

# EMPATHY ACTION CIO

Registered Charity Number: 1162224



ANNUAL REPORT

&

ACCOUNTS

FOR THE PERIOD ENDED

31st December 2020

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**Principal address:**  
15 Serpentine Road  
Sevenoaks  
Kent, TN13 3XR

**Trustees**

**Date of appointment**

Paul Williams	16 June 2015	reappointed 7 May 2019
Mike Fawcett	15 March 2016	reappointed 5 March 2019
James MacLeay	15 March 2016	reappointed 5 March 2019
Natasha Williams	15 March 2016	reappointed 5 March 2019
Victoria Mason	5 March 2019	
Colin Crisp	5 March 2019	

## **Report of the Trustees**

### *Our Structure, Governance and Management*

Empathy Action is a Charitable Incorporated Organisation. The only voting members are its charity trustees, who are appointed by the existing trustees. The charity was registered on June 16th, 2015. Empathy Action is managed by its founder Director Ben Solanky and run by its full-time and part-time volunteers who receive no financial remuneration except for expenses properly incurred in the course of their voluntary activity that fall within the guidelines laid down in its expenses policy. In November 2019 Matt Gurney gave notice of his intention to resign as Co-Director with effect from July 31st, 2020.

### *Our Objectives*

Empathy Action aims to promote the prevention and relief of poverty and to advance education by: providing experiential learning opportunities which enable participants to develop their understanding of poverty, and encourage compassionate action; undertaking research into factors that contribute to poverty and ways to mitigate these; and assisting in the provision of education, training, and healthcare projects to enable individuals to generate a sustainable income.

### *Our Mission*

We believe that everyone is able to engage in the battle against poverty and injustice and that we each make a crucial difference. Our mission is to inspire and empower people to work together to improve the lives of others in need. We are motivated by the teaching of Jesus to love our neighbour as ourselves.

### *Our Core Values*

CONVICTION: we believe that honouring others above oneself, caring for each other and acting with courage, can change this broken world we live in.

COMPASSION: we believe that God lovingly created all people in His image, to live equally and with dignity.

COMMUNITY: we believe that acts of collaboration are like ripples, spreading outward, far-reaching and with transformative power.

### *Our activities*

Empathy Action focuses on deepening people's awareness of, and empathy with, global deprivation and finding strategic ways of helping those in need. It achieves this primarily through its experiential activities; igniting a desire to help, which it believes will fuel compassionate action. Alongside this, Empathy Action is identifying particular communities in need of assistance, working closely with them to establish viable livelihood development schemes, including the production and distribution of handicrafts. This targeted approach has the twofold objective of bringing about positive transformation of such groups whilst providing Empathy Action's partners with opportunities to become part of the solution through, for example, the donation of skills or financial resources or the sale of handicrafts. Empathy Action's experiential activities include simulations of the life experiences of disadvantaged and marginalised groups around the world. These simulations are activities that allow participants to walk in the shoes of those living in extreme poverty and refugees. These aim to help the public better understand the needs of people facing such situations by offering a small glimpse into the reality faced by millions worldwide. The experiences are used to stimulate discussion about how participants can contribute in their personal and professional lives to initiatives in the area of poverty relief and respond to humanitarian need through volunteering, or donating goods, skills or financial resources. The trustees have reviewed the guidance issued by the Charity Commission on public benefit and had regard to them in the oversight of Empathy Action's activities. At the time of writing (September 2021) many of our programmes have remained disrupted by the measures put in place to respond to the Covid 19 pandemic. Empathy Action is seeking innovative and creative ways to implement our mission in the current crisis in order to show compassion to the most vulnerable.

## **Financial review**

Expenditure for the year exceeded income by £7,429, following a significant decrease in both income and expenditure from the prior year.

### *Incoming resources*

Activities for generating resources consist of simulations and handicraft sales. Simulation income at £5,500 was greatly reduced from the previous year as it was only possible to deliver two Poverty Trap simulations. Handicraft sales increased to £5,393. Income from donations and fundraising at £4,547 was significantly lower than the previous year.

### *Resources expended*

Fundraising trading costs consist of the cost of sales for handicrafts, and costs incurred for fundraising. These totalled £5,613 compared with £3,188 in the previous year. Simulation costs at £1,666 reduced due to a reduction in the number of Poverty Trap simulations. No costs were incurred for Desperate Journeys. A number of grants were made from the Livelihood Development Fund, totalling £3,517. Office, general and administration costs at £12,083 reduced significantly compared to the previous year, with reductions in rent, travel and substance.

### *Balance sheet*

Cash stood at £26,434 at the end of the year, slightly lower than the prior year. Current assets were lower than the prior year, and fixed assets were nil as all assets are fully depreciated.

### *Funds*

The charity has two categories of funds, General and Designated. Designated Funds consist of the Livelihood Development Fund, to which 10% of the income from simulations, fundraising and donations is transferred to fund projects to alleviate poverty and suffering. The balances of both funds decreased during the year as expenditure exceeded income for both categories.

### Public Benefit

The Trustees confirm that they comply with their duty to have regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

### Approval Statement

This report was approved by the Trustees of the Charity

A handwritten signature in black ink, appearing to read "P. Williams", written over a dotted line.

P. Williams

A handwritten signature in black ink, appearing to read "J. MacLeay", written over a dotted line.

J. MacLeay

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Date: 27.09.21

### Charity's Principal Address

15 Serpentine Road  
Sevenoaks  
Kent, TN13 3XR

I report on the accounts of the Charity for the year ended 31 December 2020, which are set out on pages 6 to 10.

### **Respective Responsibilities of Trustees and Examiner**

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

### **Basis of Independent Examiner's Statement**

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

### **Independent Examiner's Statement**


In connection with my examination, no matters have come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with Section 130 of the 2011 Act; and
- to prepare accounts that accord with the accounting records and comply with the accounting requirements of the 2011 Act.

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

A handwritten signature in black ink, appearing to read "M M David".

M M DAVID , ACMA

Date: 25.09.21

Empathy Action CIO  
Statement of Financial Activities  
for the year ended 31st December 2020



	Note	General Funds 2020 £	Designated Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
<b>Incoming Resources</b>					
Voluntary Income	2	3,344	1,203	4,547	12,420
Activities for generating funds	3	10,343	550	10,893	30,765
<b>Total Incoming Resources</b>		<b>13,687</b>	<b>1,753</b>	<b>15,440</b>	<b>43,185</b>
<b>Resources Expended</b>					
Cost of generating funds					
Fundraising trading costs	5	5,613	-	5,613	3,188
Charitable activities :					
Simulation costs	5	1,666	-	1,666	6,871
Desperate Journeys	5	-	-	-	5,093
Donations	5	-	3,517	3,517	1,008
Total		1,666	3,517	5,183	12,972
Office, administration and governance	5	12,083		12,083	21,743
Interest income		11	-	11	-
<b>Total Net Resources Expended</b>		<b>19,352</b>	<b>3,517</b>	<b>22,869</b>	<b>37,904</b>
<b>Net Incoming/(Outgoing) Resources for the Year</b>		<b>(5,665)</b>	<b>(1,764)</b>	<b>(7,429)</b>	<b>5,281</b>
<b>Net Movement in Funds for the year</b>		<b>(5,665)</b>	<b>(1,764)</b>	<b>(7,429)</b>	<b>5,281</b>
<b>Funds at 1st January</b>		<b>27,022</b>	<b>10,281</b>	<b>37,302</b>	<b>32,021</b>
<b>Accumulated Funds at 31st December</b>		<b>21,357</b>	<b>8,516</b>	<b>29,873</b>	<b>37,302</b>



Empathy Action CIO  
Balance Sheet as at  
31st December 2020



	Note	31 December 2020 £	31 December 2019 £
<b>Fixed Assets</b>	7	-	-
<b>Current Assets</b>			
Stock		4,650	7,843
Prepayments	8	-	743
Debtors	9	290	2,880
Cash at bank and in hand		26,434	27,779
<b>Total Fixed and Current Assets</b>		<b>31,374</b>	<b>39,245</b>
<b>Current Liabilities</b>			
Creditors	10	1,500	1,943
<b>Net Assets</b>		<b>29,873</b>	<b>37,302</b>
 <b>Designated Funds</b>	11	8,516	10,281
<b>General Funds</b>	11	21,357	27,022
<b>Restricted Funds</b>	11	-	-
		<b>29,873</b>	<b>37,302</b>

31st December 2020

P. Williams

J. MacLeay

Date: 27.09.21

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## 1 Accounting Policies

### **Basis of Preparation of Accounts**

The accounts of the charity have been prepared on the basis of historic cost in accordance with the Statement of Recommended Practice (SORP 2005) and with Accounting Standards and Charities Act applicable to smaller charities. The CIO was formed on 16 June 2015.

### **Fund Structure**

General Funds comprise those funds which the Trustees have not designated for any specific purpose.

Designated Funds relate to The Livelihood Development Fund, which has been established by setting aside 10% of the income from simulations, donations and fundraising for funding projects designed to alleviate poverty and suffering.

Restricted Funds comprise those funds for which the donors have specified a purpose.

### **Incoming Resources**

All income is recognised in the Statement of Financial Activities (SOFA) when the conditions for receipt have been met and there is reasonable assurance of receipt. Where a claim for repayment of income tax has been or will be made such income is grossed up for the tax recoverable. The following accounting policies are applied to different categories of income:

#### ***Grants and Donations Receivable***

Grants and donations are recognised in the SOFA when conditions for receipt have been complied with.

#### ***Charitable Activities***

Charitable expenditure is charged to the Statement of Financial Activities for the period to which it relates.

#### ***Gifts in kind***

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

Gifts in kind for sale or distribution are included in the accounts as gifts only when sold or distributed by the charity.

Gifts in kind for use by the charity are included in the SoFA as incoming resources when receivable.

#### ***Donated services & facilities***

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

### **Liability recognition**

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

### **Tangible fixed assets for use**

These are capitalised if they can be used for more than one year, and cost at least £500. They are valued at cost or a reasonable value on receipt.

### **Stocks and work in progress**

These are valued at the lower of cost or market value.

### **Reserves policy**

To hold sufficient reserves for the foreseeable future.

<b>2 Voluntary Income</b>	<b>General Funds 2020 £</b>	<b>Designated Funds 2020 £</b>	<b>Total Funds 2020 £</b>	<b>Total Funds 2019 £</b>
Donations	2,894	314	3,208	9,116
Fundraising	450	889	1,339	3,304
	<u>3,344</u>	<u>1,203</u>	<u>4,547</u>	<u>12,420</u>

<b>3 Activities for generating funds</b>	<b>General Funds 2020 £</b>	<b>Designated Funds 2020 £</b>	<b>Total Funds 2020 £</b>	<b>Total Funds 2019 £</b>
Simulations	4,950	550	5,500	27,845
Handicraft sales	5,393	-	5,393	2,920
	<u>10,343</u>	<u>550</u>	<u>10,893</u>	<u>30,765</u>

#### 4 Trustees' Remuneration and Expenses

Trustees received no remuneration during the year. Trustee expenses were reimbursed for appropriate travel and other expenditure.

<b>5 Analysis of resources expended</b>	<b>General Funds 2020 £</b>	<b>Designated Funds 2020 £</b>	<b>Total Funds 2020 £</b>	<b>Total Funds 2019 £</b>
<b>Cost of Generating Funds</b>				
Handicraft sales	5,441	-	5,441	2,692
Fundraising	172	-	172	496
<b>Total</b>	<u>5,613</u>	<u>-</u>	<u>5,613</u>	<u>3,188</u>
<b>Charitable expenditure</b>				
Donations	-	3,517	3,517	1,008
Simulations	1,666	-	1,666	6,871
Desperate Journeys	-	-	-	5,093
<b>Total</b>	<u>1,666</u>	<u>3,517</u>	<u>5,183</u>	<u>12,972</u>
<b>Office, administration and governance</b>	12,083	-	12,083	21,743
<b>Total expenditure</b>	<u>19,362</u>	<u>3,517</u>	<u>22,879</u>	<u>37,904</u>

#### 6 Staff costs and numbers

The CIO is supported by volunteers and has no employees. There is therefore no individual remunerated over £60,000.

## 7 Fixed Assets

Fixed assets consist of computers and communication equipment which is depreciated over an expected useful life of 3 years. All items are currently fully depreciated.

	31 December 2020	31 December 2019
	£	£
<b>Opening Gross book value</b>	-	93
Acquisitions	-	-
Disposals	-	-
Depreciation	-	93
<b>Closing Net book value</b>	<u>-</u>	<u>-</u>

## 8 Prepayments

Prepayments in 2019 relate to insurance premiums.

## 9 Debtors

There were no significant debtors at year end.

## 10 Creditors

Creditors consist of a deposit from LEH in respect of a forthcoming simulation.

## 11 Funds Analysis

	General Funds 2020 £	Designated Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Balance brought forward	27,022	10,281	37,302	32,021
Total incoming resources	13,687	1,753	15,440	43,185
Total resources expended	(19,362)	(3,517)	(22,879)	(37,904)
Other recognised (losses)/gains	11	-	11	-
<b>Balance at 31 December</b>	<u>21,357</u>	<u>8,516</u>	<u>29,873</u>	<u>37,302</u>

Designated Funds relate to the Livelihood Development Fund. This has been established by setting aside part of the income from simulations, donations and fundraising for funding projects designed to alleviate poverty and suffering.

## 12 Related parties

No trustee has received any remuneration or benefit from the charity.

## 13 Post Balance sheet events

As a result of the global pandemic in 2020 the charity reviewed its operational and financial plans and there was a substantial reduction in all sources of income. However given the charity's low fixed costs and substantial cash reserves the trustees consider that the charity remains a going concern.