

CHALLENGE MINISTRIES SWAZILAND UK

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

CHARITY NUMBER 1162211

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Challenge Ministries Swaziland UK
Reference and administrative details of the charity, its trustees and advisers

Trustees	Simon Howard, Chair Tony Barwell Graham Brewer Lloyd Cheshire Mark Dowding Ralph Turner Glyn Williams
Charity Registered Number	1162211
Registered Office	Crendon House Westfield Road Long Crendon HP18 9EW
Independent Examiner	Gary Brookes FCA BSc FCIE
Bankers	The Co-operative Bank plc PO Box 50 Skelmersdale WN8 6YL
Solicitors	Anthony Collins, Solicitors 134 Edmund Street Birmingham B3 2ES

Challenge Ministries Swaziland UK Trustees' report for the year ended 31 March 2021

OBJECTIVES AND ACTIVITIES

Summary of the purposes of the charity as set out in the governing document

The objectives of the Charitable Incorporated Organisation, as set out in the Constitution are, in accordance with Christian principles set out in the Statement of Faith:

- i. The prevention and/or relief of poverty and/or financial hardship in Swaziland and such other parts of Africa as the charity trustees may from time to time decide by (but not exclusively) the construction of homes in local communities
- ii. The advancement of education in particular (but not exclusively) for the benefit of children and young people disadvantaged or marginalised by reason of economic, geographic or social circumstances in Swaziland and such other parts of Africa as the charity trustees may from time to time decide by (but not limited to) the provision of schools, educational facilities and apprenticeship training centres
- iii. The advancement of the Christian faith in particular (but not limited to) the provision of, or assistance in the provision of, discipleship and training centres
- iv. To promote and protect the physical and mental health of those infected and affected by HIV/AIDS in Swaziland and such other parts of Africa through the provision of financial assistance, support, education and practical advice
- v. To promote sustainable development for the benefit of the public by (i) the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities in Africa, and (ii) the promotion of sustainable means of achieving economic growth and regeneration.

Summary of the main activities undertaken in relation to these purposes

Swaziland, which has been renamed Eswatini, has the highest prevalence of HIV/AIDS in the world and as a consequence life expectancy has dropped to 32 years. The average age of a Swazi national is now 18 and 70% of the population live in poverty. Our primary purpose is to raise funds to help care for orphans and vulnerable children in Swaziland/Eswatini.

In particular, we are helping convert Bulembu, a disused mining town, into a community with schools, homes, healthcare facilities and businesses. The project is designed eventually to become self-sustaining with the profits from the businesses providing for the childcare costs. Bulembu has a bottled water business, a dairy, a lodge and conference centre, a bakery, a honey factory, an essential oils business and other smaller agricultural initiatives. In 2020 the business enterprises were hit hard by the COVID pandemic. CMS sold the water business in October 2020 and the honey business was downscaled to minimise losses.

Challenge Ministries Swaziland UK

Trustees' report for the year ended 31 March 2021 (continued)

CMS UK also provides support and raises funds for women's and men's centres providing holistic care for those living at the centres in a 12-month programme. The people cared for have emotional and behavioural problems. Some have been living on the streets, some have been abused and some have addiction problems. The centres provide vital care for these vulnerable young people.

In Community, By Community (ICBC) projects take holistic care and education into remote locations across Eswatini. Our model is to plant a church and a school in a rural location. The pastor and his wife will care for the spiritual and educational needs of the population they serve. Some of the ICBCs also provide a home for orphans. A community nurse makes routine visits to each of the ICBCs in order to run clinics, providing healthcare to people often unable to reach other healthcare facilities.

CMS UK raises funds for all these projects in Eswatini through regular giving and child sponsorship, through fundraising events and by making grant applications. Our growth to date has mostly come from private individuals met at church or school-based events. Our intention for the future is to increase income from the business sector sponsoring the Bulembu businesses, through increased grant applications and by legacy giving in addition to growing our regular donor base.

ACHIEVEMENTS AND PERFORMANCE

Summary of main achievements during the year

When the COVID pandemic hit, we were unable to do any face to face fundraising and so we switched to virtual events and these have been surprisingly effective. In May 2020 we conducted a virtual choir event instead of the usual face to face choir tour. This was our single greatest fundraising event during the year along with smaller "fun" raising events for people to try virtually, such as a bake a cake competition and a toilet roll challenge. Regular updates on the COVID crisis in Eswatini to existing donors enabled us to keep regular child sponsorship donations steady at a time we feared losses due to people being put on furlough.

All mission trips were put on hold and no conferences or exhibitions were attended. Longer term this could have a negative impact on CMS UK growth as these activities are a primary source of new donors.

Taking people to see the work of CMS on a 2-week mission trip remains a key fundraising activity as it is when people see the challenges in Eswatini and see the impact that CMS are making that we capture hearts. Most people become donors once they have been on a mission trip. 2020/21 was set up to be a record year with 8-9 teams booked to travel. The impact of COVID was that these planned trips have been postponed until it is safe to once again travel to the country.

Challenge Ministries Swaziland UK

Trustees' report for the year ended 31 March 2021 (continued)

Donations from trustees and the income from MTech Access meant that all CMS UK expenditure is covered so we did not need to make any furlough or redundancy decisions.

During the year we took the decision to migrate our donor management system from E-Tapestry to Salesforce enabling better reporting and better data capture on all our donors. The Salesforce system is now used for most of our marketing processes and links to our financial data held in QuickBooks.

In summary, 2020/21 proved to be a year of exceptional growth despite COVID and the inability for face to face fundraising and the cancelling of mission teams. It seems that virtual fundraising is a good way to reach donors and drive income. As a result, the charity was able to distribute funds of £445k to Eswatini during the year. CMS UK is stable as running costs are covered by donations from MTech Access and trustees so the trustees do not anticipate any need to reduce the scale of the charity's operations and are confident that it will continue as a going concern.

FINANCIAL REVIEW

Review of the charity's financial position at the end of the financial year

Total income was £525k, an increase of nearly 50% on the prior year. Our fundraising activity continued but was heavily adapted given the restrictions placed on us by the COVID pandemic. Promotional events could not be held and as noted above Mission Impact trips were postponed. The changes made to fundraising were successful and the generosity of donors in challenging times has been remarkable with a substantial increase in the level of one-off donations.

There was no income in the year from Charitable activities (mission trips) and £17,839 of contributions previously received for trips which have been postponed have been returned to the donors. The charity continues to hold contributions of £20,702 received towards future trips and this amount is recognised as a creditor.

Challenge Ministries Swaziland UK

Trustees' report for the year ended 31 March 2021 (continued)

Support costs decreased to £33k, from the level of £36k in the previous year, largely due to reduced costs of travel although costs were incurred on the introduction of Salesforce system. Fundraising costs also decreased as no in-person fundraising events could be held due to the COVID pandemic.

With increased income and reduced cost, the charity was able to distribute funds of £445k to Eswatini during the year, compared to £193k in the previous year.

At the year end, the charity held funds of £110k, an increase over the previous year end figure of £95k.

FUTURE PLANS

The trustees plan to continue to develop and grow the charity, maintaining its focus on making a difference to the lives of vulnerable children in Eswatini.

The exceptional level of income in the year to 31 March 2021 is not expected to be repeated in the following year. However, the charity continues to improve its fundraising activities whilst carefully managing the level of costs incurred. Our donor management system enables us to become more systematic in how we grow our donor pool and we have started recruiting people with a passion for CMS and the orphans of Eswatini to become ambassadors for us in their schools, churches and businesses. In this way we will grow a much larger volunteer resource who can promote CMS across the UK.

Our longer-term vision is to raise £1m per year in the UK.

RESERVES POLICY

The trustees have reviewed the charities reserves policy to assist in achieving long term stability, commensurate with the risks it faces, particularly relating to a significant fall in income and unexpected costs being incurred. The trustees take in to account the level of recurring income it expects to receive to meet its operational costs. The trustees seek to hold unrestricted reserves in the range of £50-70k. At the year end unrestricted reserves were £88k although since the year end these have been reduced to within the range of the reserves policy as a result of further transfers of funds to Eswatini.

Challenge Ministries Swaziland UK

Trustees' report for the year ended 31 March 2021 (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The organisation is a charitable incorporated organisation, incorporated on 15 June 2015. The organisation was established under a constitution which outlines the objects and powers of the organisation and is a registered charity (charity number 1162211).

In common with Christian based organisations across the nation the trustees have had to be mindful of the needs to consider the Charity Commission's guidance of assessing all activities in the light of public benefit so that they are open to all people regardless of personal circumstances and backgrounds.

Methods used to recruit and appoint new charity trustees

New trustees are appointed by a resolution passed at a properly convened meeting of the charity trustees.

In selecting individuals for appointment as charity trustees, the contribution to the skills mix and balance within the board is considered. Trustees that are appointed would be expected to support the values of the organisation.

RISK POLICY

The biggest financial risk to achieving the charity's objectives is the impact of exchange rates. Money raised in the UK is buying less in Eswatini if the sterling exchange rate falls.

As a charity which supports those helping children and other vulnerable people overseas, the trustees are very mindful of their responsibilities for safeguarding and protecting from harm those who come into contact with the charity. There are child protection policies in place, ensuring that their wellbeing and safety is ensured at all times. Since the year end these policies and procedures have been reviewed, with the assistance of an expert, independent consultant. All trustees and staff of the charity are receiving training on the importance of safeguarding and in the charities policies and procedures.

Challenge Ministries Swaziland UK

Trustees' report for the year ended 31 March 2021 (continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

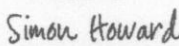
The trustees are required under charity law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the CIO and its results for that period. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the charity will continue in business.

The trustees are responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity. They are also responsible for the safeguarding of the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL

This report was approved by the trustees on 13 January 2022 and signed on their behalf

DocuSigned by:

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Simon Howard, Chair

**Challenge Ministries Swaziland UK
for the year ended 31 March 2021
Independent Examiner's Report to the Trustees of Challenge
Ministries Swaziland UK**

I report to the charity trustees on my examination of the accounts of the CIO for the year ended 31 March 2021 which is set out on pages 10 to 17.

Responsibilities and basis of report

As the charity trustees of the company 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 as 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

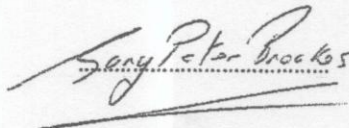
Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants of England and Wales, which is one of the listed bodies.

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) the accounting records were not kept in respect of the company 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.

Signed



Date 18/01/2022

Gary Peter Brookes
Fellow of The Institute of Chartered Accountants of England and Wales
130 Wombourne Park
Wombourne
South Staffs
WV5 0LY

Challenge Ministries Swaziland UK
Statement of Financial Activities
for the year ended 31 March 2021

		Restricted Funds	Unrestricted Funds	Total Funds	Total Funds
	Notes	2021	2021	2021	2020
		£	£	£	£
Income from:					
Donations	4	40,294	485,086	525,380	271,932
Charitable Activities	6	-	-	-	38,940
Events		-	-	-	43,092
Total Income		<u>40,294</u>	<u>485,086</u>	<u>525,380</u>	<u>353,964</u>
Expenditure on:					
Charitable Activities	7	45,059	426,530	471,589	283,051
Raising funds	8	-	38,811	38,811	64,151
Total Expenditure		<u>45,059</u>	<u>465,341</u>	<u>510,400</u>	<u>347,202</u>
Net (Expenditure) / Income		<u>(4,765)</u>	<u>19,745</u>	<u>14,980</u>	<u>6,762</u>
Reconciliation of funds					
Total funds brought forward 1 April 2020		<u>27,297</u>	<u>68,134</u>	<u>95,431</u>	<u>88,669</u>
Total funds carried forward 31 March 2021		<u>22,532</u>	<u>87,879</u>	<u>110,411</u>	<u>95,431</u>

Challenge Ministries Swaziland UK
Balance Sheet
As at 31 March 2021

	Notes	2021	2020
		£	£
Current Assets			
Cash at bank and in hand		136,139	129,676
Debtors		-	5,298
		<u>136,139</u>	<u>134,974</u>
Creditors: amounts falling due within one year	10	(25,728)	(39,543)
Net Assets		<u>110,411</u>	<u>95,431</u>
Charity Funds			
Restricted Funds	11	22,532	27,297
Unrestricted Funds	11	87,879	68,134
Total Funds		<u>110,411</u>	<u>95,431</u>

The financial statements were approved by the Trustees on 13 January 2022 and signed on their behalf by:

DocuSigned by:

Simon Howard

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Trustee

Mr Simon Howard, Chair

Challenge Ministries Swaziland UK
for the year ended 31 March 2021
Notes to the accounts

Note 1 **Basis of preparation**

The charity is a Charitable Incorporated Organisation and constitutes a public benefit entity as defined by FRS102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) second edition published October 2019, the Charities Act 2011 and the UK Generally Accepted Practice.

The financial statements have been prepared on a going concern basis under the historical cost convention modified to include certain items at fair value.

Note 2 **Accounting policies**

Recognition of income Income is included in the Statement of Financial Activities (SoFA) when:

- the charity becomes entitled to the resources;
- it is more likely than not that the trustees will receive the resources; and
- the monetary value can be measured with sufficient reliability.

Grants and donations Grants and donations are only included in the SoFA when the general income recognition criteria are met.

In the case of performance related grants, income is only recognised to the extent that the charity has provided the specified goods or services as entitlement to the grant only occurs when the performance related conditions are met.

Legacies Legacies are included in the SOFA when receipt is probable, that is, when there has been grant of probate, the executors have established that there are sufficient assets in the estate and any conditions attached to the legacy are either within the control of the charity or have been met.

Tax reclaims on donations and gifts Gift Aid receivable is included in income when there is a valid declaration from the donor. Any Gift Aid amount recovered on a donation is considered to be part of that gift and is treated as an addition to the same fund as the initial donation unless the donor or the terms of the appeal have specified otherwise.

Donated goods Donated goods are measured at fair value (the amount for which the asset could be exchanged) unless impractical to do so.

The cost of any stock of goods donated for distribution to beneficiaries is deemed to be the fair value of those gifts at the time of their receipt and they are recognised on receipt. In the reporting period in which the stocks are distributed, they are recognised as an expense at the carrying amount of the stocks at distribution.

Gifts in kind for use by the charity are included in the SoFA as income from donations when receivable.

Challenge Ministries Swaziland UK
for the year ended 31 March 2021
Notes to the accounts (continued)

Note 2 (continued)

Accounting policies

Donated services and facilities

Donated services and facilities are included in the SOFA when received at the value of the gift to the charity provided the value of the gift can be measured reliably.

Support costs

The charity has incurred expenditure on support costs. Support costs have been allocated between governance costs and other support. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Volunteer help

The value of any voluntary help received is not included in the accounts but is described in the trustees' annual report.

Liability recognition

Liabilities are recognised where it is more likely than not that there is a legal or constructive obligation committing the charity to pay out resources and the amount of the obligation can be measured with reasonable certainty.

Governance and support costs

Support costs have been allocated between governance costs and other support. Governance costs comprise all costs involving public accountability of the charity and its compliance with regulation and good practice.

Grants with performance conditions

Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specified service or output.

Note 3

Key judgements and assumptions concerning the future in applying the accounting policies

Donations received relating to Mission Impact trips planned for after the year end have not been recognised as income. Given the impact of the COVID-19 pandemic, trips have been cancelled or postponed so it has been assumed that these donations may need to be repaid after the year end.

The trustees consider there are no material uncertainties about the charity's ability to continue as a going concern.

Challenge Ministries Swaziland UK
Notes to the accounts
for the year ended 31 March 2021

Note 4 Donations

	Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Grant (Note 5)	-	-	-	5,298	-	5,298
Child Sponsorship	-	97,076	97,076	-	86,722	86,722
Donations and gifts	39,124	344,635	383,758	39,471	115,191	154,662
Gift Aid	1,170	43,376	44,546	1,779	23,471	25,250
TOTAL	40,294	485,086	525,380	46,548	225,384	271,932

Note 5 Grant

	Restricted Funds	Unrestricted Funds	Restricted Funds	Unrestricted Funds
	2021	2021	2020	2020
	£	£	£	£
Peter Stebbings Memorial Charity	-	-	5,298	-
TOTAL	-	-	5,298	-

The grant from the Peter Stebbings Memorial Charity is funding the installation of a new pipeline supplying safe drinking water for sanitation, hygiene, irrigation and cooking from a reservoir to Bulembu village.

Note 6 Charitable Activities

	Unrestricted Funds	Unrestricted Funds
	2021	2020
	£	£
Mission Impact	-	38,940

Challenge Ministries Swaziland UK**Notes to the accounts****for the year ended 31 March 2021****Note 7 Charitable Activities**

	Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Funds transferred to Swaziland	42,282	403,146	445,428	19,251	173,909	193,160
Mission Impact	-	(7,132)	(7,132)	-	54,189	54,189
Support Costs (Note 9)	2,777	30,516	33,293	-	35,702	35,702
TOTAL	45,059	426,530	471,589	19,251	263,800	283,051

Note 8 Expenditure on raising funds

	Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Staff costs	-	38,721	38,721	-	36,893	36,893
Marketing and event costs	-	90	90	-	27,258	27,258
TOTAL	-	38,811	38,811	-	64,151	64,151

Note 9 Support Costs

	2021	2020
	£	£
Staff costs	13,635	13,893
Office costs	12,958	4,051
Travel and subsistence costs	-	2,892
Training costs	-	126
IT costs	2,430	2,705
Shipping costs	3,480	10,698
Governance costs	790	1,337
TOTAL	33,293	35,702

Governance costs includes £790 paid to the independent examiner for the independent examination.

During the year the average number of staff employed by the charity was 3 (2020 - 3). No employee received employee benefits of more than £60,000 (2020 - None).

Challenge Ministries Swaziland UK**Notes to the accounts****for the year ended 31 March 2021****Note 10 Creditors: amounts falling due within one year**

	2021	2020
	£	£
Deferred income	20,702	38,541
Taxation and social security	521	804
Other creditors	4,505	198
	25,728	39,543

Deferred income relates to donations received in relation to Mission Impact trips planned for after the year end. However due to the impact of Covid-19 these trips have been cancelled or postponed so income will not be recognised until the trips occur. During the year, £17,839 was repaid to donors.

Note 11 Funds

	Balance at 1 April 2020	Income	Transfers to Eswatini	Support costs	Balance at 31 March 2021
	£	£	£		£
Restricted funds					
Mhlanghatane In Community, By Community	21,999	135	(2,000)	-	20,134
Mhlindazwe In Community, By Community		500	-	-	500
Water pipeline		982	-	-	982
Water Pump		3,000	(3,000)	-	-
Hardship Fund		10,000	(10,000)	-	-
Fire protection		2,629	(2,366)	(263)	-
Provision of text books		4,484	(4,270)	(214)	-
Provision of bulk food		3,500	(3,500)		-
Media equipment		2,615	(2,353)	(262)	-
Tertiary education support		11,889	(9,656)	(1,467)	766
Provision of presents		560	(369)	(41)	150
Peter Stebbings Memorial Charity	5,298	-	(4,768)	(530)	-
Total restricted funds	27,297	40,294	(42,282)	(2,777)	22,532
Unrestricted funds	68,134	485,086	(403,146)	(62,195)	87,879
Total funds	95,431	525,380	(445,428)	(64,972)	110,411

Challenge Ministries Swaziland UK**Notes to the accounts****for the year ended 31 March 2021****Note 12 Analysis of net assets between funds**

	Restricted Funds £	Unrestricted Funds £	Total 2021 £
Debtors	-	-	-
Cash	22,532	113,607	136,139
Liabilities	-	(25,728)	(25,728)
Net assets	22,532	87,879	110,411

	Restricted Funds £	Unrestricted Funds £	Total 2020 £
Debtors	5,298	-	5,298
Cash	21,999	107,677	129,676
Liabilities	-	(39,543)	(39,543)
Net assets	27,297	68,134	95,431

Note 13 Trustee donations, expenses and related party disclosures

None of the trustees were paid any remuneration or received any other benefits as a trustee or from an

No expenses were reimbursed to trustees during the year (2020 - None).

Donations from trustees during the year totalled £82,774 (2020 - £54,410)

There were no other related party transactions during the year (2020 - None) requiring disclosure.

Note 14 Previous year's Statement of Financial Activities

	Notes	Restricted Funds 2020 £	Unrestricted Funds 2020 £	Total 2020 £
Income from:				
Donations	4	46,548	225,384	271,932
Charitable Activities	6	-	38,940	38,940
Events		-	43,092	43,092
Total income		46,548	307,416	353,964
Expenditure on:				
Charitable Activities	7	19,251	263,800	283,051
Raising funds	9	-	64,151	64,151
Total Expenditure		19,251	327,951	347,202
Net income/(expenditure)		27,297	(20,535)	6,762

Reconciliation of funds

Total funds brought forward 1 April 2019	-	88,669	88,669
Total funds carried forward 31 March 2020	27,297	68,134	95,431