021		217,530	198,255
Cash and cash equivalents as at 31st December 2022		<hr/> <hr/> 119,542	<hr/> <hr/> 217,530

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 straight-line basis as follows:

Musical equipment	three years
Fixtures & fittings	three years
Computer equipment	five years
Laptops	three 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 2022 £	Restricted Funds 2022 £	Total 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £
Donations and gifts - sponsorship	66,932	564,192	631,124	75,188	622,272	697,460
Donations and gifts - appeals	2,387	9,567	11,954	2,314	23,467	25,781
Donations and gifts - general	13,165	4,567	17,732	22,096	6,027	28,123
Gift aid reclaimed	97,861	3,643	101,504	125,723	3,533	129,256
Government furlough scheme	-	-	-	68,481	-	68,481
	180,345	581,969	762,314	293,802	655,299	949,101

3 Charitable activities

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £
Speaker's fees	1,550	-	1,550	-	-	-
	1,550	-	1,550	-	-	-

4 Trading activities

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £
Choir tour - merchandise sales	60	-	60	193	-	193
	60	-	60	193	-	193

5 Investments

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total 2021 £
Interest receivable	416	-	416	46		46
	<u>416</u>	<u>-</u>	<u>416</u>	<u>46</u>	<u>-</u>	<u>46</u>

6 Raising funds

	Unrestricted Funds 2022 £	Unrestricted Funds 2021 £
Trading costs		
Merchandise purchases	30	82
	<u>30</u>	<u>82</u>

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7) Charitable Activities

	Notes	Restricted		Unrestricted			2022 £	2021 £
		Sponsorship Programme £	Restricted - Other £	Uganda Programme £	Choir Tour £	Development & Engagement £		
Costs directly allocated to Charitable Activities								
Grant funding to Uganda		586,315	-	-	-	-	586,315	650,882
Marketing & administration		-	-	-	-	214	214	1,979
Domestic travel		-	-	-	-	527	527	133
Bank & finance charges		-	-	-	224	-	224	113
Licensing & database costs		-	-	6,648	-	-	6,648	5,954
Depreciation		-	-	-	1,907	-	1,907	1,907
Support costs allocated to Charitable Activities								
Admin staff costs		-	-	123,921	-	5,860	129,781	165,647
Admin & office exp.		-	-	4,514	2,709	1,805	9,028	9,239
Admin travel & subsistence		-	-	887	532	355	1,774	940
Bank & finance charges		-	-	7,311	385	901	8,597	9,462
Van costs		-	-	156	1,253	157	1,566	2,777
Rent, services & insurance		-	-	10,785	10,389	10,191	31,365	31,465
Storage, repairs & m'tnce		-	-	152	2,745	153	3,050	2,906
Office equipm'nt & I.T.		-	-	1,735	1,041	694	3,470	4,108
Depreciation		-	-	840	556	414	1,810	2,630
Legal & professional		-	-	1,396	838	559	2,793	3,132
Governance	8	-	-	2,435	2,435	2,434	7,304	6,360
Total expenditure		586,315	-	160,780	25,014	24,264	796,373	899,634
Charitable activities expenditure - Restricted funds			586,315					650,882
Charitable activities expenditure - Unrestricted funds						210,058		248,752

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 £796,373 (2021 - £899,634) of which, £586,315 was allocated to restricted funds (2021 - £650,882) and £210,058 (2021 - £248,752) allocated to unrestricted funds.

For support cost allocation see note 1.5.

8 Governance costs

	2022 £	2021 £
Trustees expenses	1,604	-
Audit fee	5,700	6,508
	<u>7,304</u>	<u>6,508</u>

9 Employees

Staff costs	2022	2021
	£	£
Wages & salaries	116,845	148,822
Social security costs	8,840	10,998
Other pension costs	4,236	5,827
	<u>129,921</u>	<u>165,647</u>

Staff numbers

	2022		2021	
	F.T.E.	Number	F.T.E.	Number
Charitable activities	3.0	5.0	3.6	5.4
	<u>3.0</u>	<u>5.0</u>	<u>3.6</u>	<u>5.4</u>

F.T.E. = Full time equivalent

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

	2022	2021
	No.	No.
£80,001 - £90,000	0	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 £55,625 (2021: £81,942). The Charity trustees were neither paid nor received any other benefits from employment with the Charity in the year (2021: £nil) and no trustee received payment for professional or other services supplied to the Charity (2021: £nil).

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	Choir Equipment £	Office Equipment £	Office Furniture £	Computers £	Motor Vehicles £	Total Fixed Assets £
Cost						
At 1 January 2022	48,638	6,633	1,324	20,148	19,144	95,887
Additions	-	-	-	-	-	-
At 31 December 2022	48,638	6,633	1,324	20,148	19,144	95,887
Depreciation						
At 1 January 2022	42,954	6,227	953	18,233	19,144	87,511
Charge for the year	1,907	261	131	1,418	-	3,717
At 31 December 2022	44,861	6,488	1,084	19,651	19,144	91,228
Net Book Value						
At 31 December 2022	3,777	145	240	497	-	4,659
At 31 December 2021	5,684	406	370	1,915	-	8,376

11 Stock

	2022 £	2021 £
Goods for resale	<u>5,870</u>	<u>5,965</u>

12 Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	460	60
Other debtors	58,274	56,233
Prepayments & accrued income	86,368	39,067
	<u>145,102</u>	<u>95,360</u>

13 Creditors

	2022 £	2021 £
Trade creditors	7,077	2,089
Tax & social security costs	19,340	37,672
Other creditors	9,176	19,797
Accruals	11,400	6,000
Deferred income - (see note 13b)	2,264	3,694
	<u>49,257</u>	<u>69,252</u>

13b Deferred income

	2022	2021
	£	£
Opening balance	3,694	4,518
Amount deferred in the year	8,830	9,412
Amount released to incoming resources	(10,260)	(10,236)
Closing balance	<u>2,264</u>	<u>3,694</u>

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14 Restricted funds

	Balance as at 1st Jan 2022 £	Incoming Resources £	Resources Expended £	Balance as at 31st Dec 2022 £	Balance as at 1st Jan 2021 £	Incoming Resources £	Resources Expended £	Balance as at 31st Dec 2021 £
Sponsorship and Donations								
Child	40,967	381,912	(382,090)	40,789	39,610	420,294	(418,937)	40,967
Mother	3,869	39,977	(40,031)	3,815	3,866	42,484	(42,481)	3,869
Baby	4,713	45,343	(46,340)	3,716	5,468	50,735	(51,490)	4,713
Neighbourhood Child	5,653	60,266	(60,880)	5,039	5,410	67,542	(67,299)	5,653
Neighbourhood Mother	2,693	25,404	(25,682)	2,415	2,588	29,266	(29,161)	2,693
Teacher	216	1,728	(1,728)	216	216	1,728	(1,728)	216
Special Needs	1,632	6,456	(6,999)	1,089	1,687	6,723	(6,778)	1,632
SEED	1,700	5,880	(5,423)	2,157	1,664	6,874	(6,838)	1,700
Watoto Uganda Support Fund	90,586	4,566	(4,629)	90,523	90,743	6,027	(6,184)	90,586
Appeals								
Gift pool	383	870	(550)	703	533	160	(310)	383
Gulu project	1,064	3,189	(4,185)	68	1,109	7,216	(7,261)	1,064
Christmas appeal	4,504	2,994	(4,224)	3,274	741	4,412	(649)	4,504
Sustainability project	-	-	-	-	-	170	(170)	-
Winnie's medical appeal	13	-	-	13	13	-	-	13
Keep A Girl in School	1,020	3,075	(3,095)	1,000	1,100	223	(303)	1,020
Other appeals	5,767	309	(459)	5,617	5,215	11,846	(11,294)	5,767
Other								
Visit Watoto	4,091	-	-	4,091	4,091	-	-	4,091
	168,871	581,969	(586,315)	164,525	164,054	655,700	(650,883)	168,871

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 2022:
 - 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.
 - 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.
 - Watoto education programme – provides comprehensive education to Ugandan youth through Ugandan educational institutions.

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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. At the outbreak of Covid-19, all visits to Uganda ceased with Uganda experiencing a much longer shut-down period than most parts of the world. As a result, visits under the scheme are not expected to recommence until sometime in 2024 at the earliest.

15 Unrestricted funds

		Balance as at 1st Jan 2022	Incoming Resources	Resources Expended	Transfer To Other Funds	Balance as at 31st Dec 2022	Balance as at 1st Jan 2021	Incoming Resources	Resources Expended	Balance as at 31st Dec 2021
	Notes	£	£	£	£	£	£	£	£	£
Unrestricted funds										
General fund		53,361	177,614	(210,088)		20,887	14,940	287,255	(248,834)	53,361
Designated funds	16									
Where most needed fund		21,932	4,757	-	-	26,689	16,174	6,158	(400)	21,932
Operational development fund		12,900	-	-		12,900	12,400	500	-	12,900
Keep Choir on the road		915	-	-		915	787	128	-	915
		<u>89,108</u>	<u>182,371</u>	<u>(210,088)</u>	<u>-</u>	<u>61,391</u>	<u>44,301</u>	<u>294,041</u>	<u>(249,234)</u>	<u>89,108</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 2022
	£	£	£	
Fixed Assets	-	4,659	-	4,659
Net Current Assets	164,525	16,228	40,504	221,257
	<u>164,525</u>	<u>20,887</u>	<u>40,504</u>	<u>225,916</u>

17b Analysis of net assets between funds (previous 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>

Within current assets is £119,543 (2021: £168,871) 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:

	2022 £	2021 £
Leases due to expire in:		
Less than one year	22,554	22,554
Between two & five years	22,554	45,108
	<u>45,108</u>	<u>67,662</u>

19 Related party transaction

There were Trustee expenses of £1,604 in 2022 (2021: £nil). There were no amounts owing to or owed by the Trustees or other related parties at the balance sheet date (2021: £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 £18,860 (2021: £26,492).

Trustees of Watoto Child Care Ministries hold a controlling position in Watoto Uganda. Grant funding is paid to Watoto Uganda, and in 2022 this totalled £586,315 (2021: £650,882).

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

	2022	2021
	£	£
Net incoming/(outgoing) resources before revaluations	(32,063)	49,624
Depreciation of tangible assets	3,717	4,537
Interest received	(416)	(46)
Decrease/(increase) in stocks	94	82
Decrease/(increase) in debtors	(49,742)	58,920
(Decrease)/increase in creditors within one year	(23,965)	(84,557)
(Decrease)/increase in accruals and deferred income	3,971	(9,331)
Net cash (outflow)/inflow from operating activities	<u>(98,404)</u>	<u>19,229</u>