

CHALLENGE MINISTRIES SWAZILAND UK

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 (resigned 12 January 2022) 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 2022

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

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 dairy, a lodge and conference centre, a bakery, a honey factory, an essential oils business and other smaller agricultural initiatives.

Challenge Ministries Swaziland UK

Trustees' report for the year ended 31 March 2022 (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 and some have a borehole to provide a much needed source of clean water for the local community. 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 this situation has largely continued through the 2021/22 financial year. 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. Mission trips recommenced in October 2022.

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.

Donations from trustees and the income from MTech Access meant that virtually all CMS UK support and fundraising costs are covered, which enables the charity to transfer other donations in full to support the work in Eswatini.

Challenge Ministries Swaziland UK

Trustees' report for the year ended 31 March 2022 (continued)

With the continuing restrictions as a result of COVID, 2021/22 was a year of consolidation and we are extremely grateful to those donors who continued to support the charity on a regular basis, as well as those who gave one-off donations to support our core work of caring for orphans and vulnerable children and other projects to address difficulties faced in Eswatini. In the year we were also able to provide financial support to enable solar lighting to be installed, to construct a church and school building at the Mhlangatane ICBC and to continue supporting young adults through tertiary education.

FINANCIAL REVIEW

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

Total income for the year was £372k, which was a reduction from the exceptionally high level of income the previous year as the substantial level one-off income in the previous year was not expected to be repeated. Regular income through our child sponsorship programme continued to increase with donations of £107k, a 10% increase on the previous year. Promotional events could still not be held during most of the year and as noted above Mission Impact trips were postponed. The charity continues to hold contributions of £16,370 received towards future trips and this amount is recognised as a creditor.

Support and fundraising costs totalled £68k, similar to the level in the previous year. This includes costs incurred in implementing a new donor relationship management system and consultancy costs to develop the charity's policies and procedures for safeguarding.

The charity was able to distribute funds of £302k to Eswatini during the year and at the year end, the charity held total funds of £108k, a small decrease compared to the previous year end figure of £110k.

Challenge Ministries Swaziland UK

Trustees' report for the year ended 31 March 2022 (continued)

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 charity continues to improve its fundraising activities whilst carefully managing the level of costs incurred. Our donor relationship management system enables us to become more systematic in how we grow our donor pool and are planning in the current financial year to develop further our fundraising team to work with our ambassadors, who have a passion for CMS and the people of Eswatini, promoting our work in 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 into 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 £89k.

Challenge Ministries Swaziland UK Trustees' report for the year ended 31 March 2022 (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 risks to achieving the charity's objectives is the impact of exchange rates and protection of funds held. Money raised in the UK is buying less in Eswatini if the sterling exchange rate falls. All funds of the charity are held with its main bankers.

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. During 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 have received training on the importance of safeguarding and in the charity's policies and procedures.

Challenge Ministries Swaziland UK

Trustees' report for the year ended 31 March 2022 (continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

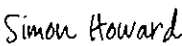
The trustees are required under charity law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the CIO and its results for that period. In preparing those financial statements, the trustees are required to:

- 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 18 January 2023 and signed on their behalf

DocuSigned by:

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Simon Howard, Chair

Challenge Ministries Swaziland UK for the year ended 31 March 2022 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 2022 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

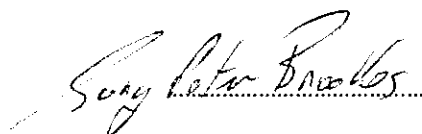
Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants of England and Wales, which is one of the listed bodies.

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 19/1/2023

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

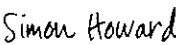
Challenge Ministries Swaziland UK
Statement of Financial Activities
for the year ended 31 March 2022

	Notes	Restricted Funds 2022 £	Unrestricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income from:					
Donations	4	71,807	300,188	371,995	525,380
Total Income		<u>71,807</u>	<u>300,188</u>	<u>371,995</u>	<u>525,380</u>
Expenditure on:					
Charitable Activities	5	75,830	262,263	338,093	471,589
Raising funds	6	-	36,641	36,641	38,811
Total Expenditure		<u>75,830</u>	<u>298,904</u>	<u>374,734</u>	<u>510,400</u>
Net (Expenditure) /Income		<u>(4,023)</u>	<u>1,284</u>	<u>(2,739)</u>	<u>14,980</u>
Reconciliation of funds					
Total funds brought forward 1 April 2021		<u>22,532</u>	<u>87,879</u>	<u>110,411</u>	<u>95,431</u>
Total funds carried forward 31 March 2022		<u>18,509</u>	<u>89,163</u>	<u>107,672</u>	<u>110,411</u>

Challenge Ministries Swaziland UK**Balance Sheet****As at 31 March 2022**

	Notes	2022		2021	
		£	£	£	£
Current Assets					
Cash at bank and in hand		124,995		136,139	
Debtors		<u>-</u>		<u>-</u>	
			124,995		136,139
Creditors: amounts falling due within one year	8		(17,323)		(25,728)
Net Assets			<u>107,672</u>		<u>110,411</u>
Charity Funds					
Restricted Funds	9		18,509		22,532
Unrestricted Funds	9		89,163		87,879
Total Funds			<u>107,672</u>		<u>110,411</u>

The financial statements were approved by the Trustees on 18 January 2023 and signed on their behalf by:

DocuSigned by:

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Trustee

Mr Simon Howard, Chair

Challenge Ministries Swaziland UK
for the year ended 31 March 2022
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 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: <ul style="list-style-type: none">· 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	<p>Grants and donations are only included in the SoFA when the general income recognition criteria are met.</p> <p>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.</p>
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	<p>Donated goods are measured at fair value (the amount for which the asset could be exchanged) unless impractical to do so.</p> <p>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.</p> <p>Gifts in kind for use by the charity are included in the SoFA as income from donations when receivable.</p>

**Challenge Ministries Swaziland UK
for the year ended 31 March 2022
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 2022****Note 4 Donations**

	Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Child Sponsorship	-	106,566	106,566	-	97,076	97,076
Donations and gifts	69,378	150,599	219,977	39,124	344,634	383,758
Gift Aid	2,429	43,023	45,452	1,170	43,376	44,546
TOTAL	71,807	300,188	371,995	40,294	485,086	525,380

Note 5 Charitable Activities

	Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Funds transferred to Swaziland	71,253	230,773	302,026	42,282	403,146	445,428
Mission Impact	-	-	-	-	(7,132)	(7,132)
Shipping costs	-	4,641	4,641	-	3,480	3,480
Support Costs (Note 7)	4,577	26,849	31,426	2,777	27,036	29,813
TOTAL	75,830	262,263	338,093	45,059	426,530	471,589

Note 6 Expenditure on raising funds

	Restricted Funds	Unrestricted Funds	Total	Restricted Funds	Unrestricted Funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
Staff costs	-	36,538	36,538	-	38,721	38,721
Marketing and event costs	-	103	103	-	90	90
TOTAL	-	36,641	36,641	-	38,811	38,811

Challenge Ministries Swaziland UK
Notes to the accounts
for the year ended 31 March 2022

Note 7 Support Costs

	2022	2021
	£	£
Staff costs	15,290	13,635
Office costs	2,088	12,958
Travel and subsistence costs	288	-
IT Consultancy	4,500	-
IT costs	6,315	2,430
Governance costs	2,945	790
TOTAL	<u>31,426</u>	<u>29,813</u>

Governance costs includes £845 paid to the independent examiner for the independent examination.

During the year the average number of staff employed by the charity was 3 (2021 - 3). No employee received employee benefits of more than £60,000 (2021 - None).

Note 8 Creditors: amounts falling due within one year

	2022	2021
	£	£
Deferred income	16,370	20,702
Taxation and social security	860	521
Other creditors	93	4,505
	<u>17,323</u>	<u>25,728</u>

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, £4,332 was repaid to donors.

Challenge Ministries Swaziland UK**Notes to the accounts****for the year ended 31 March 2022****Note 9 Funds**

	Balance at 1 April 2021	Income	Transfers to Eswatini	Allocated costs	Balance at 31 March 2022
	£	£	£	£	£
Restricted funds					
Mhlanghatane In Community, By Community	20,134	-	(20,134)	-	-
Mhlindazwe In Community, By Community	500	900	(1,260)	(140)	-
Water pipeline	982	120	(900)	(82)	120
Borehole	-	13,660	-	-	13,660
Solar lighting	-	7,187	(6,925)	(262)	-
Phephile leg	-	766	(766)	-	-
Potters Wheel	-	23,000	(19,800)	(2,200)	1,000
Ward support	-	4,725	(4,253)	(472)	-
Men's Centre	-	650	(495)	(55)	100
Women's Centre	-	1,881	(1,316)	(94)	471
Tertiary education support	766	15,497	(12,799)	(1,204)	2,260
Provision of presents	150	462	(544)	(68)	-
Medical Emergency Fund	-	157	-	-	157
Shoes for Orphans	-	2,802	(2,061)	-	741
Total restricted funds	22,532	71,807	(71,253)	(4,577)	18,509
Unrestricted funds	87,879	300,188	(230,773)	(68,131)	89,163
Total funds	110,411	371,995	(302,026)	(72,708)	107,672

Challenge Ministries Swaziland UK
Notes to the accounts
for the year ended 31 March 2022

Note 10 Analysis of net assets between funds

	Restricted Funds £	Unrestricted Funds £	Total 2022 £
Debtors	-	-	-
Cash		124,995	124,995
Liabilities	-	(17,323)	(17,323)
Net assets	-	107,672	107,672

	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

Note 11 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 (2021 - None).

Donations from trustees during the year totalled £33,838 (2021 - £82,774)

There were no other related party transactions during the year (2021 - None) requiring disclosure.

Note 12 Previous year's Statement of Financial Activities

	Notes	Restricted Funds 2021 £	Unrestricted Funds 2021 £	Total 2021 £
Income from:				
Donations	4	40,294	485,086	525,380
Total income		40,294	485,086	525,380
Expenditure on:				
Charitable Activities	5	45,059	426,530	471,589
Raising funds	7	-	38,811	38,811
Total Expenditure		45,059	465,341	510,400
Net income/(expenditure)		(4,765)	19,745	14,980

Reconciliation of funds

Total funds brought forward 1 April 2020	27,297	68,134	95,431
Total funds carried forward 31 March 2021	22,532	87,879	110,411