

# OPEN ARMS MALAWI

England & Wales · Charity number 1171686

## Details

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**Status** Registered

**Legal form** CIO

**Registered** 2017-02-20

**Register** [View on the Charity Commission register](#)

## Contact

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**Address** Open Arms Malawi  
Community House  
46-50 East Parade  
Harrogate  
North Yorkshire  
HG1 5LT

**Phone** 01423530129

**Email** [info@openarmsmalawi.org](mailto:info@openarmsmalawi.org)

**Website** [www.openarmsmalawi.org](http://www.openarmsmalawi.org)

## Activities

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**Objects:** FOR THE RELIEF OF THOSE IN NEED IN MALAWI BY REASON OF YOUTH, AGE, ILL HEALTH, DISABILITY, FINANCIAL HARDSHIP, SOCIAL AND ECONOMIC CIRCUMSTANCES OR OTHER DISADVANTAGE BY, BUT NOT EXCLUSIVELY, THE PROVISION OF:(I) ACCOMMODATION, CARE, FOOD AND CLOTHING; (II) HOSPICE ACCOMMODATION, MEDICAL AND NURSING CARE AND FUNERAL EXPENSES, FOR THOSE SUFFERING FROM TERMINAL ILLNESSES; AND(III) SUCH EDUCATIONAL, SOCIAL, MORAL, SPIRITUAL AND VOCATIONAL TRAINING AS WILL ENABLE THEM TO LIVE TO FACE THE CHALLENGES OF LIFE.

**Activities:** Open Arms Malawi is a charity that funds the relief of children in need in Malawi suffering from hardship, distress by reason of their social and economic circumstances by the provision of accommodation, support, education and love from birth to adulthood.

## Classification

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- **How:** Provides Buildings/facilities/open Space, Provides Advocacy/advice/information
- **What:** Education/training, Disability, The Prevention Or Relief Of Poverty
- **Who:** Children/young People, Elderly/old People, People With Disabilities

## Geography

- Malawi

## Finances

Period end	Income	Expenditure	Assets	Employees
2025-06-30	£362,674	£310,423	-	-
2024-06-30	£308,786	£326,781	-	-
2023-06-30	£271,522	£322,089	-	-
2022-06-30	£277,243	£350,210	-	-
2021-06-30	£338,366	£560,229	-	-

## Trustees

Name	Role	Appointed
<b>Angus Matthew Martin</b>	Chair	2020-02-17
ANDREA JUNE AINLEY		2017-02-20
CHARLES RICHARD HARTLEY		2017-02-20
GAVIN FRASER WILLIAM PARK		2017-02-20
JANETTE PEAK		2017-02-20
Jane Hartley		2017-02-20
STEPHEN ERIC WALKER		2017-02-20

**OPEN ARMS MALAWI**

England & Wales - Charity number 1171686

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# Accounts

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**Report of the Trustees and  
Unaudited Financial Statements for the Year Ended 30 June 2025  
for  
Open Arms Malawi**

**Contents of the Financial Statements  
for the Year Ended 30 June 2025**

	<b>Page</b>
<b>Reference and Administrative Details</b>	1
<b>Report of the Trustees</b>	2 to 6
<b>Independent Examiner's Report</b>	7
<b>Statement of Financial Activities</b>	8
<b>Balance Sheet</b>	9
<b>Notes to the Financial Statements</b>	10 to 18

# Open Arms Malawi

## Reference and Administrative Details for the Year Ended 30 June 2025

### TRUSTEES

A M Martin  
Ms A J Ainley  
S E Walker  
Ms J Peak  
G F W Park  
C R Hartley  
Ms J Hartley

### REGISTERED OFFICE

Community House  
46-50 East Parade  
Harrogate  
HG1 5RR

### REGISTERED CHARITY NUMBER

1171686

### INDEPENDENT EXAMINER

Nicola O'Sullivan FCA DChA  
BHP Professional Services Limited  
One, Waterside Place, Basin Square  
Brimington Road  
Chesterfield  
S41 7FH

## Report of the Trustees for the Year Ended 30 June 2025

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 June 2025. The trustees have adopted the provisions of 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 1 January 2019).

### **OBJECTIVES AND ACTIVITIES**

#### **A summary of the objects of the Charity as set out in its governing document**

The trustees shall apply the income, and at their discretion apply the whole or any part of the capital, of the trust fund for the relief of children in need in Malawi suffering from hardship and distress by reason of their social and economic circumstances as follows:

1. By the provision of accommodation for orphans and neglected children including the provision of such essential factors as love, care, food and clothing.
2. By providing hospice accommodation for orphans and neglected children suffering from terminal illness covering medical and nursing care and funeral expenses.
3. By the provision of such basic educational, social, moral and spiritual training as will enable them to live and face the challenges of life.

#### **Activities**

The Charity raises funds, predominantly in the UK, and all the Charity's grants are directed to Open Arms Infant Homes (OAIH), an independent Malawi based charity which is dedicated to saving and improving the lives of orphaned and vulnerable children. They do this by working closely with families and communities to support their basic needs, like food, health, family attachments and education. They then work to empower families to generate a sustainable income through business support so that they can achieve better outcomes.

OAIH is an independent Malawi based trust. A separate team of 7 Trustees based in Malawi manages this trust and OAM remains in active dialogue with both the trust and its management.

#### **Public benefit that is provided by the Charity**

During the year the Charity undertook fundraising activities to facilitate the provision of care to Malawi's vulnerable children, supporting them within families and communities so they can thrive. The trustees have referred to the Charity Commission's guidance on public benefit during board meetings and throughout the activities in which the Charity participates.

## Report of the Trustees for the Year Ended 30 June 2025

### ACHIEVEMENTS AND PERFORMANCE

#### Achievements and Performance

Open Arms Malawi is proud to have been supporting Open Arms Infant Homes for the past 25 years. In this time the Charity has grown into a robust and innovative organisation enabling long term sustainable change to be delivered in Malawi. The Charity's charitable grants were all directed to OAIH, which employed circa 40 people in Malawi in the period. The OAIH people are engaged in delivering the various charitable activities as described below.

#### *Infant and community-based care*

- OAIH works closely with the Malawian Department for Social Welfare and supports its objectives of raising children within their extended families from as early as possible. This objective accords with the United Nations view that advocates the progressive elimination of institutional care and the promotion of family and community-based care.
- OAIH has been successfully transitioning its services to be more closely aligned with government policy.
- OAIH operates an infant home in Mangochi, taking referrals from the Department of Social Welfare for babies aged 0-2 years. They also operate a programme of community based care in the Blantyre region, whereby a baby remains with their extended family and receives support at home rather than in the infant home.
- During the year a trial of community-based care took place in the Mangochi region and all new referrals were placed on this programme rather than in the infant home. Over the year plans have been made for the Mangochi Infant Home to transition into a hub to provide support for community-based care.
- The community-based care programme is focused on supporting a child's basic needs at home through to empowering their extended family to become self-sufficient. Under the Community based care scheme OAIH provides regular monitoring visits, health advice, parenting support as well as basic supplies such as formula and clothing.
- To support these changes OAIH restructured their team last year and this team is now well embedded and has strong relationships with local stakeholders which will help prepare for the transition of the Mangochi Infant Home.
- The move to community-based care is a significant achievement for OAIH and it continues to demonstrate better outcomes for children, in terms of both growth and attachments to family members. The transition to community-based care has been encouraged and supported by the Malawian government institutions and has resulted in an improved relationship.

#### *Graduation programme*

- In the period a trial of this new programme was initiated. The programme aims to support families in extreme poverty to generate enough food at home and ultimately generate a sustainable income to be able to move out of extreme poverty.
- 25 families were selected based on needs, family make up and willingness to participate. These families were given seeds, fertiliser and other resources as well as ongoing mentoring in smart farming practices to grow enough food to sustain the family for a year.
- Initial trial results are extremely encouraging.
- The yield between the 25 families was +260% on the previous year and all families now have food security for the year meaning that any additional income can be used to provide for other essentials.
- This is a three year programme, where year one is focused on creating enough food at home, year two is focused on adding a protein source and creating a surplus and year three is focused on establishing a sustainable farming business which families can run independently.
- Next year OAIH will roll out this programme and implement the learning made so far to support 50 families in total.

### Report of the Trustees for the Year Ended 30 June 2025

#### ***Nursery education***

- Over time OAIH has built 9 Community nursery schools which are handed over to the local communities to manage but OAIH continues to pay a salary for the teachers and provide food for the children.
- These community schools provide a much-needed daily meal and basic nursery education for children between the ages of 4-6. These schools provide local access to education and increase the chances of children completing primary school.
- OAIH will continue to work in partnership with the local community leaders in operating the nurseries and support them based on need.
- There are approximately 600 children enrolled across the 9 nursery schools.

#### ***Community outreach***

- This is a legacy programme which looks after those children who have been reintegrated from the infant homes back into their families. This multi-faceted programme is designed to help children from OAIH reintegrate into their villages and settle with their families. It provides physical, emotional and financial help based on need.
- Approximately 300 children had their wellbeing monitored and some of these reintegrated children were identified as needing additional support through a monthly sponsorship.
- This programme will gradually reduce in size as children and their families reach self-sufficiency and will ultimately be integrated into the community-based care programme described above.

#### ***Care for older children and young adults***

- OAIH had 5 Family Houses which were occupied by 25 older children and young adults who had been in their care since infancy.
- These young adults are now living independently and OAIH has supported tertiary education, vocational training, and business start-ups so that they can create their own pathways and become self-sufficient. OAIH provides ongoing support to the individuals and their families including financial support, basic supplies, counselling and advice which is tailored to individual needs.

## **FINANCIAL REVIEW**

Net income, (after raising funds expenditure of £22,978; 2023/24: £9,446), was up on the previous year at £339,696 (2023/24: £299,340). The increase reflects the hard work of the fundraising team albeit the aftermath of the pandemic and ongoing current cost of living challenges continue to adversely affect fundraising activity.

Total expenditure, (which includes grants made to OAIH), was £310,423, (2023/24: £326,781), principally reflecting less one-off grant requests from OAIH.

The total grants to OAIH during the year were £185,500, which was lower than the previous £230,412 paid in 2023/24.

Other costs within the UK fundraising organisation increased to £101,938 in 2024/25 from £86,923 2023/24 reflecting an increase in activity as well as an increase in overall costs of running the charity. Underlying costs (e.g. insurance, website, CRM system, supporter communication, office rental) are relatively fixed at 32% of total UK expenditure. These costs enable Open Arms Malawi to operate effectively and efficiently. As we expand our fundraising activity to support programme expansion in Malawi we expect to leverage our cost base. The charity employs 2 FTE in the UK with extensive volunteer support.

## **Open Arms Malawi**

### **Report of the Trustees for the Year Ended 30 June 2025**

#### **Grant Making Policy**

All the Charity's grants were made to OAIH. The bulk of funds distributed to OAIH are in response to their annual plan and fund the ongoing normal operating costs. Additionally, requests may be made through the year for funds that are more capital in nature. The UK board considers each additional grant request outside of the annual plan.

#### **Investment policy**

The Charity does not hold investments but had cash on deposit at the end of the financial year of £203,136 (2023/24: £140,987).

#### **Reserves policy**

The trustees have worked closely with OAIH to bring spend in line with the funds raised and to stabilise the grants to OAIH, which has now been achieved

A contribution of £52,251 was made to OAM unrestricted reserves, (2023/24: £11,957 was needed to fund annual activity).

Free reserves at 30 June 2025 were £192,666, (2023/24: £140,415), which will be used to fund future charitable activities. At all times the trustees will maintain sufficient reserves to meet the liabilities of the Charity.

#### **FUTURE PLANS**

- In the year OAIH has evolved significantly so that all new referrals are now provided for within the community. This is a progressive initiative for Malawi and the change has been fully supported by the Department of Social Welfare who in turn report to the Ministry of Gender. OAIH is seen as a progressive childcare organisation and OAIH is pleased that it is interacting collaboratively with the Ministry of Gender.
- The coming year will see the expansion of community-based care services across the Mangochi district and the roll out of OAIH Graduation programme to see 50 families move out of extreme poverty over the next three years.
- OAIH continues to monitor the impact of OAIH services and adapt them to fit with Malawi's needs and objectives.
- OAIH has identified a need to improve the support for foster care and early childhood development in Malawi. To this end they will be designing a proposal for new services in this area which will be subject to funding.
- The learnings from the transition to community-based care and the graduation programme have provided the wider team with new insights and partnerships to be able to design and deliver services that will continue to make a long term and sustainable change in Malawi.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Nature of the Governing Document and constitution of the charity**

The charity is a registered charity, number 1171686, and constituted under a CIO Foundation registered on 20 February 2017.

##### **The methods adopted for the recruitment and appointment of new trustees**

All trustees, of which there must be at least three at any time, must be appointed by special resolution at a special meeting. In selecting persons to be appointed as trustees, the trustees consider the skills required by the Charity and the skills, experience and qualifications of the candidates.

# Open Arms Malawi

## Report of the Trustees for the Year Ended 30 June 2025

### OAIH leadership

The day-to-day management of OAIH is being overseen by OAIH's chair of trustees. In support of the new strategic direction, OAIH continues to adapt their leadership team in line with the funding available. Work will continue to build the resources needed, as well as the systems and processes to allow OAIH to run the programmes and achieve its charitable objectives.

### Risk management

Several areas of risk to the ability of the Charity to undertake its activities consistently have previously been identified.

The Charity continues to be impacted by the following:

- A reduction in fundraising income because of the aftermath of the Covid-19 pandemic and the ongoing cost of living challenges.
- Informal pegging of the Malawian Kwacha to the US\$ combined with significant continued inflation in Malawi has resulted in increased demand for funds to simply maintain operations.

The trustees continue to keep these matters under review at each board meeting and as described above, have taken action to ensure that over the next one to two years the Charity's expenditure matches its income such that an appropriate level of reserves is maintained.

### Going Concern

Fundraising activity and income generation have significantly reduced since 2020 and, in their planning, the trustees have assumed that there will be no recovery in the medium term.

The grants to OAIH have been significantly reduced and the Charity's costs are being carefully monitored and managed.

We are forecasting that the reserves will remain steady, and we will maintain an equilibrium where net fundraising income will match the grants paid to OAIH.

The trustees will continue to ensure that the Charity's reserves are maintained at the minimum level to meet its liabilities.

For these reasons, the accounts have been prepared on a going concern basis. Further details can be found in accounting policies.

### Future plans

We will continue to actively engage with OAIH to deliver forward plans that OAM will be able to fund for the long term. A joint OAM/OAIH meets regularly to assess progress and discuss concerns.

We are continuing to carefully manage cash flow and balance this against the demand for funding.

Approved by order of the board of trustees on 06/03/2026 GMT ..... and signed on its behalf by:

*Angus Martin*

.....  
Signer ID: KMLUC3GIPR...  
A M Martin - Trustee

## Independent Examiner's Report to the Trustees of Open Arms Malawi

### Independent examiner's report to the trustees of Open Arms Malawi ('the charity')

I report to the charity trustees on my examination of the accounts of the charity for the year ended 30 June 2025 which are set out on pages 8 to 18.

#### 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.

*Nicola O'Sullivan*

Signer ID: CULLXCAPAB.....

Nicola O'Sullivan FCA DChA  
BHP Professional Services Limited  
One, Waterside Place, Basin Square  
Brimington Road  
Chesterfield  
S41 7FH

06/03/2026 GMT

Date: .....

# Open Arms Malawi

## Statement of Financial Activities for the Year Ended 30 June 2025

	Notes	Unrestricted fund £	Restricted fund £	2025 Total funds £	2024 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	239,328	-	239,328	237,348
Other trading activities	3	109,726	-	109,726	67,716
Investment income	4	2,845	-	2,845	3,722
Other income	5	<u>10,775</u>	<u>-</u>	<u>10,775</u>	<u>-</u>
<b>Total</b>		<u>362,674</u>	<u>-</u>	<u>362,674</u>	<u>308,786</u>
<b>EXPENDITURE ON</b>					
Raising funds	6	22,978	-	22,978	9,446
<b>Charitable activities</b>					
General	7	<u>287,445</u>	<u>-</u>	<u>287,445</u>	<u>317,335</u>
<b>Total</b>		<u>310,423</u>	<u>-</u>	<u>310,423</u>	<u>326,781</u>
<b>NET INCOME/(EXPENDITURE)</b>		52,251	-	52,251	(17,995)
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>140,415</u>	<u>-</u>	<u>140,415</u>	<u>158,410</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>192,666</u>	<u>-</u>	<u>192,666</u>	<u>140,415</u>

The notes form part of these financial statements

**Open Arms Malawi**

**Balance Sheet  
30 June 2025**

	Notes	Unrestricted fund £	Restricted fund £	2025 Total funds £	2024 Total funds £
<b>CURRENT ASSETS</b>					
Debtors	13	1,578	-	1,578	1,705
Cash at bank		<u>203,136</u>	<u>-</u>	<u>203,136</u>	<u>140,987</u>
		204,714	-	204,714	142,692
<b>CREDITORS</b>					
Amounts falling due within one year	14	(12,048)	-	(12,048)	(2,277)
		<u>192,666</u>	<u>-</u>	<u>192,666</u>	<u>140,415</u>
<b>NET CURRENT ASSETS</b>					
		192,666	-	192,666	140,415
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u>192,666</u>	<u>-</u>	<u>192,666</u>	<u>140,415</u>
<b>NET ASSETS</b>					
		<u>192,666</u>	<u>-</u>	<u>192,666</u>	<u>140,415</u>
<b>FUNDS</b>					
Unrestricted funds:	15				
General fund		<u>192,666</u>	<u>-</u>	<u>192,666</u>	<u>140,415</u>
<b>TOTAL FUNDS</b>					
		<u>192,666</u>	<u>-</u>	<u>192,666</u>	<u>140,415</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 06/03/2026 GMF..... and were signed on its behalf by:

*Angus Martin*

Signer ID: KMLUG3GIPR:.....

A M Martin - Trustee

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 30 June 2025**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1) and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Open Arms Malawi constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in £ sterling which is the functional currency of the charity and rounded to the nearest pound.

**Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

**Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the Costs of raising funds; and Expenditure on charitable activities

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2025**

**1. ACCOUNTING POLICIES - continued**

**Expenditure - continued**

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

**Taxation**

The charity is considered to pass the tests set out in Sch. 6, para. 1 of the Finance Act 2010 and therefore it meets the definition of a charity for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Income Tax Act 2007, Part 10 s521 - s537 or s. 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Value Added Tax is not recoverable by the charity, and is therefore included in the relevant costs in the Statement of Financial Activities.

**Fund accounting**

The charity maintains a general unrestricted fund which represents funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**Pension costs and other post-retirement benefits**

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2025

1. ACCOUNTING POLICIES - continued

**Financial instruments**

The charity only has 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**Employee Benefits**

When employees have rendered services to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

**Going Concern**

The Board have prepared forecasts of income and expenditure and cash flow for the period to 30 June 2027 and subjected these forecasts to sensitivity analysis which shows that they have sufficient reserves to be able to continue for the foreseeable future if grant making activity is reduced. They will continue to monitor the impact on income and reduce grant making as necessary to maintain a sufficient level of cash reserves.

The Trustees have concluded that the charity remains a going concern whilst such viable options are available to it and therefore continue to adopt the going concern basis of preparation for these financial statements.

2. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
Gifts	4	-	4	-
Donations	3,058	-	3,058	3,049
Gift aid	19,185	-	19,185	18,117
Legacies	8,507	-	8,507	11,778
Regular individual donations	77,782	-	77,782	70,129
Churches	6,914	-	6,914	1,010
Companies	91,210	-	91,210	71,544
Schools	10,168	-	10,168	9,039
Trusts	<u>22,500</u>	-	<u>22,500</u>	<u>52,682</u>
	<u>239,328</u>	-	<u>239,328</u>	<u>237,348</u>

Restricted donations and legacies in the prior year totalled £22,265.

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2025

3. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
Fundraising events	106,863	-	106,863	65,246
Shop income from sale of donated and bought in goods	<u>2,863</u>	<u>-</u>	<u>2,863</u>	<u>2,470</u>
	<u>109,726</u>	<u>-</u>	<u>109,726</u>	<u>67,716</u>

Other Trading Activities restricted in the prior year was £nil.

4. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
Deposit account interest	<u>2,845</u>	<u>-</u>	<u>2,845</u>	<u>3,722</u>

Investment income restricted in the prior year was £nil.

5. OTHER INCOME

	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
Trip costs	<u>10,775</u>	<u>-</u>	<u>10,775</u>	<u>-</u>

Other income restricted in the prior year was £nil.

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2025

6. RAISING FUNDS

Raising donations and legacies

	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
Cost of fundraising activities	<u>20,065</u>	<u>-</u>	<u>20,065</u>	<u>6,947</u>

Other trading activities

	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
Purchases of goods for sale	398	-	398	413
Commission payable	<u>2,515</u>	<u>-</u>	<u>2,515</u>	<u>2,086</u>
	<u>2,913</u>	<u>-</u>	<u>2,913</u>	<u>2,499</u>
Total expenditure on raising funds	<u>22,978</u>	<u>-</u>	<u>22,978</u>	<u>9,446</u>

In the prior year restricted costs of raising funds was £nil.

7. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 8) £	Grant funding of activities (see note 9) £	Support costs (see note 10) £	Totals £
General	<u>101,938</u>	<u>185,500</u>	<u>7</u>	<u>287,445</u>

In the prior year direct costs were £86,923 and grant funding totalled £230,412, resulting in total charitable activities expenditure of £317,335. (see notes 8 & 9).

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2025

**8. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	2025	2024
	£	£
Staff costs	64,443	62,787
Insurance	1,126	1,110
Telephone	481	368
Postage and stationery	6,766	4,874
Sundries	289	291
Travel and subsistence	291	1,505
Rent payable	3,130	2,720
Software	14,694	5,630
Bank charges	344	390
Consultancy fees	3,360	1,466
Accountancy fees	<u>7,014</u>	<u>5,782</u>
	<u>101,938</u>	<u>86,923</u>

There was no restricted expenditure within the items above.

**9. GRANTS PAYABLE**

	2025	2024
	£	£
General	<u>185,500</u>	<u>230,412</u>

The total grants paid to individuals during the year was as follows:

	2025	2024
	£	£
Malawi Monthly Grants	168,000	131,850
Malawi Extraordinary Grants	17,500	93,631
Sponsorship in Malawi	<u>-</u>	<u>4,931</u>
	<u>185,500</u>	<u>230,412</u>

During the year, £nil (2024: £28,303) of the Malawi Extraordinary Grants was restricted expenditure.

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2025

**10. SUPPORT COSTS**

	Finance
	£
General	<u>7</u>

**11. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 30 June 2025 nor for the year ended 30 June 2024.

**Trustees' expenses**

There were no trustees' expenses paid for the year ended 30 June 2025 nor for the year ended 30 June 2024.

**12. STAFF COSTS**

	2025	2024
	£	£
Wages and salaries	63,300	61,685
Other pension costs	<u>1,143</u>	<u>1,102</u>
	<u>64,443</u>	<u>62,787</u>

The average monthly number of employees during the year was as follows:

	2025	2024
Charitable activities	<u>4</u>	<u>4</u>

No employees received emoluments in excess of £60,000 in either year.

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2025	2024
	£	£
Other debtors	1,578	1,578
Amounts due from associated or subsidiary undertakings	<u>-</u>	<u>127</u>
	<u>1,578</u>	<u>1,705</u>

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2025

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025 £	2024 £
Amounts owed to participating interests	47	-
Social security and other taxes	473	393
Other creditors	220	216
Accrued expenses	<u>11,308</u>	<u>1,668</u>
	<u>12,048</u>	<u>2,277</u>

15. MOVEMENT IN FUNDS

	At 1.7.24 £	Net movement in funds £	At 30.6.25 £
<b>Unrestricted funds</b>			
General fund	140,415	52,251	192,666
	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>140,415</u>	<u>52,251</u>	<u>192,666</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	362,674	(310,423)	52,251
	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>362,674</u>	<u>(310,591)</u>	<u>52,251</u>

Comparatives for movement in funds

	At 1.7.23 £	Net movement in funds £	At 30.6.24 £
<b>Unrestricted funds</b>			
General fund	152,372	(11,957)	140,415
<b>Restricted funds</b>			
Malawi Grants	6,038	(6,038)	-
	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>158,410</u>	<u>(17,995)</u>	<u>140,415</u>

Notes to the Financial Statements - continued  
for the Year Ended 30 June 2025

15. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	286,521	(298,478)	(11,957)
<b>Restricted funds</b>			
Malawi Grants	22,265	(28,303)	(6,038)
	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>308,786</u>	<u>(326,781)</u>	<u>(17,995)</u>

Restricted funds represent money donated to be distributed as extraordinary grants to Malawi with a restriction on how they may spend it, such as staff bonuses, school fess and house repairs.

16. RELATED PARTY DISCLOSURES

There were no related party transactions in either year.

**OPEN ARMS MALAWI**

England & Wales - Charity number 1171686

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# Accounts

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**Report of the Trustees and  
Unaudited Financial Statements for the Year Ended 30 June 2024  
for  
Open Arms Malawi**

**Contents of the Financial Statements  
for the Year Ended 30 June 2024**

	<b>Page</b>
<b>Report of the Trustees</b>	1
<b>Independent Examiner's Report</b>	6
<b>Statement of Financial Activities</b>	7
<b>Balance Sheet</b>	8
<b>Notes to the Financial Statements</b>	9 to 15

## **Open Arms Malawi**

### **Report of the Trustees for the Year Ended 30 June 2024**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 June 2024. The trustees have adopted the provisions of 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 1 January 2019).

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

##### **Registered Charity number**

1171686

##### **Registered office**

Community House  
46-50 East Parade  
Harrogate  
HG1 5RR

##### **Trustees**

A M Martin  
Ms A J Ainley  
S E Walker  
Ms J Peak  
G F W Park  
C R Hartley  
Ms J Hartley

##### **Independent Examiner**

Nicola Adams ACA DChA  
BHP LLP  
One, Waterside Place, Basin Square  
Brimington Road  
Chesterfield  
S41 7FH

## **Objectives and Activities of the Charity**

### **Activities**

The Charity raises funds, predominantly in the UK, and all the Charity's grants are directed to Open Arms Infant Homes (OAIH), an independent Malawi based charity which is dedicated to saving and improving the lives of orphaned and vulnerable children. They do this by working closely with families and communities to support their basic needs, like food, health, family attachments and education. They then work to empower families to generate a sustainable income through business support so that they can achieve better outcomes.

OAIH is an independent Malawi based trust. A separate team of 7 Trustees based in Malawi manages this trust and OAM remains in active dialogue with both the trust and its management.

### **A summary of the objects of the Charity as set out in its governing document.**

The trustees shall apply the income, and at their discretion apply the whole or any part of the capital, of the trust fund for the relief of children in need in Malawi suffering from hardship and distress by reason of their social and economic circumstances as follows:

1. By the provision of accommodation for orphan and neglected children including the provision of such essential factors as love, care, food and clothing.
2. By providing hospice accommodation for orphan and neglected children suffering from terminal illness covering medical and nursing care and funeral expenses.
3. By the provision of such basic educational, social, moral and spiritual training as will enable them to live and face the challenges of life.

### **Public benefit that is provided by the Charity**

During the year the Charity undertook fundraising activities to facilitate the provision of care to Malawi's vulnerable children, supporting them within families and communities so they can thrive. The trustees have referred to the Charity Commission's guidance on public benefit during board meetings and throughout the activities in which the Charity participates.

### **Achievements and Performance**

The Charity's charitable grants were all directed to OAIH, which employs circa 40 people in Malawi. The OAIH people are engaged in delivering the various charitable activities as described below.

#### **Infant and community-based care**

- OAIH works closely with the Malawian Department for Social Welfare and supports its objectives of raising children within their extended families from as early as possible. This objective accords with the United Nations view that advocates the progressive elimination of institutional care and the promotion of family and community-based care.
- Up until 1<sup>st</sup> June 2024 OAIH operated two infant homes, one in Blantyre and one in Mangochi, taking referrals from the Department of Social Welfare for babies aged 0-2 years
- During the year a trial of community-based care took place in Blantyre, whereby a baby remains with their extended family and receives support at home rather than in the infant home. In the year OAIH successfully reintegrated 22 infants from Blantyre Infant Home into the community and took 17 new referrals directly onto this new programme. Over the year the Blantyre Infant Home gradually transitioned into a hub to provide support for community-based care.
- The community-based care programme is a three-year programme which has been implemented for all new referrals and transferees. The OAIH Blantyre team is focused on supporting a child's basic needs at home through to empowering their extended family to become self-sufficient by supporting income generation activities. Under the Community based care scheme OAIH provides regular monitoring visits, health advice, parenting support as well as basic supplies such as formula and clothing.
- To support these changes OAIH have restructured their team and recruited a reintegration manager and a reintegration assistant.

- OAIH continues to operate an infant home in the Mangochi region. The Mangochi region has different challenges to Blantyre and there continues to be a need for short term residential care in this area. However, as circumstances permit the plan is to roll out the community-based care programme into Mangochi. Mangochi Infant Home supported 23 children within the year.
- The move to community-based care is a significant achievement for OAIH and it has already proven to give better outcomes for children, in terms of both growth and attachments to family members. The programme also creates a sustainable way to support families into self-sufficiency and ensures that residential care is used as a last resort and for as short a time as possible. The transition to community-based care has been encouraged and supported by the Malawian government institutions and has resulted in an improved relationship.

### **Nursery education**

- Over time OAIH has built 9 Community nursery schools which are handed over to the local communities to manage but OAIH continues to pay a salary for the teachers and provide food for the children.
- These community schools provide a much-needed daily meal and basic nursery education for children between the ages of 4-6. These schools provide local access to education and increase the chances of children completing primary school.
- OAIH will continue to work in partnership with the local community leaders in operating the nurseries and support them based on need.
- There are approximately 600 children enrolled across the 9 nursery schools.

### **Community outreach**

- This is a legacy programme which looks after those children who have been reintegrated from the infant homes back into their families. This multi-faceted programme is designed to help children from OAIH reintegrate into their villages and settle with their families. It provides physical, emotional and financial help based on need.
- Approximately 300 children had their wellbeing monitored and received support with food, clothing, parenting, educational and medical advice in the year.
- Some of these reintegrated children were identified as needing additional support and were given a monthly sponsorship.
- This programme will gradually reduce in size as children and their families reach self-sufficiency and will ultimately be integrated into the community-based care programme described above.

### **Care for older children and young adults**

- OAIH had 5 Family Houses which were occupied by 25 older children and young adults who had been in their care since infancy.
- It has been the long-term aim of OAIH to support these individuals into a fulfilling and independent future with their extended families. Over the last three years a programme of securing family solutions and reintegrating these individuals has been implemented.
- OAIH has supported tertiary education, vocational training, and business start-ups so that individuals can start to earn an income and become self-sufficient. OAIH provides ongoing support including financial support, basic supplies, counselling and advice which is tailored to individual needs.
- In the year all remaining individuals living within Family Houses were successfully reintegrated with their extended families and long-term plans and support packages put in place to see them into independence.
- The Family House programme has now closed, and the properties are in the process of being sold and the proceeds are being used to support the reintegration of the older children and the move to community-based care.

### **Future plans**

- In the year OAIH has evolved significantly so that all residential based services in Blantyre are now provided within the community. This is a progressive initiative for Malawi and the change has been fully supported by the Department of Social Welfare who in turn report to the Ministry of Gender. OAIH is seen as a progressive childcare organisation and OAIH is pleased that they are now interacting with the Ministry of Gender directly.
- OAIH continues to monitor the impact of OAIH services and adapt them to fit with Malawi's needs and objectives.
- The learnings from the transition to community-based care in Blantyre have provided the wider team with new insights and next year the Mangochi team is looking to trial community-based care in Mangochi for specific cases.

- OAIH will continue to improve and build the community-based care services within the Blantyre region. OAIH's capacity to support children in need is only limited by funding.
- OAIH has identified a need to improve the financial support to families who are raising a child under their programmes. To this end they have designed a more extensive and robust Agricultural Programme. In 2024/25, OAIH will trial this sustainable agriculture programme to help families improve nutrition whilst also generate a sustainable and meaningful income for life. This pilot will see OAIH support families with growing and cultivating crops but also creating a farming business that will allow them to move permanently beyond poverty. Families will receive training, equipment and close monitoring and mentoring to establish their businesses.

### **OAIH leadership**

The day-to-day management of OAIH is being overseen by OAIH's chair of trustees. In support of the new strategic direction, OAIH has restructured their leadership team and recruited a reintegration manager and a general manager who will take on the running of the organisation. Work will continue to build the resources needed, as well as the systems and processes to allow OAIH to run the programmes needed to achieve its charitable objectives.

### **Financial Review**

Net income, (after raising funds expenditure of £9,446; 2022/23: £9,971), was up on the previous year at £299,340 (2022/23: £261,551). The increase reflects the hard work of the fundraising team albeit the aftermath of the pandemic and ongoing current cost of living challenges continue to adversely affect fundraising activity.

Total expenditure, (which includes grants made to OAIH), was £326,781, (2022/23: £322,089), principally reflecting a slight increase in general costs due to inflation.

The total grants to OAIH during the year were £230,412, which was approximately the same as the £230,830 paid in 2022/23.

Support costs within the UK fundraising organisation increased to £86,923 in 2023/24 from £81,228 2022/23 reflecting there is an ongoing drive by the Charity to keep costs as low as possible to maximise the money available for funding grants to OAIH.

### **Reserves Policy**

A contribution from unrestricted reserves of £11,957, (2022/23: £56,605) was needed to fund annual activity.

Free reserves at 30 June 2024 were £140,415, (2022/23: £152,372), which will be used to fund future charitable activities.

The trustees had planned for this small reduction in reserves during the year as the expenditure incurred by OAIH was reduced to match the funding available from OAM. Going forward the position is forecast to stabilise and the grants to OAIH will be matched to annual fundraising.

At all times the trustees will maintain sufficient reserves to meet the liabilities of the Charity.

### **Grant Making Policy**

All the Charity's grants were made to OAIH. The bulk of funds distributed to OAIH are in response to their annual plan and fund the ongoing normal operating costs. Additionally, requests may be made through the year for funds that are more capital in nature. The UK board considers each additional grant request outside of the annual plan.

### **Investment Policy**

The Charity does not hold investments but had cash on deposit at the end of the financial year of £140,987, (2022/23: £159,244)

### **Nature of the Governing Document and constitution of the charity**

The charity is a registered charity, number 1171686, and constituted under a CIO Foundation registered on 20 February 2017.

**The methods adopted for the recruitment and appointment of new trustees**

All trustees, of which there must be at least three at any time, must be appointed by special resolution at a special meeting. In selecting persons to be appointed as trustees, the trustees consider the skills required by the Charity and the skills, experience and qualifications of the candidates.

**Organisational structure and decision making**

The Charity is managed by an active team of trustees who bring a breadth of UK and International corporate, educational, public sector and support services experience to the group. The trustee group met formally 5 times during the year. A 4 strong part-time fundraising team, (equal to 2 full time equivalents) as well as several volunteers managed day-to-day activity from offices in Harrogate.

**Risk management**

Several areas of risk to the ability of the Charity to undertake its activities consistently have previously been identified.

The Charity continues to be impacted by the following:

- A reduction in fundraising income because of the aftermath of the Covid-19 pandemic and the ongoing cost of living challenges.
- Informal pegging of the Malawian Kwacha to the US\$ combined with significant continued inflation in Malawi has resulted in increased demand for funds to simply maintain operations.

The trustees continue to keep these matters under review at each board meeting and as described above, have taken action to ensure that over the next one to two years the Charity’s expenditure matches its income such that an appropriate level of reserves is maintained.

**Going Concern**

Fundraising activity and income generation have significantly reduced since 2020 and, in their planning, the trustees have assumed that there will be no recovery in the medium term.

The grants to OAIH have been significantly reduced and the Charity’s costs care being carefully monitored and managed.

There has been a small reduction in reserves in 2023/24 but, as a consequence of the actions to date and planned future actions, we are forecasting that the reserves will stabilise, and we will reach an equilibrium where net fundraising income will match the grants paid to OAIH.

The trustees will continue to ensure that the Charity’s reserves are maintained at the minimum level to meet its liabilities

For these reasons, the accounts have been prepared on a going concern basis. Further details can be found in accounting policies.

**Future plans**

We will continue to actively engage with OAIH to deliver forward plans that OAM will be able to fund for the long term. A joint OAM/OAIH meets regularly to assess progress and discuss concerns.

We are continuing to carefully manage cash flow and balance this against the demand for funding.

10/03/2025 GMT

Approved by order of the board of trustees on ..... and signed on its behalf by:

*Angus Martin*

.....  
Signer ID: KMLUC3GIPR.....

A M Martin - Trustee

## **Independent Examiner's Report to the Trustees of Open Arms Malawi**

### **Independent examiner's report to the trustees of Open Arms Malawi ('the charity')**

I report to the charity trustees on my examination of the accounts of the charity for the year ended 30 June 2024 which are set out on pages 7 to 15.

### **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.

*Nicola Adams*

Signer ID: CZYRUVFAHR...

Nicola Adams ACA DChA

BHP LLP  
One, Waterside Place, Basin Square  
Brimington Road  
Chesterfield  
S41 7FH

Date: 10/03/2025 GMT .....

## Open Arms Malawi

### Statement of Financial Activities for the Year Ended 30 June 2024

	Notes	Unrestricted fund £	Restricted fund £	2024 Total funds £	2023 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and legacies	2	215,083	22,265	237,348	218,113
Other trading activities	3	67,716	-	67,716	52,152
Investment income	4	<u>3,722</u>	<u>-</u>	<u>3,722</u>	<u>1,257</u>
<b>Total</b>		<u>286,521</u>	<u>22,265</u>	<u>308,786</u>	<u>271,522</u>
<b>EXPENDITURE ON</b>					
Raising funds	5	9,446	-	9,446	9,971
<b>Charitable activities</b>					
General	6	<u>289,032</u>	<u>28,303</u>	<u>317,335</u>	<u>312,118</u>
<b>Total</b>		<u>298,478</u>	<u>28,303</u>	<u>326,781</u>	<u>322,089</u>
<b>NET INCOME/(EXPENDITURE)</b>		(11,957)	(6,038)	(17,995)	(50,567)
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		<u>152,372</u>	<u>6,038</u>	<u>158,410</u>	<u>208,977</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>140,415</u>	<u>-</u>	<u>140,415</u>	<u>158,410</u>

The notes form part of these financial statements

**Open Arms Malawi**

**Balance Sheet  
30 June 2024**

	Notes	Unrestricted fund £	Restricted fund £	2024 Total funds £	2023 Total funds £
<b>CURRENT ASSETS</b>					
Debtors	11	1,705	-	1,705	580
Cash at bank		<u>140,987</u>	<u>-</u>	<u>140,987</u>	<u>159,244</u>
		142,692	-	142,692	159,824
<b>CREDITORS</b>					
Amounts falling due within one year	12	(2,277)	-	(2,277)	(1,414)
		<u>140,415</u>	<u>-</u>	<u>140,415</u>	<u>158,410</u>
<b>NET CURRENT ASSETS</b>					
		140,415	-	140,415	158,410
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		<u>140,415</u>	<u>-</u>	<u>140,415</u>	<u>158,410</u>
<b>NET ASSETS</b>					
		<u>140,415</u>	<u>-</u>	<u>140,415</u>	<u>158,410</u>
<b>FUNDS</b>					
	13				
Unrestricted funds:					
General fund				140,415	152,372
Restricted funds:					
Malawi Grants				<u>-</u>	<u>6,038</u>
<b>TOTAL FUNDS</b>					
				<u>140,415</u>	<u>158,410</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 10/03/2025 GMT and were signed on its behalf by:

*Angus Martin*  
 ..Signer ID: KMLUC3GIPR.....  
 A M Martin - Trustee

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 30 June 2024**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1) and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Open Arms Malawi constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in £ sterling which is the functional currency of the charity and rounded to the nearest pound.

**Critical accounting judgements and key sources of estimation uncertainty**

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

**Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

It is categorised under the following headings:

Costs of raising funds; and  
Expenditure on charitable activities

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2024**

**1. ACCOUNTING POLICIES - continued**

**Taxation**

The charity is considered to pass the tests set out in Sch. 6, para. 1 of the Finance Act 2010 and therefore it meets the definition of a charity for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Income Tax Act 2007, Part 10 s521 - s537 or s. 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Value Added Tax is not recoverable by the charity, and is therefore included in the relevant costs in the Statement of Financial Activities.

**Fund accounting**

The charity maintains a general unrestricted fund which represents funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**Pension costs and other post-retirement benefits**

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**Financial instruments**

The charity only has 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**Employee Benefits**

When employees have rendered services to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

## Open Arms Malawi

### Notes to the Financial Statements - continued for the Year Ended 30 June 2024

#### 1. ACCOUNTING POLICIES - continued

##### Going Concern

The Board have prepared forecasts of income and expenditure and cash flow for the period to 28 February 2026 and subjected these forecasts to sensitivity analysis which shows that they have sufficient reserves to be able to continue for the foreseeable future if grant making activity is reduced. They will continue to monitor the impact on income and reduce grant making as necessary to maintain a sufficient level of cash reserves.

The Trustees have concluded that the charity remains a going concern whilst such viable options are available to it and therefore continue to adopt the going concern basis of preparation for these financial statements.

#### 2. DONATIONS AND LEGACIES

	Unrestricted funds £	Restricted funds £	2024 Total funds £	2023 Total funds £
Donations	2,884	165	3,049	15,579
Gift aid	18,117	-	18,117	16,663
Legacies	11,778	-	11,778	539
Regular individual donations	70,029	100	70,129	70,550
Churches	1,010	-	1,010	3,920
Companies	54,044	17,500	71,544	22,065
Schools	6,539	2,500	9,039	25,055
Trusts	<u>50,682</u>	<u>2,000</u>	<u>52,682</u>	<u>63,742</u>
	<u>215,083</u>	<u>22,265</u>	<u>237,348</u>	<u>218,113</u>

#### 3. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2024 Total funds £	2023 Total funds £
Fundraising events	65,246	-	65,246	49,210
Shop income from sale of donated and bought in goods	<u>2,470</u>	<u>-</u>	<u>2,470</u>	<u>2,942</u>
	<u>67,716</u>	<u>-</u>	<u>67,716</u>	<u>52,152</u>

**Open Arms Malawi**

**Notes to the Financial Statements - continued  
for the Year Ended 30 June 2024**

**4. INVESTMENT INCOME**

	Unrestricted funds £	Restricted funds £	2024 Total funds £	2023 Total funds £
Deposit account interest	<u>3,722</u>	<u>-</u>	<u>3,722</u>	<u>1,257</u>

**5. RAISING FUNDS**

**Raising donations and legacies**

	Unrestricted funds £	Restricted funds £	2024 Total funds £	2023 Total funds £
Cost of fundraising activities	<u>6,947</u>	<u>-</u>	<u>6,947</u>	<u>7,802</u>

**Other trading activities**

	Unrestricted funds £	Restricted funds £	2024 Total funds £	2023 Total funds £
Purchases of goods for sale	413	-	413	450
Commission payable	<u>2,086</u>	<u>-</u>	<u>2,086</u>	<u>1,719</u>
	<u>2,499</u>	<u>-</u>	<u>2,499</u>	<u>2,169</u>
Total expenditure on raising funds	<u>9,446</u>	<u>-</u>	<u>9,446</u>	<u>9,971</u>

**6. CHARITABLE ACTIVITIES COSTS**

	Direct Costs (see note 7) £	Grant funding of activities (see note 8) £	Totals £
General	<u>86,923</u>	<u>230,412</u>	<u>317,335</u>

In the prior year direct costs were £81,288 and grant funding totalled £230,830, resulting in total charitable activities expenditure of £312,118. (see notes 7 & 8)

## Open Arms Malawi

### Notes to the Financial Statements - continued for the Year Ended 30 June 2024

#### 7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2024	2023
	£	£
Staff costs	62,787	60,519
Insurance	1,110	1,066
Telephone	368	383
Postage and stationery	4,874	6,214
Sundries	291	97
Travel and subsistence	1,505	265
Rent payable	2,720	2,433
Subscriptions	-	120
Software	5,630	4,699
Bank charges	390	326
Consultancy fees	1,466	335
Accountancy fees	5,782	4,831
	<u>86,923</u>	<u>81,288</u>

There was no restricted expenditure within the items above.

#### 8. GRANTS PAYABLE

	2024	2023
	£	£
General	<u>230,412</u>	<u>230,830</u>

The total grants paid to individuals during the year was as follows:

	2024	2023
	£	£
Malawi Monthly Grants	131,850	176,379
Malawi Extraordinary Grants	93,631	14,078
Sponsorship in Malawi	<u>4,931</u>	<u>40,373</u>
	<u>230,412</u>	<u>230,830</u>

During the year, £28,303 (2023:£6,038) of the Malawi Extraordinary Grants was restricted expenditure.

#### 9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 June 2024 nor for the year ended 30 June 2023.

##### Trustees' expenses

There were no trustees' expenses paid for the year ended 30 June 2024 nor for the year ended 30 June 2023.

## Open Arms Malawi

### Notes to the Financial Statements - continued for the Year Ended 30 June 2024

#### 10. STAFF COSTS

	2024	2023
	£	£
Wages and salaries	61,685	59,533
Other pension costs	<u>1,102</u>	<u>986</u>
	<u><u>62,787</u></u>	<u><u>60,519</u></u>

The average monthly number of employees during the year was as follows:

	2024	2023
Charitable activities	<u>4</u>	<u>4</u>

No employees received emoluments in excess of £60,000 in either year.

#### 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Other debtors	1,578	580
Amounts due from associated or subsidiary undertakings	<u>127</u>	<u>-</u>
	<u><u>1,705</u></u>	<u><u>580</u></u>

#### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Social security and other taxes	393	-
Other creditors	216	214
Accrued expenses	<u>1,668</u>	<u>1,200</u>
	<u><u>2,277</u></u>	<u><u>1,414</u></u>

#### 13. MOVEMENT IN FUNDS

	At 1.7.23	Net movement in funds	At 30.6.24
	£	£	£
<b>Unrestricted funds</b>			
General fund	152,372	(11,957)	140,415
<b>Restricted funds</b>			
Malawi Grants	6,038	(6,038)	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUNDS</b>	<u><u>158,410</u></u>	<u><u>(17,995)</u></u>	<u><u>140,415</u></u>

## Open Arms Malawi

### Notes to the Financial Statements - continued for the Year Ended 30 June 2024

#### 13. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	286,521	(298,478)	(11,957)
<b>Restricted funds</b>			
Malawi Grants	22,265	(28,303)	(6,038)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUNDS</b>	<u>308,786</u>	<u>(326,781)</u>	<u>(17,995)</u>

#### Comparatives for movement in funds

	At 1.7.22 £	Net movement in funds £	At 30.6.23 £
<b>Unrestricted funds</b>			
General fund	208,977	(56,605)	152,372
<b>Restricted funds</b>			
Malawi Grants	-	6,038	6,038
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUNDS</b>	<u>208,977</u>	<u>(50,567)</u>	<u>158,410</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
<b>Unrestricted funds</b>			
General fund	257,406	(314,011)	(56,605)
<b>Restricted funds</b>			
Malawi Grants	14,116	(8,078)	6,038
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUNDS</b>	<u>271,522</u>	<u>(322,089)</u>	<u>(50,567)</u>

Restricted funds represent money donated to be distributed as extraordinary grants to Malawi with a restriction on how they may spend it, such as staff bonuses, school fess and house repairs.

#### 14. RELATED PARTY DISCLOSURES

There were no related party transactions in either year.

**OPEN ARMS MALAWI**

England & Wales - Charity number 1171686

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# Accounts

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Registered CIO Number  
1171686

Open Arms Malawi  
Annual Reports and Financial Statements  
30 June 2023

**Open Arms Malawi  
Annual Report and Financial Statements  
Contents**

	<b>Page</b>
Trustees' report	<b>1</b>
Independent examiner's report	<b>7</b>
Statement of financial activities	<b>8</b>
Balance sheet	<b>9</b>
Notes to the financial statements	<b>10</b>

**Open Arms Malawi  
Trustees' report  
For the year ended 30 June 2023**

The trustees present their annual report together with the financial statements of Open Arms Malawi (the Charity) for the year ended 30 June 2023. The trustees confirm that the annual report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the 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) (published in October 2019).

**Reference and administrative details**

The legal registration details are :-

Date of formation: 1st July 2017  
The principal office: Community House, 46 - 50 East Parade, Harrogate, HG1 5RR  
Charity registration number: 1171686

In 2017 Open Arms Malawi changed its charitable status from a trust to a charitable incorporated organisation. The Charity's objects were updated but remain broadly the same as previously.

**The members of the Board of Trustees of the Charity during the year:**

Charles Richard Hartley	Gavin Park
Jane Hartley	Andrea Ainley
Angus Martin	Janette Peak
Stephen Walker	

The trustees are all members of the Charity.

**Independent Examiner**

Nicola Adams ACA DChA  
BHP LLP  
One, Waterside Place, Basin Square  
Brimington Road  
Chesterfield  
S41 7FH

**Open Arms Malawi  
Trustees' report  
For the year ended 30 June 2023**

**Objectives and Activities of the Charity**

**Activities**

The Charity raises funds, predominantly in the UK, and all the Charity's grants are directed to Open Arms Infant Homes (OAIH), an independent Malawi based charity which provides vital accommodation, food and medical care to orphaned and abandoned babies in Malawi until they are fit and healthy enough to return to their families. OAIH then supports children and families in their villages until the child is fully settled. In the community OAIH provide outreach support, sponsorship, nutrition and pre-school education to vulnerable children in their villages.

OAIH is an independent Malawi based trust. A separate team of 7 Trustees based in Malawi manages this trust and OAM remains in active dialogue with both the trust and its management.

**A summary of the objects of the Charity as set out in its governing document.**

The trustees shall apply the income, and at their discretion apply the whole or any part of the capital, of the trust fund for the relief of children in need in Malawi suffering from hardship and distress by reason of their social and economic circumstances as follows:

1. By the provision of accommodation for orphan and neglected children including the provision of such essential factors as love, care, food and clothing;
2. By providing hospice accommodation for orphan and neglected children suffering from terminal illness covering medical and nursing care and funeral expenses.
3. By the provision of such basic educational, social, moral and spiritual training as will enable them to live and face the challenges of life.

**Public benefit that is provided by the Charity**

During the year the Charity undertook fundraising activities to facilitate the provision of care to Malawi's vulnerable children, supporting them within families and communities so they can thrive. The trustees have referred to the Charity Commission's guidance on public benefit during board meetings and throughout the activities in which the Charity participates.

**Achievements and Performance**

The Charity's charitable grants were all directed to OAIH.

OAIH employs circa 66 people in Malawi who are engaged in delivering the various charitable activities as described below. During the year OAIH's core activities included:

**Infant care**

- OAIH operates infant homes in Blantyre and Mangochi for 50 children aged 0-2 years.
- 22 babies were referred to the infant homes and 25 children reintegrated to their families/community.
- 2 children were fostered/adopted in the period. The majority of admissions are of babies under one month old and the children reintegrated are circa 2 years old.
- OAIH works closely with the Malawian Department for Social Welfare and other agencies in managing the care of these children.
- Demonstrating the continued need for our activities, sadly 5 children died in the year.

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2023**

**Care for older children and young adults**

- OAIH support 26 older children who have been in their care in the 5 Family Houses since infancy.
- It has been the long-term aim of OAIH to support these individuals into a fulfilling and independent future with their extended families.
- In the year, 12 of these individuals were successfully reintegrated with their extended families and long-term plans and support packages put in place to see them into independence.
- OAIH has supported primary, secondary, college and university education as well as more vocational training for the older children giving them the skills and confidence to earn an income and become self-sufficient.
- To support their transition home OAIH provides ongoing support including counselling and advice which is tailored to individual needs.

**Nursery education**

- OAIH operates 9 Community nursery schools which provide a much-needed daily meal and basic nursery education for children from 4-6. These schools provide local access to education and increase the chances of children completing primary school.
- Nursery attendance averaged 328 children through the year.

**Community support**

- Finally, OAIH operates a multi-faceted outreach programme which is designed to help OAIH children reintegrate into the community. The program provides both physical, emotional and financial help.
- 248 children had their wellbeing monitored and received support with food, clothing, parenting, educational and medical advice.
- 77 reintegrated children who were identified as needing additional support, were given a monthly sponsorship and additional food in the year.

**Financial Review**

Net income, after raising funds expenditure of £9,971 (2021/22: £5,080) was down on the previous year at £261,551 (2021/22: £272,163). The aftermath of the pandemic and the current cost of living challenges have continued to affect fundraising activity negatively through 2022/23. It is expected that fundraising will not return to historic levels for at least another 3 years.

Total expenditure, (which includes grants made to OAIH), was £322,089, (2021/22: £350,210), principally reflecting lower total grants to OAIH of £230,830 (2021/22: £265,374).

The regular monthly grants to OAIH were reduced from £227,975 to £176,379, as higher grants were no longer sustainable given the reduced income being achieved by the Charity. The Charity worked with the trustees of OAIH to manage this reduction and to ensure that the children in the care of OAIH were not put at risk or disadvantaged.

In 2022/23, £14,078 (2021/22, Nil) of extraordinary grants were made to Malawi to fund school and university fees, house repairs and care staff.

We continue to work with the OAIH trust to reduce our collective cost base so that OAIH can operate within the funds raised each year.

Support costs within the UK fundraising organisation increased to £81,288 in 2022/23 from £79,756 2021/22. There is an ongoing drive by the Charity to keep costs as low as possible to maximise the money available for funding grants to OAIH.

**Open Arms Malawi  
Trustees' report  
For the year ended 30 June 2023**

**Reserves Policy**

A contribution from unrestricted reserves of £56,605 (2021/22: £72,967) was needed to fund annual activity. This excludes restricted net income of £6,038 (2021/22: Nil)

Free reserves at 30 June 2023 were £152,372 (2021/22: £208,977), which will be used to fund future charitable activities and ensure the survival of OAIH during the current fundraising crisis caused by the Covid pandemic. There is an additional £6,038 in restricted funds.

The trustees remain concerned at the continued depletion of reserves to fund core activity at OAIH. However, with the agreement of the trustees of OAIH, the monthly grants to OAIH have been significantly reduced. The trustees are satisfied that from 1st July 2023 the Charity is raising sufficient net funds to pay the reduced monthly grant agreed with OAIH from income generated during the year. The position is reviewed at each board meeting and the grant to OAIH will be adjusted should the Charity's fundraising activity fail to meet budget expectations.

In addition, both the Charity and OAIH continue to review ongoing operations and, where possible, further cost savings will be implemented.

In the current year there may be a further, but significantly smaller, depletion in the Charity's reserves. Thereafter the position is forecast to stabilise and the grants to OAIH will be matched to annual fundraising.

At all times the trustees will maintain sufficient reserves to meet the liabilities of the Charity.

**Grant Making Policy**

All the Charity's grants were made to OAIH. The bulk of funds distributed to OAIH are in response to their annual plan and fund the ongoing normal operating costs. Additionally, requests are made through the year for funds that are more capital in nature. The UK board considers each additional grant request outside of the annual plan.

**Investment Policy**

The charity does not hold any investments but had cash on deposit at the end of the financial year of £159,244 (2021/22: £209,849)

**Nature of the Governing Document and constitution of the charity**

The charity is a registered charity, number 1171686, and constituted under a CIO Foundation registered on 20 February 2017.

**The methods adopted for the recruitment and appointment of new trustees**

All trustees, of which there must be at least three at any time, must be appointed by special resolution at a special meeting. In selecting persons to be appointed as trustees, the trustees consider the skills required by the Charity and the skills, experience and qualifications of the candidates.

**Organisational structure and decision making**

The Charity is managed by an active team of trustees who bring a breadth of UK and International corporate, educational, public sector and support services experience to the group. The trustee group met formally 6 times during the year. A 4 strong part-time fundraising team, (equal to 2 full time equivalents), managed day-to-day activity from offices in Harrogate.

**Open Arms Malawi  
Trustees' report  
For the year ended 30 June 2023**

**Risk management**

Several areas of risk to the ability of the Charity to undertake its activities consistently have previously been identified.

The Charity continues to be impacted by the following:

- A reduction in fundraising income because of the Covid-19 pandemic.
- Informal pegging of the Malawian Kwacha to the US\$ combined with significant continued inflation in Malawi has resulted in increased demand for funds to simply maintain operations.
- Sterling currency weakness in the period

The trustees continue to keep these matters under review at each board meeting and as described above, have taken action to ensure that over the next one to two years the Charity's expenditure matches its income such that an appropriate level of reserves is maintained.

**Going Concern**

The 2020 Coronavirus Covid-19 global pandemic presented an unprecedented challenge to the Charity and to OAIH. The position has been exacerbated by the current cost of living challenges.

Fundraising activity and income generation were significantly reduced in 2020 and have not recovered. The trustees hope that the position will improve but for the time being we are assuming that there will be no recovery and we are planning accordingly.

The grants to OAIH have been significantly reduced and we are continuing to carefully manage our costs.

Due to the actions that have already been taken and the planned future changes, we are forecasting that, whilst the Charity's reserves may be further reduced in 2023/24, thereafter the reserves will begin to stabilise, and we will reach an equilibrium where net fundraising income will match the grants paid to OAIH.

Whilst this process is underway the trustees will ensure that the Charity's reserves are maintained at the minimum level to meet its liabilities.

For this reason, the accounts have been prepared on a going concern basis. Further details can be found in accounting policies.

**Future plans**

The trustees and management of OAIH have carried out an operational review of the organisation. This has been done in consultation with the Malawi Social Welfare Department to align objectives and reflect current thinking and best practice. In response to this, there will be some changes to the operational model which are described in more detail below.

**Care for older children**

The Malawi Social Welfare Department and guidance from UNICEF both recommend that it is in the best interests of children for them to be reintegrated into family units as early as possible rather than remaining in institutional care.

The charity has now developed long term reintegration pathways for all the individuals in the Family Houses so that they can rejoin their family units. This process is tailored specifically for each child and OAIH will provide long term support packages designed to achieve a successful outcome for each person.

It is anticipated that all individuals currently living in the Family Houses will be reintegrated by August 2023. The Family House programme will then close and OAIH will continue to support all children and their extended families at home.

**Open Arms Malawi  
Trustees' report  
For the year ended 30 June 2023**

Once the Family Houses have been vacated, the empty properties will be sold, and the funds raised will be used by OAIH to provide this support.

**Infant Care**

OAIH operates two infant homes which look after babies who have been orphaned or who are suffering from medical problems. The Infant Homes have a combined capacity to support 80 babies. OAIH have been working closely with Malawi's Social Welfare Department to shorten the time children are in residential care and make sure that all babies are reintegrated by the age of two years old. While the number of referrals has remained the same, this initiative has reduced the number of babies in the homes as reintegration happens more quickly.

This is a significant achievement and going forward OAIH will continue this work to promote the reintegration of babies back into family units as soon as they are healthy and no longer at risk. The reintegration process has been strengthened and tailored for each baby and their family members and a comprehensive support package will be provided to each family.

All babies that are reintegrated into their families will be monitored by OAIH's Community Support Service.

**Community Support Service**

Going forward, OAIH will be increasing its focus on community-based care for all children and families so that they can reach self-sufficiency sustainably.

In addition, in 2023/24, OAIH will continue to build their established community support service by trialling a family-based care model for infants from birth. This pilot will see OAIH support extended family members in caring for a new-born / infant at home where possible rather than in residential care.

Families will receive training, equipment and ongoing monitoring to empower them to take on the child's care at home.

OAIH will also give family members support in generating an additional income through farming, which will help them provide for the child's future needs and support the wider family.

The pilot will lead to better outcomes for children, create a sustainable way to support families into self-sufficiency and make sure that residential care is used as a last resort and for as short a time as possible.

It ran from July until December 2023 with a small number of babies local to Blantyre so that the team can monitor their progress closely. The move has been welcomed by the Social Welfare Department.

**OAIH leadership**

The long serving manager of OAIH retired in July 2023 and the trustees of OAIH are currently recruiting his successor. Until the new manager starts, the day-to-day management of OAIH is being overseen by OAIH's chair of trustees. In support of the new strategic direction, OAIH has also strengthened its board of trustees by recruiting four new members who bring with them a wealth of experience in infant care, general management, finance and marketing.

This report was approved by the board of trustees on **07/02/2024**



**Angus Matthew Martin  
Trustee**

**Open Arms Malawi**  
**Independent Examiner's Report to the trustees of Open Arms Malawi**

I report to the charity trustees on my examination of the accounts of the charity for the year ended 30 June 2023 which are set out on pages 8 to 15.

**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.

  
[Nicola Adams \(Feb 7, 2024 12:40 GMT\)](#)

Nicola Adams ACA DChA  
BHP LLP  
One, Waterside Place, Basin Square  
Brimington Road  
Chesterfield  
S41 7FH

Date: 07/02/2024

**Open Arms Malawi**  
**Statement of Financial Activities**  
**For the year ended 30 June 2023**

	Notes	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
<b>Income from:</b>					
Donations and legacies	4	203,997	14,116	218,113	222,613
Other trading activities	5	52,152	-	52,152	54,521
Investments	6	1,257	-	1,257	109
<b>Total income</b>		<b>257,406</b>	<b>14,116</b>	<b>271,522</b>	<b>277,243</b>
<b>Expenditure on:</b>					
Raising funds	7	9,971	-	9,971	5,080
Charitable activities	8	304,040	8,078	312,118	345,130
<b>Total expenditure</b>		<b>314,011</b>	<b>8,078</b>	<b>322,089</b>	<b>350,210</b>
<b>Net Expenditure before transfers between funds</b>		<b>(56,605)</b>	<b>6,038</b>	<b>(50,567)</b>	<b>(72,967)</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(56,605)</b>	<b>6,038</b>	<b>(50,567)</b>	<b>(72,967)</b>
<b>Reconciliation of funds</b>					
<b>Total funds brought forward</b>		<b>208,977</b>	<b>-</b>	<b>208,977</b>	<b>281,944</b>
<b>Total funds carried forward</b>		<b>152,372</b>	<b>6,038</b>	<b>158,410</b>	<b>208,977</b>

All activities derive from continuing operations.

**Open Arms Malawi  
Balance Sheet  
As at 30 June 2023**

	Notes	2023 £	2022 £
<b>Current assets</b>			
Debtors	11	580	525
Cash at bank and in hand		<u>159,244</u>	<u>209,849</u>
		<u>159,824</u>	<u>210,374</u>
<b>Creditors:- amounts due within one year</b>	12	(1,414)	(1,397)
<b>Net current assets</b>		<u>158,410</u>	<u>208,977</u>
<b>Total assets less current liabilities</b>		<u>158,410</u>	<u>208,977</u>
<b>Net assets</b>		<u>158,410</u>	<u>208,977</u>
<b>Charity Funds</b>	13		
<b>Unrestricted income funds</b>			
Unrestricted revenue accumulated funds		152,372	208,977
<b>Unrestricted capital funds</b>			
Unrestricted revaluation reserve		-	-
<b>Total unrestricted funds</b>		<u>152,372</u>	<u>208,977</u>
<b>Restricted income funds</b>			
Restricted revenue accumulated funds		<u>6,038</u>	-
<b>Total restricted funds</b>		<u>6,038</u>	-
<b>Total charity funds</b>		<u>158,410</u>	<u>208,977</u>

Approved by the board of trustees on **07/02/2024**



**Angus Matthew Martin  
Trustee**

The notes on pages 10 to 15 form part of these financial statements

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**1 Accounting policies**

Open Arms Malawi is a Charitable Incorporated Organisation, number 1171686. The registered office is Community House, 46 - 50 East Parade, Harrogate, HG1 5RR.

***Basis of preparation of the accounts***

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1) and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Open Arms Malawi constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in £ sterling which is the functional currency of the charity and rounded to the nearest pound.

***Funds accounting***

The charity maintains a general unrestricted fund which represents funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

***Income***

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

***Expenditure***

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds; and
- Expenditure on charitable activities.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

***Debtors***

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

***Cash at bank and in hand***

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

***Liabilities and provisions***

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

***Financial instruments***

The charity only has 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

***Taxation***

The charity is considered to pass the tests set out in Sch. 6, para. 1 of the Finance Act 2010 and therefore it meets the definition of a charity for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Income Tax Act 2007, Part 10 s521 – s537 or s. 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Value Added Tax is not recoverable by the charity, and is therefore included in the relevant costs in the Statement of Financial Activities.

***Employee Benefits***

When employees have rendered services to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The Charity operates a defined contribution plan for all its employees. Contributions are expenses as they become payable.

***Critical Accounting Estimates and Areas of Judgement***

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

***Going Concern***

The Trustees have considered the impact of COVID-19 on the charity's income generation, grant making abilities and workforce. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the Trustees are confident that they have in place plans to deal with any financial losses that may arise.

The Board have prepared forecasts of income and expenditure and cash flow for the period to 30 June 2024 and subjected these forecasts to sensitivity analysis which shows that they have sufficient reserves to be able to continue for the foreseeable future if grant making activity is reduced. They will continue to monitor the impact on income and reduce grant making as necessary to maintain a sufficient level of cash reserves.

The Trustees have concluded that the charity remains a going concern whilst such viable options are available to it and therefore continue to adopt the going concern basis of preparation for these financial statements.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

<b>2 Net (expenditure)/income is stated after charging</b>	<b>2023</b>	2022
	£	£
Independent Examiner's Fees	1,440	1,308

**3 Transactions with trustees and other related parties.**

There were no remuneration or other benefits paid to the trustees in either year.

**4 Donations and legacies**

	Unrestricted	Restricted	Total	Total
	2023	2023	2023	2022
	£	£	£	£
Gift aid	16,663	-	16,663	20,800
Individual donations	4,071	11,508	15,579	4,817
Regular individual donations	70,550	-	70,550	68,581
Churches	3,920	-	3,920	5,277
Companies	19,457	2,608	22,065	38,584
Schools	25,055	-	25,055	6,207
Trusts	63,742	-	63,742	77,968
Legacies	539	-	539	379
	<u>203,997</u>	<u>14,116</u>	<u>218,113</u>	<u>222,613</u>

**5 Other trading activities**

	Unrestricted	Restricted	Total	Total
	2023	2023	2023	2022
	£	£	£	£
Fundraising	49,210	-	49,210	51,690
Shop income from sale of donated and bought in goods	2,942	-	2,942	2,831
	<u>52,152</u>	<u>-</u>	<u>52,152</u>	<u>54,521</u>

**6 Investment income**

	Unrestricted	Restricted	Total	Total
	2023	2023	2023	2022
	£	£	£	£
Interest & dividends received	1,257	-	1,257	109

**7 Expenditure on raising funds**

	Unrestricted	Restricted	Total	Total
	2023	2023	2023	2022
	£	£	£	£
Commissions payable	1,719	-	1,719	1,701
Cost of fundraising activities	7,802	-	7,802	3,204
Purchases of goods for sale	450	-	450	175
	<u>9,971</u>	<u>-</u>	<u>9,971</u>	<u>5,080</u>

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**8 Charitable activities**

	Unrestricted	Restricted	Total	Total
	2023	2023	2023	2022
	£	£	£	£
<i>Direct staff costs</i>				
Admin staff salaries and Ers NI	59,533	-	59,533	54,093
Training and welfare	-	-	-	26
Pension Costs	986	-	986	887
	<u>60,519</u>	<u>-</u>	<u>60,519</u>	<u>55,006</u>
<i>Indirect employee costs</i>				
Travel and subsistence	265	-	265	-
<i>Premises costs</i>				
Rent payable	2,433	-	2,433	2,038
	<u>2,433</u>	<u>-</u>	<u>2,433</u>	<u>2,038</u>
<i>General admin expenses</i>				
Telephone and fax	383	-	383	305
Postage	1,146	-	1,146	491
Stationery and printing	5,068	-	5,068	6,347
Subscriptions	120	-	120	-
Software	4,699	-	4,699	5,243
Insurance	1,066	-	1,066	1,088
Bank charges	326	-	326	158
Consultancy fees	335	-	335	5,519
Accountancy Fees	4,831	-	4,831	3,544
Sundry	97	-	97	17
	<u>18,071</u>	<u>-</u>	<u>18,071</u>	<u>22,712</u>
Total support costs	<u>81,288</u>	<u>-</u>	<u>81,288</u>	<u>79,756</u>
Grants paid (note 9)	222,752	8,078	230,830	265,374
Total charitable activities	<u>304,040</u>	<u>8,078</u>	<u>312,118</u>	<u>345,130</u>

**9 Grants paid**

	Unrestricted	Restricted	Total	Total
	2023	2023	2023	2022
	£	£	£	£
Malawi Monthly Grants	176,379	-	176,379	227,975
Malawi Extraordinary Grants	6,000	8,078	14,078	-
Sponsorship in Malawi	40,373	-	40,373	37,399
	<u>222,752</u>	<u>8,078</u>	<u>230,830</u>	<u>265,374</u>

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

<b>10 Staff costs and key management personnel remuneration</b>	<b>2023</b>	<b>2022</b>
	£	£
Salaries	59,533	54,093
Employer's pension	986	887
	<u>60,519</u>	<u>54,980</u>

<b>Numbers of full time employees or full time equivalents</b>	<b>2023</b>	<b>2022</b>
Engaged on charitable activities	4	4
There were no employees with emoluments in excess of £60,000 per annum in either year		

<b>11 Debtors</b>	<b>2023</b>	<b>2022</b>
	£	£
Other Debtors	187	187
Amounts due to associated or subsidiary undertakings	393	338
	<u>580</u>	<u>525</u>

<b>12 Creditors: amounts falling due within one year</b>	<b>2023</b>	<b>2022</b>
	£	£
Accrued Expenses	1,200	1,200
Unpaid Pension Contributions	214	197
	<u>1,414</u>	<u>1,397</u>

<b>13 Statement of charity funds</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>	<b>Total</b>
	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	£	£	£	£
At beginning of year	208,977	-	208,977	281,944
Income	257,406	14,116	271,522	277,243
Expenditure	(314,011)	(8,078)	(322,089)	(350,210)
At end of year	<u>152,372</u>	<u>6,038</u>	<u>158,410</u>	<u>208,977</u>

Restricted funds represent money donated to be distributed as extraordinary grants to Malawi with a restriction on how they may spend it, such as staff bonuses, school fees and house repairs.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2023**

**14 Net assets between funds**

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Total 2022 £
Current Assets	153,786	6,038	159,824	210,374
Current Liabilities	(1,414)	-	(1,414)	(1,397)
	<u>152,372</u>	<u>6,038</u>	<u>158,410</u>	<u>208,977</u>

**15 Prior year net assets between funds**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
Fixed asset investments	-	-	-	-
Current Assets	210,374	-	210,374	284,224
Current Liabilities	(1,397)	-	(1,397)	(2,280)
	<u>208,977</u>	<u>-</u>	<u>208,977</u>	<u>281,944</u>

**16 Prior Year Statement of Financial Activities**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Income from:			
Donations and legacies	222,613	-	222,613
Other trading activities	54,521	-	54,521
Investments	109	-	109
Total Income	<u>277,243</u>	<u>-</u>	<u>277,243</u>
Expenditure on:			
Raising funds	5,080	-	5,080
Charitable activities	345,130	-	345,130
Total Expenditure	<u>350,210</u>	<u>-</u>	<u>350,210</u>
Net Gains (Losses) on investments	-	-	-
Net (expenditure) before transfers between funds	<u>(72,967)</u>	<u>-</u>	<u>(72,967)</u>
Transfers between funds	-	-	-
Net movement in funds	<u>(72,967)</u>	<u>-</u>	<u>(72,967)</u>

**OPEN ARMS MALAWI**

England & Wales - Charity number 1171686

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# Accounts

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Registered CIO Number  
1171686

**Open Arms Malawi**  
**Annual Reports and Financial Statements**  
**30 June 2022**

**Open Arms Malawi**  
**Annual Report and Financial Statements**  
**Contents**

	<b>Page</b>
Trustees' report	1
Independent examiner's report	6
Statement of financial activities	7
<i>Balance sheet</i>	<b>8</b>
Notes to the financial statements	<b>9</b>

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2022**

The trustees present their annual report together with the financial statements of Open Arms Malawi (the Charity) for the year ended 30 June 2022. The trustees confirm that the annual report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the 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) (published in October 2019).

**Reference and administrative details**

The legal registration details are :-

Date of formation: 1st July 2017  
The principal office: Community House, 46 - 50 East Parade, Harrogate, HG1 5RR  
Charity registration number: 1171686

In 2017 Open Arms Malawi changed its charitable status from a trust to a charitable incorporated organisation. The Charity's objects were updated but remain broadly the same as previously.

**The members of the Board of Trustees of the Charity during the year:**

Charles Richard Hartley	Gavin Park
Jane Hartley	Andrea Ainley
Angus Martin	Janette Peak
Stephen Walker	

The trustees are all members of the Charity.

**Independent Examiner**

Philip Allsop FCA  
BHP LLP  
2 Rutland Park  
Sheffield  
S10 2PD

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2022**

**Objectives and Activities of the Charity**

**Activities**

The Charity raises funds, predominantly in the UK, and all the Charity's grants are directed to Open Arms Infant Homes (OAIH), an independent Malawi based charity which provides vital accommodation, food and medical care to orphaned and abandoned babies in Malawi until they are fit and healthy enough to return to their families. OAIH then supports children and families in their villages until the child is fully settled. In the community OAIH provide outreach support, sponsorship, nutrition and pre-school education to vulnerable children in their villages.

OAIH is an independent Malawi based trust. A separate team of 5 Trustees based in Malawi manages this trust and OAM remains in active dialogue with both the trust and its management.

**A summary of the objects of the Charity as set out in its governing document.**

The trustees shall apply the income, and at their discretion apply the whole or any part of the capital, of the trust fund for the relief of children in need in Malawi suffering from hardship and distress by reason of their social and economic circumstances as follows:

1. By the provision of accommodation for orphan and neglected children including the provision of such essential factors as love, care, food and clothing;
2. By providing hospice accommodation for orphan and neglected children suffering from terminal illness covering medical and nursing care and funeral expenses.
3. By the provision of such basic educational, social, moral and spiritual training as will enable them to live and face the challenges of life.

**Public benefit that is provided by the Charity**

During the year the Charity undertook fundraising activities to facilitate the provision of care to Malawi's vulnerable children, supporting them within families and communities so they can thrive. The trustees have referred to the Charity Commission's guidance on public benefit during board meetings and throughout the activities in which the Charity participates.

**Achievements and Performance**

The Charity's charitable grants were all directed to OAIH.

OAIH employs circa 75 people in Malawi who are engaged in delivering the various charitable activities as described below. During the year OAIH's core activities included:

**Infant care**

- OAIH operates infant homes in Blantyre and Mangochi for 60 children aged 0-2 years
- 33 babies were referred to the infant homes and 26 children reintegrated to their families/community.
- 4 children were fostered/adopted in the period. The majority of admissions are of babies under one month old and the children reintegrated are circa 2 years old. This year the homes continued to show a rise in number of abandoned babies, which is an indirect outcome of the impact of Covid 19 in Malawi.
- OAIH works closely with the Malawian Department for Social Welfare and other agencies in managing the care of these children.
- Demonstrating the continued need for our activities, sadly 4 children died in the year. Three of these died in Mangochi (2 in the hospital) where health officials reported a typhoid outbreak.

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2022**

**Family homes**

- OAIH operates 5 Family Homes that cater for 22 children and 8 OAIH staff children. The oldest child/young person under OAIH's care is now 22 years old and has been supported by OAIH all his life.
- 22 children from the OAIH Family Homes are in a mix of private and state-funded education across 8 educational establishments.
- 5 older children have permanently moved back to their extended families from the Open Arms family houses and OAIH is closely supporting their transition into independence through outreach visits.

**Community nursery schools**

- OAIH operates 9 Community nursery schools which provide a much-needed daily meal and basic nursery education for children from 4-6. These schools provide local access to education and increase the chances of children completing primary school.
- Nursery attendance averaged 591 children through the year.

**Community outreach support**

- Finally, OAIH operates a multi-faceted outreach programme which is designed to help OAIH children reintegrate into the community. The program provides both physical and financial help.
- 313 children had their wellbeing monitored and received support with food, clothing, parenting, educational and medical advice.
- 64 reintegrated children who were identified as needing additional support, were given a monthly sponsorship and additional food in the year.

**Financial Review**

Total income was down on the previous year at £277,243 (2020/21: £338,366). The pandemic has continued to affect fundraising activity negatively through 2021/22 and it is expected that fundraising will not return to historic levels for at least another 2 to 3 years.

Total expenditure, (which includes grants made to OAIH), was £350,210, (2020/21: £560,229), principally reflecting lower total grants to OAIH of £265,374 (2020/21: £477,648).

The regular monthly grants to OAIH were reduced from £384,773, (2020/21) to £265,374, (2021/22) as higher grants were no longer sustainable given the reduced income being achieved by the Charity. The Charity worked with the trustees of OAIH to manage this reduction and to ensure that the children in the care of OAIH were not put at risk or disadvantaged.

In 2020/21 £92,875 of extraordinary grants were made to Malawi to fund one off increases in operational costs due Covid-19, and to fund restructuring costs at OAIH. No extraordinary grants were requested in 2021/22.

We continue to work with the OAIH trust to reduce our collective cost base so that OAIH can operate within the funds raised each year.

Support costs within the UK fundraising organisation were £79,756, compared to £78,610 (2020/21).

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2022**

**Reserves Policy**

A contribution from reserves of £72,967 (2020/21: £209,640) was needed to fund annual activity.

Free reserves at 30 June 2022 were £208,977 (2020/21: £281,944), which will be used to fund future charitable activities and ensure the survival of OAIH during the current fundraising crisis caused by the Covid pandemic.

In 2022 the trustees significantly reduced the grants to OAIH, but the trustees remain concerned that the annual net income of the charity in 2022 was still insufficient to meet the annual grants to OAIH.

In the current year the trustees, in consultation with OAIH, will further reduce the monthly grants to OAIH to ensure that, in the future, grants to Malawi can be funded from annual net income. In addition, OAIH is continuing to review its ongoing operations and is preparing a plan to deliver additional cost savings.

At all times the trustees will maintain sufficient reserves to meet the liabilities of the Charity.

**Grant Making Policy**

All the Charity's grants were made to OAIH. The bulk of funds distributed to OAIH are in response to their annual plan and fund the ongoing normal operating costs. Additionally, requests are made through the year for funds that are more capital in nature. The UK board considers each additional grant request outside of the annual plan.

**Investment Policy**

The charity does not hold any investments but had cash on deposit at the end of the financial year of £209,849 (2020/21: £272,765)

**Nature of the Governing Document and constitution of the charity**

The charity is a registered charity, number 1171686, and constituted under a CIO Foundation registered on 20 February 2017.

**The methods adopted for the recruitment and appointment of new trustees**

*All trustees, of which there must be at least three at any time, must be appointed by special resolution at a special meeting. In selecting persons to be appointed as trustees, the trustees consider the skills required by the Charity and the skills, experience and qualifications of the candidates.*

**Organisational structure and decision making**

The Charity is managed by an active team of trustees who bring a breadth of UK and International corporate, educational, public sector and support services experience to the group. The trustee group met formally 6 times during the year. A 4 strong part-time fundraising team, (equal to 2 full time equivalents), managed day-to-day activity from offices in Harrogate.

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2022**

**Risk management**

Several areas of risk to the ability of the Charity to undertake its activities consistently have previously been identified.

The Charity continues to be impacted by the following:

- A reduction in fundraising income because of the Covid-19 pandemic.
- Informal pegging of the Malawian Kwacha to the US\$ combined with significant continued inflation in Malawi has resulted in increased demand for funds to simply maintain operations.
- Capacity within the OAIH management team to run the operation as well as reshape the organisation for future sustainability

The trustees continue to keep these matters under review at each board meeting and as described above, have taken action to ensure that over the next year the Charity's expenditure matches its income such that an appropriate level of reserves is maintained.

**Going Concern**

The 2020 Coronavirus Covid-19 global pandemic presented an unprecedented challenge to the Charity and to OAIH. Fundraising activity and income generation were significantly reduced and have not recovered. The trustees hope that the position will improve but for the time being we are continuing to assume that there will be no recovery and we are planning accordingly.

The grants to OAIH were significantly reduced in 2021/22 and further reductions are planned in 2022/23. We are also continuing to carefully manage our costs.

We are forecasting that, whilst the Charity's reserves will be further reduced in 2022/23, in the latter months of the financial year the regular monthly grants to OAIH will be matched to the net income generated by the Charity. Thereafter the reserves will stabilise, and we will reach an equilibrium where net fundraising income will match the regular monthly grants paid to OAIH.

At all times the trustees will ensure that the Charity's reserves are maintained at the minimum level to meet its liabilities

For this reason, the accounts have been prepared on a going concern basis. Further details can be found in accounting policies.

**Future plans**

We will continue to actively engage with OAIH to deliver forward plans that OAM will be able to fund for the long term. A joint OAM/OAIH group has been established which meets regularly to assess progress and discuss concerns.

We are continuing to carefully manage cash flow and balance this against the demand for funding.

This report was approved by the board of trustees on 26-9-2022



**Angus Matthew Martin**  
**Trustee**

**Open Arms Malawi**  
**Independent Examiner's Report to the trustees of Open Arms Malawi**

I report to the charity trustees on my examination of the accounts of the charity for the year ended 30 June 2022 which are set out on pages 7 to 14.

**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 Association of Chartered Accountants, 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.

  
Philip Allsop (Feb 21, 2023 16:25 GMT)

Philip Allsop FCA  
BHP LLP  
2 Rutland Park  
Sheffield  
S10 2PD

Date: Feb 21, 2023

**Open Arms Malawi**  
**Statement of Financial Activities**  
**For the year ended 30 June 2022**

	Notes	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
<b>Income from:</b>					
Donations and legacies	4	222,613	-	222,613	274,780
Other trading activities	5	54,521	-	54,521	58,999
Investments	6	109	-	109	4,587
<b>Total income</b>		<b>277,243</b>	<b>-</b>	<b>277,243</b>	<b>338,366</b>
<b>Expenditure on:</b>					
Raising funds	7	5,080	-	5,080	3,971
Charitable activities	8	345,130	-	345,130	556,258
<b>Total expenditure</b>		<b>350,210</b>	<b>-</b>	<b>350,210</b>	<b>560,229</b>
Net gains / (losses) on investments		-	-	-	12,223
<b>Net Expenditure before transfers between funds</b>		<b>(72,967)</b>	<b>-</b>	<b>(72,967)</b>	<b>(209,640)</b>
<b>Gross transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(72,967)</b>	<b>-</b>	<b>(72,967)</b>	<b>(209,640)</b>
<b>Reconciliation of funds</b>					
<b>Total funds brought forward</b>		<b>281,944</b>	<b>-</b>	<b>281,944</b>	<b>491,584</b>
<b>Total funds carried forward</b>		<b>208,977</b>	<b>-</b>	<b>208,977</b>	<b>281,944</b>

All activities derive from continuing operations.

**Open Arms Malawi**  
**Balance Sheet**  
**As at 30 June 2022**

	Notes	2022 £	2021 £
<b>Fixed assets</b>	11	-	-
<b>Current assets</b>			
Debtors	12	525	11,871
Cash at bank and in hand		<u>209,849</u>	<u>272,765</u>
		<u>210,374</u>	<u>284,636</u>
<b>Creditors:- amounts due within one year</b>	13	(1,397)	(2,692)
<b>Net current assets</b>		<u>208,977</u>	<u>281,944</u>
<b>Total assets less current liabilities</b>		<u>208,977</u>	<u>281,944</u>
<b>Net assets</b>		<u>208,977</u>	<u>281,944</u>
<b>Charity Funds</b>	14		
<b>Unrestricted income funds</b>			
Unrestricted revenue accumulated funds		208,977	281,944
<b>Unrestricted capital funds</b>			
Unrestricted revaluation reserve		<u>-</u>	<u>-</u>
<b>Total unrestricted funds</b>		<u>208,977</u>	<u>281,944</u>
<b>Restricted income funds</b>			
<b>Total restricted funds</b>		-	-
<b>Total charity funds</b>		<u>208,977</u>	<u>281,944</u>

Approved by the board of trustees on 26-9-2022.



**Angus Matthew Martin**  
Trustee

The notes on pages 9 to 14 form part of these financial statements

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**1 Accounting policies**

Open Arms Malawi is a Charitable Incorporated Organisation, number 1171686. The registered office is Community House, 46 - 50 East Parade, Harrogate, HG1 5RR.

**Basis of preparation of the accounts**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (as updated through Update Bulletin 1) and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Open Arms Malawi constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in £ sterling which is the functional currency of the charity and rounded to the nearest pound.

**Funds accounting**

The charity maintains a general unrestricted fund which represents funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Currently the charity only has unrestricted funds.

**Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

**Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds; and
- Expenditure on charitable activities.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

**Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

***Debtors***

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

***Cash at bank and in hand***

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

***Liabilities and provisions***

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

***Financial instruments***

The charity only has 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

***Taxation***

As a registered charity, the organisation is exempt from income and corporation tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is not recoverable by the charity, and is therefore included in the relevant costs in the Statement of Financial Activities.

***Employee Benefits***

When employees have rendered services to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The Charity operates a defined contribution plan for all its employees. Contributions are expenses as they become payable.

***Critical Accounting Estimates and Areas of Judgement***

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

Critical accounting estimates and assumptions:

*The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.*

***Going Concern***

The Trustees have considered the impact of COVID-19 on the charity's income generation, grant making abilities and workforce. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, the Trustees are confident that they have in place plans to deal with any financial losses that may arise.

The Board have prepared forecasts of income and expenditure and cash flow for the period to 30 June 2023 and subjected these forecasts to sensitivity analysis which shows that they have sufficient reserves to be able to continue for the foreseeable future if grant making activity is reduced. They will continue to monitor the impact on income and reduce grant making as necessary to maintain a sufficient level of cash reserves.

The Trustees have concluded that the charity remains a going concern whilst such viable options are available to it and therefore continue to adopt the going concern basis of preparation for these financial statements.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

<b>2 Net (expenditure)/income is stated after charging</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Independent Examiner's Fees	<b>1,308</b>	<b>1,200</b>

**3 Transactions with trustees and other related parties.**

There were no remuneration or other benefits paid to the trustees in either year.

**4 Donations and legacies**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Gift aid	20,800	-	20,800	21,904
Individual donations	4,817	-	4,817	8,512
Regular individual donations	68,581	-	68,581	65,087
Churches	5,277	-	5,277	3,591
Companies	38,584	-	38,584	74,619
Schools	6,207	-	6,207	24,802
Trusts	77,968	-	77,968	71,265
Legacies	379	-	379	5,000
	<b>222,613</b>	<b>-</b>	<b>222,613</b>	<b>274,780</b>

**5 Other trading activities**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fundraising	51,690	-	51,690	55,921
Shop income from sale of donated and bought in goods	2,831	-	2,831	3,078
	<b>54,521</b>	<b>-</b>	<b>54,521</b>	<b>58,999</b>

**6 Investment income**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Interest & dividends received	109	-	109	4,587

**7 Expenditure on raising funds**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Commissions payable	1,701	-	1,701	2,084
Cost of fundraising activities	3,204	-	3,204	1,671
Purchases of goods for sale	175	-	175	216
	<b>5,080</b>	<b>-</b>	<b>5,080</b>	<b>3,971</b>

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**8 Charitable activities**

	Unrestricted 2022 £	Restricted 2022 £	Total 2022 £	Total 2021 £
<i>Direct staff costs</i>				
Admin staff salaries and Ers NI	54,093	-	54,093	54,462
Training and welfare	26	-	26	-
Pension Costs	887	-	887	847
	<b>55,006</b>	<b>-</b>	<b>55,006</b>	<b>55,309</b>
<i>Indirect employee costs</i>				
Travel and subsistence	-	-	-	-
<i>Premises costs</i>				
Rent payable	2,038	-	2,038	3,331
Rates, water and service charges	-	-	-	54
Repairs and renewals	-	-	-	-
	<b>2,038</b>	<b>-</b>	<b>2,038</b>	<b>3,385</b>
<i>General admin expenses</i>				
Telephone and fax	305	-	305	417
Postage	491	-	491	2,752
Stationery and printing	6,347	-	6,347	4,061
Subscriptions	-	-	-	35
Software	5,243	-	5,243	4,751
Website costs	-	-	-	-
Insurance	1,088	-	1,088	1,252
Advertising and PR	-	-	-	175
Bank charges	158	-	158	154
Consultancy fees	5,519	-	5,519	1,478
Accountancy Fees	3,544	-	3,544	4,841
Sundry	17	-	17	-
	<b>22,712</b>	<b>-</b>	<b>22,712</b>	<b>19,916</b>
Total support costs	<b>79,756</b>	<b>-</b>	<b>79,756</b>	<b>78,610</b>
Grants paid (note 9)	<b>265,374</b>	<b>-</b>	<b>265,374</b>	<b>477,648</b>
<b>Total charitable activities</b>	<b>345,130</b>	<b>-</b>	<b>345,130</b>	<b>556,258</b>

**9 Grants paid**

	Unrestricted 2022 £	Restricted 2022 £	Total 2022 £	Total 2021 £
<i>Grants to institutions</i>				
Malawi Monthly Grants	227,975	-	227,975	347,043
Malawi Extraordinary Grants	-	-	-	92,875
Sponsorship in Malawi	37,399	-	37,399	37,430
Property Rental in Malawi	-	-	-	300
Other Malawi Grants	-	-	-	-
	<b>265,374</b>	<b>-</b>	<b>265,374</b>	<b>477,648</b>

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

<b>10 Staff costs and key management personnel remuneration</b>	<b>2022</b>	<b>2021</b>
	£	£
Salaries	<b>54,093</b>	54,462
Employer's NI	-	-
Employer's pension	<b>887</b>	847
	<b>54,980</b>	55,309

<b>Numbers of full time employees or full time equivalents</b>	<b>2022</b>	<b>2021</b>
Engaged on charitable activities	<b>4</b>	4

There were no employees with emoluments in excess of £60,000 per annum in either year

<b>11 Investments</b>	<b>2022</b>	<b>2021</b>
	£	£
<i>Unlisted investments</i>		
At beginning of year	-	440,499
Additions	-	4,574
Disposals	-	(457,296)
Revaluations	-	12,223
At end of year	-	-

<b>12 Debtors</b>	<b>2022</b>	<b>2021</b>
	£	£
Other Debtors	<b>187</b>	
Prepaid expenses	-	8,000
Amounts due to associated or subsidiary undertakings	<b>338</b>	412
Accrued income	-	3,459
	<b>525</b>	11,871

<b>13 Creditors: amounts falling due within one year</b>	<b>2022</b>	<b>2021</b>
	£	£
Accrued Expenses	<b>1,200</b>	1,200
PAYE & NI	-	1,362
Unpaid Pension Contributions	<b>197</b>	130
	<b>1,397</b>	2,692

<b>14 Statement of charity funds</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	£	£	£	£
At beginning of year	<b>281,944</b>	-	<b>281,944</b>	491,584
Income	<b>277,243</b>	-	<b>277,243</b>	338,366
Expenditure	<b>(350,210)</b>	-	<b>(350,210)</b>	(560,229)
Revaluation Gains	-	-	-	12,223
At end of year	<b>208,977</b>	-	<b>208,977</b>	281,944

At 30 June 2022 total funds of £208,977 were all unrestricted.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2022**

**15 Net assets between funds**

	Unrestricted funds 2022	Restricted funds 2022	Total 2022	Total 2021
	£	£	£	£
Current Assets	210,374	-	210,374	284,224
Current Liabilities	(1,397)	-	(1,397)	(2,280)
	<u>208,977</u>	<u>-</u>	<u>208,977</u>	<u>281,944</u>

**16 Prior year net assets between funds**

	Unrestricted funds 2021	Restricted funds 2021	Total 2021	Total 2020
	£	£	£	£
Fixed asset investments	-	-	-	440,499
Current Assets	284,224	-	284,224	54,136
Current Liabilities	(2,280)	-	(2,280)	(3,051)
	<u>281,944</u>	<u>-</u>	<u>281,944</u>	<u>491,584</u>

**17 Operating lease commitments**

At 30 June 2022 the charity had no future minimum lease payments under non-cancellable operating leases.

<b>18 Prior Year Statement of Financial Activities</b>	Unrestricted funds 2021	Restricted funds 2021	Total 2021
	£	£	£
Income from:			
Donations and legacies	274,780	-	274,780
Other trading activities	58,999	-	58,999
Investments	4,587	-	4,587
Total Income	<u>338,366</u>	<u>-</u>	<u>338,366</u>
Expenditure on:			
Raising funds	3,971	-	3,971
Charitable activities	556,258	-	556,258
Total Expenditure	<u>560,229</u>	<u>-</u>	<u>560,229</u>
Net Gains (Losses) on investments	12,223	-	12,223
Net (expenditure) before transfers between investments	<u>(209,640)</u>	<u>-</u>	<u>(209,640)</u>
Transfers between funds			
Net movement in funds	<u>(209,640)</u>	<u>-</u>	<u>(209,640)</u>

**OPEN ARMS MALAWI**

England & Wales - Charity number 1171686

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# Accounts

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Registered CIO Number  
1171686

Open Arms Malawi  
Annual Reports and Financial Statements  
30 June 2021

**Open Arms Malawi  
Annual Report and Financial Statements  
Contents**

	<b>Page</b>
Trustees' report	<b>1</b>
Independent examiner's report	<b>6</b>
Statement of financial activities	<b>7</b>
Balance sheet	<b>8</b>
Notes to the financial statements	<b>9</b>

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2021**

The trustees present their annual report together with the financial statements of Open Arms Malawi (the charity) for the year ended 30 June 2021. The trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the 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) (published in October 2019).

**Reference and administrative details**

The legal registration details are :-

Date of formation: 1st July 2017  
The principal office: Community House, 46 - 50 East Parade, Harrogate, HG1 5RR  
Charity registration number: 1171686

In 2017 Open Arms Malawi changed its charitable status from a trust to a charitable incorporated organisation. The Charity's objects were updated but remain broadly the same as previously.

**The members of the Board of Trustees of the Charity during the year:**

Charles Richard Hartley	Gavin Park
Andrew Stringer (resigned on 24 May 2021)	Jane Hartley
Stephen Hemmings (resigned on 30 September 2020)	Andrea Ainley
Angus Martin	Janette Peak
Stephen Walker	

The trustees are all members of the Charity.

**Independent Examiner**

Nicola Adams ACA DChA  
BHP LLP  
57 - 59 Saltergate  
Chesterfield  
Derbyshire  
S40 1UL

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2021**

**Objectives and Activities of the Charity**

**Activities**

In Malawi, one child in nine is orphaned. 835,000 Malawian families are caring for an orphaned child. Over half of toddlers are stunted by malnutrition and one child in sixteen doesn't make their 5th birthday.

The Charity raises funds, predominantly in the UK, and all the Charity's grants are directed to Open Arms Infant Homes (OAIH), an independent Malawi based charity which provides vital accommodation, food and medical care to orphaned and abandoned babies in Malawi until they are fit and healthy enough to return to their families. OAIH then supports children and families in their villages until the child is fully settled. In the community OAIH provides outreach support, sponsorship, nutrition and pre-school education to vulnerable children in their villages.

OAIH is an independent Malawi based trust. A separate team of 5 Trustees based in Malawi manages this trust and OAM remains in active dialogue with both the trust and its management.

**A summary of the objects of the Charity as set out in its governing document.**

The trustees shall apply the income, and at their discretion apply the whole or any part of the capital, of the trust fund for the relief of children in need in Malawi suffering from hardship and distress by reason of their social and economic circumstances as follows:

1. By the provision of accommodation for orphan and neglected children including the provision of such essential factors as love, care, food and clothing;
2. By providing hospice accommodation for orphan and neglected children suffering from terminal illness covering medical and nursing care and funeral expenses;
3. By the provision of such basic educational, social, moral and spiritual training as will enable them to live and face the challenges of life.

**Public benefit that is provided by the Charity**

During the year the Charity undertook fundraising activities to facilitate the provision of care to Malawi's vulnerable children, supporting them within families and communities so they can thrive. The trustees have referred to the Charity Commission's guidance on public benefit during the board meetings held and throughout the activities in which the Charity participates.

**Achievements and Performance**

Our charitable grants were all directed to the independent Malawi based trust: OAIH. OAIH employs circa 75 people in Malawi who are engaged in delivering the various charitable activities as described below. James Wandawanda took over as chair of OAIH in January 2021.

During the year OAIH's core activities included:

**Infant care**

- OAIH operates infant homes in Blantyre and Mangochi for 60 children aged 0-2 years
- 24 babies were referred to the infant homes and 24 children reintegrated to their families/community.
- 6 children were fostered/adopted in the period. The majority of admissions were of babies under one month old and the children reintegrated were circa 2 years old. This year the homes have seen a rise in number of abandoned babies, which is an indirect outcome of the impact of Covid 19 in Malawi.
- OAIH works closely with the Malawian Department for Social Welfare and other agencies in managing the care of these children.
- Demonstrating the continued need for our activities, sadly 2 children died in the year. Both had underlying health problems, but these remain very sad occasions for all involved in each child's life.

**Open Arms Malawi  
Trustees' report  
For the year ended 30 June 2021**

**Family homes**

- OAIH operates 5 Family Homes that cater for 25 children and 8 OAIH staff children. The oldest child/young person under OAIH's care is now 21 years old and has been supported by OAIH all his life.
- After the closure of Harrogate House, (the purpose-built toddler home), last year, OAIH was able to settle all children who were discharged from the infant home with members of their extended family or with foster families. There have been no referrals into long term care. Harrogate House is now a staff dormitory for the night shift staff providing a safe and secure rest area away from the infant home.
- 26 children from the OAIH Family Homes are in a mix of private and state-funded education across 11 educational establishments. 6 older children (16-19) have taken vocational training courses and one young adult is being supported with learning at home.
- 2 older children have permanently moved back to their extended families from the Open Arms family houses and OAIH is closely supporting their transition into independence through outreach visits.

**Community nursery schools**

- OAIH operates 9 Community nursery schools which provide a much-needed daily meal and basic nursery education for children from 4-6. These schools provide local access to education and increase the chances of children completing primary school.
- Nursery attendance averaged 460 children through the year.

**Community outreach support**

- Finally, OAIH operates a multi-faceted outreach programme which is designed to help OAIH children reintegrate into the community. The program provides both physical and financial help. 322 children had their wellbeing monitored and received support with food, clothing, parenting, educational and medical advice.
- 69 reintegrated children who were identified as needing additional support, were given a monthly sponsorship and additional food in the year.

In addition to these core programmes, OAIH has continued to respond to the Covid-19 pandemic which reached Malawi in April 2020. Both Infant Homes (Blantyre & Mangochi) and the 5 Blantyre based Family Houses, locked down from 6 April 2020 and continued in lockdown until October 2020. Non- residential staff became residential and were subject to movement restrictions to effectively quarantine all seven sites. To date OAIH has been successful in preventing the spread of Covid-19 into any of its sites.

Covid 19 has escalated the development and implementation of OAIH's medium term operational strategy to bring spending in line with funds available and protect the long-term sustainability of the organisation. These changes include:

- Reducing the capacity of the Mangochi Infant Home
- Staff restructure across the operation
- Increasing the efficiency and support for community outreach programmes
- Supporting the transition to independent living for those children in its care.

**Financial Review**

Net income, (after costs of raising funds), was down on the previous year at £334,395, (2019/20: £449,801). The pandemic has continued to affect fundraising activity negatively through 2020/21 and it is expected that fundraising will not return to historic levels for at least another 3 years.

Total expenditure on charitable activities, (which includes grants made to OAIH), was £556,258, (2019/20: £619,759), principally reflecting lower total grants to OAIH of £477,648, (2019/20: £536,252).

The regular monthly grants, including sponsorship and property rental grants, to OAIH were reduced from £472,525, (2019/20) to £384,773, (2020/21) as higher grants were no longer sustainable given the reduced income being achieved by the Charity. The Charity worked with the trustees of OAIH to manage this reduction and to ensure that the children in the care of OAIH were not put at risk or disadvantaged.

In 2020/21 extraordinary grants to Malawi increased to £92,875, (2019/20: £63,727). The extraordinary grants were utilised by OAIH to fund one off increases in operational costs due Covid-19, and to fund restructuring costs as OAIH reduced its cost base so that it could operate within the reduced regular monthly grants from the Charity.

Support costs within the UK fundraising organisation reduced from £83,507, (2019/20), to £78,610, (2020/21) reflecting the ongoing drive by the Charity to keep costs as low as possible to maximise the money available for funding grants to OAIH.

**Open Arms Malawi  
Trustees' report  
For the year ended 30 June 2021**

**Reserves Policy**

A contribution from reserves of £209,640, (2019/20: £135,754) was needed to fund annual activity.

Free reserves at 30 June 2021 were £281,944, (2019/20: £491,584), which will be used to fund future charitable activities and ensure the survival of OAIH during the current fundraising crisis caused by the Covid pandemic.

The trustees remain concerned at the continued depletion of reserves to fund core activity at OAIH. However, following a review of all activity by the Charity and OAIH, the monthly grants to OAIH have been significantly reduced. In addition, OAIH is continuing to review its ongoing operations and is implementing a plan to deliver additional cost savings.

In the current year we expect that there will be a further, but significantly smaller, depletion in the Charity's reserves. Thereafter the position is forecast to stabilise and the grants to OAIH will be matched to annual fundraising.

**Grant Making Policy**

All the Charity's grants were made to OAIH. The bulk of funds distributed to OAIH are in response to their annual plan and fund the ongoing normal operating costs. Additionally, requests are made through the year for funds that are more capital in nature. The trustees considers each additional grant request outside of the annual plan.

**Investment Policy**

Investment funds have previously been managed by Standard Life Investments in two separate funds each having either a low or medium risk profile During 2020/21 the funds held with Standard Life were reduced from £440,499 (2019/20) to £nil (2020/21) as funds were moved into a cash account.

The monies realised from the liquidation of the Standard Life funds were deposited in the Charity's bank accounts and, in part, have been used to fund the grants to OAIH. The balance of the realised funds continues to be held on deposit and as at 30 June 2021 the cash on deposit was £272,765, (2019/20: £48,718)

An investment gain of £12,223 was recognised in the year. (2019/20: £34,204)

**Nature of the Governing Document and constitution of the charity**

The charity is a registered charity, number 1171686, and constituted under a CIO Foundation registered on 20 February 2017.

**The methods adopted for the recruitment and appointment of new trustees**

All trustees, of which there must be at least three at any time, must be appointed by special resolution at a special meeting. In selecting persons to be appointed as trustees, the trustees consider the skills required by the Charity and the skills, experience and qualifications of the candidates.

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2021**

**Organisational structure and decision making**

The Charity is managed by an active team of trustees who bring a breadth of UK and International corporate, educational, public sector and support services experience to the Charity. The trustees met formally 5 times during the year. A 4 strong part-time fundraising team, (equal to 2 full time equivalents), managed day-to-day activity from offices in Harrogate.

**Risk management**

Several areas of risk to the ability of the Charity to undertake its activities consistently have previously been identified.

The Charity continues to be impacted by the following:

- A reduction in fundraising income because of the Covid-19 pandemic.
- Informal pegging of the Malawian Kwacha to the US\$ combined with significant continued inflation in Malawi has resulted in increased demand for funds to simply maintain operations.
- Sterling currency weakness in the period.

The trustees continue to keep these matters under review at each trustee meeting and as described above, have taken action to ensure that over the next one to two years the Charity's expenditure matches its income such that an appropriate level of reserves is maintained.

**Going Concern**

The 2020 Covid-19 global pandemic presented an unprecedented challenge to the Charity and to OAIH. Fundraising activity and income generation were significantly reduced in 2020 and have not recovered. The trustees hope that the position will improve but for the time being we are assuming that there will be no recovery and we are planning accordingly.

Already the grants to OAIH have been significantly reduced and we are continuing to carefully manage our costs. The ongoing review and changes to the operations in OAIH will further reduce the level of regular funding that OAIH requires.

Due to the actions that have already been taken and the planned future changes, we are forecasting that, whilst the Charity's reserves will be further reduced in 2021/22, thereafter the reserves will begin to stabilise, and we will reach an equilibrium where fundraising income will match the grants needed by OAIH.

Whilst this process is underway the trustees will ensure that the Charity's reserves are maintained at the minimum level to meet its liabilities

For this reason, the accounts have been prepared on a going concern basis. Further details can be found in accounting policies.

**Future plans**

We will continue to actively engage with OAIH to deliver forward plans that the Charity will be able to fund for the long term. A joint OAM/OAIH group has been established which meets regularly to assess progress and discuss concerns.

We are continuing to carefully manage cash flow and balance this against the demand for funding.

**This report was approved by the board on:** Mar 1, 2022

*Angus M Martin*

Angus M Martin (Mar 1, 2022 12:37 GMT)

**Angus Matthew Martin**  
**Trustee**

**Open Arms Malawi**  
**Independent Examiner's Report to the trustees of Open Arms Malawi**

I report to the charity trustees on my examination of the accounts of the charity for the year ended 30 June 2021 which are set out on pages 7 to 13.

Your attention is drawn to the fact that the charity has prepared the accounts (financial statements) in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has since been withdrawn.

We understand that this has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

**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.

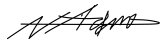
**Independent examiner's statement**

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 Association of Chartered Accountants, 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.



Nicola Adams ACA DChA  
BHP LLP  
57 - 59 Saltergate  
Chesterfield  
Derbyshire  
S40 1UL

Date: Mar 1, 2022

Open Arms Malawi  
**Statement of Financial Activities**  
For the year ended 30 June 2021

	Notes	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
<b>Income from:</b>					
Donations and legacies	4	274,780	-	274,780	341,610
Other trading activities	5	58,999	-	58,999	118,476
Investments	6	4,587	-	4,587	58
<b>Total income</b>		<b>338,366</b>	<b>-</b>	<b>338,366</b>	<b>460,144</b>
<b>Expenditure on:</b>					
Raising funds	7	3,971	-	3,971	10,343
Charitable activities	8	556,258	-	556,258	619,759
<b>Total expenditure</b>		<b>560,229</b>	<b>-</b>	<b>560,229</b>	<b>630,102</b>
Net gains / (losses) on investments		12,223	-	12,223	34,204
<b>Net expenditure before transfers between funds</b>		<b>(209,640)</b>	<b>-</b>	<b>(209,640)</b>	<b>(135,754)</b>
<b>Gross transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(209,640)</b>	<b>-</b>	<b>(209,640)</b>	<b>(135,754)</b>
<b>Reconciliation of funds:</b>	14				
<b>Total funds brought forward</b>		<b>491,584</b>	<b>-</b>	<b>491,584</b>	<b>627,338</b>
<b>Total funds carried forward</b>		<b>281,944</b>	<b>-</b>	<b>281,944</b>	<b>491,584</b>

All activities derive from continuing operations

**Open Arms Malawi  
Balance Sheet  
As at 30 June 2021**

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Investments	11	—	<u>440,499</u>
		-	440,499
<b>Current assets</b>			
Debtors	12	11,871	5,418
Cash at bank and in hand		<u>272,765</u>	<u>48,718</u>
		<u>284,636</u>	<u>54,136</u>
<b>Creditors:- amounts due within one year</b>	13	<b>(2,692)</b>	(3,051)
<b>Net current assets</b>		<u>281,944</u>	<u>51,085</u>
<b>Total assets less current liabilities</b>		<u>281,944</u>	<u>491,584</u>
<b>Net assets</b>		<u>281,944</u>	<u>491,584</u>
<b>Charity Funds</b>			
<b>Unrestricted income funds</b>			
Unrestricted revenue accumulated funds		281,944	478,088
<b>Unrestricted capital funds</b>			
Unrestricted revaluation reserve		<u>-</u>	<u>13,496</u>
<b>Total unrestricted funds</b>		<u>281,944</u>	<u>491,584</u>
<b>Total charity funds</b>		<u>281,944</u>	<u>491,584</u>

Approved by the board of trustees on Mar 1, 2022

*Angus M Martin*  
Angus M Martin (Mar 1, 2022 12:37 GMT)

**Angus Matthew Martin  
Trustee**

The notes on pages 9 to 13 form part of these financial statements

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**1 Accounting policies**

Open Arms Malawi is a Charitable Incorporated Organisation, number 1171686. The registered office is Community House, 46-50 East Parade, Harrogate, HG1 5RR.

**Basis of preparation of the accounts**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Open Arms Malawi constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in £ sterling which is the functional currency of the charity and rounded to the nearest pound.

**Funds accounting**

The charity maintains a general unrestricted fund which represents funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Currently the charity only has unrestricted funds.

**Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

**Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds; and
- Expenditure on charitable activities.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

**Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

**Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Financial instruments**

The charity only has 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**Taxation**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**Employee Benefits**

When employees have rendered services to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Charity operates a defined contribution plan for all its employees. Contributions are expenses as they become payable.

**Critical Accounting Estimates and Areas of Judgement**

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Going Concern**

The Trustees have considered the impact of COVID-19 on the charity's income generation, grant making abilities and workforce. The Trustees are confident that they have in place plans to deal with any financial losses that may arise.

The Board have prepared forecasts of income and expenditure and cash flow for the next three years and subjected these forecasts to sensitivity analysis which shows that they have sufficient reserves to be able to continue for the foreseeable future if grant making activity is reduced. They will continue to monitor the impact on income and reduce grant making as necessary to maintain a sufficient level of cash reserves.

The Trustees have concluded that the charity remains a going concern whilst such viable options are available to it and therefore continue to adopt the going concern basis of preparation for these financial statements.

<b>2 Net (expenditure)/income is stated after charging</b>	<b>2021</b>	<b>2020</b>
	£	£
Independent Examiner's Fees	1,200	1,236
Rentals under operating leases	-	3,000

**3 Transactions with trustees and other related parties.**

There were no remuneration or other benefits paid to the trustees in either year.

Stringer Mallard (owned by Andrew Stringer and trustee of OAM until 24 May 2021) was paid a total of £2,332 for bookkeeping services. (2019/20: £816)

There were no other related party transactions in either year.

**4 Donations and legacies**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Gift aid	21,904	-	21,904	30,476
Individual donations	8,512	-	8,512	15,227
Regular individual donations	65,087	-	65,087	59,637
Churches	3,591	-	3,591	4,175
Companies	74,619	-	74,619	116,558
Schools	24,802	-	24,802	47,437
Trusts	71,265	-	71,265	68,100
Legacies	5,000	-	5,000	-
	<b>274,780</b>	<b>-</b>	<b>274,780</b>	<b>341,610</b>

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**5 Other trading activities**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Fundraising	55,921	-	55,921	115,432
Shop income from sale of donated and bought in goods	3,078	-	3,078	3,044
	<b>58,999</b>	<b>-</b>	<b>58,999</b>	<b>118,476</b>

**6 Investment income**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Interest & dividends received	4,587	-	4,587	58

**7 Expenditure on raising funds**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Commissions payable	2,084	-	2,084	2,879
Cost of fundraising activities	1,671	-	1,671	4,284
Purchases of goods for sale	216	-	216	3,180
	<b>3,971</b>	<b>-</b>	<b>3,971</b>	<b>10,343</b>

**8 Charitable activities**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
<i>Direct staff costs</i>				
Admin staff salaries and Ers' NI	54,462	-	54,462	49,041
Pension Costs	847	-	847	657
	<b>55,309</b>	<b>-</b>	<b>55,309</b>	<b>49,698</b>
<i>Indirect employee costs</i>				
Travel and subsistence	-	-	-	415
<i>Premises costs</i>				
Rent payable	3,331	-	3,331	6,383
Rates, water and service charges	54	-	54	164
	<b>3,385</b>	<b>-</b>	<b>3,385</b>	<b>6,547</b>
<i>General admin expenses</i>				
Telephone and fax	417	-	417	493
Postage	2,752	-	2,752	305
Stationery and printing	4,061	-	4,061	7,804
Subscriptions	35	-	35	-
Software	4,751	-	4,751	5,626
Insurance	1,252	-	1,252	1,159
Advertising and PR	175	-	175	663
Bank charges	154	-	154	244
Consultancy fees	1,478	-	1,478	8,537
Accountancy Fees	4,841	-	4,841	2,016
	<b>19,916</b>	<b>-</b>	<b>19,916</b>	<b>26,847</b>
Total support costs	<b>78,610</b>	<b>-</b>	<b>78,610</b>	<b>83,507</b>
Grants paid (note 9)	477,648	-	477,648	536,252
Total charitable activities	<b>556,258</b>	<b>-</b>	<b>556,258</b>	<b>619,759</b>

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**9 Grants paid**

	Unrestricted 2021 £	Restricted 2021 £	Total 2021 £	Total 2020 £
<i>Grants to institutions</i>				
Malawi Monthly Grants	347,043	-	347,043	423,163
Malawi Extraordinary Grants	92,875	-	92,875	63,727
Sponsorship in Malawi	37,430	-	37,430	46,687
Property Rental in Malawi	300	-	300	2,675
	<u>477,648</u>	-	<u>477,648</u>	536,252

**10 Staff costs and key management personnel remuneration**

	2021 £	2020 £
Salaries	54,462	49,041
Employer's NI	-	-
Employer's pension	847	657
	<u>55,309</u>	<u>49,698</u>

**Numbers of full time employees or full time equivalents**

	2021	2020
Engaged on charitable activities	4	4

There were no employees with emoluments in excess of £60,000 per annum in either year

**11 Investments**

	2021 £	2020 £
<i>Unlisted investments</i>		
At beginning of year	440,499	561,295
Additions	4,574	-
Disposals	(457,296)	(155,000)
Revaluations	12,223	34,204
At end of year	<u>-</u>	<u>440,499</u>

**12 Debtors**

	2021 £	2020 £
Prepaid expenses	8,000	300
Amounts due to associated undertakings	412	-
Accrued income	3,459	5,118
	<u>11,871</u>	<u>5,418</u>

**13 Creditors: amounts falling due within one year**

	2021 £	2020 £
Amounts due to associated or subsidiary undertakings	-	1,242
Accrued Expenses	1,200	1,200
PAYE & NI	1,362	464
Gift aid accrual	130	145
	<u>2,692</u>	<u>3,051</u>

**14 Statement of charity funds**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
At beginning of year	491,584	-	491,584	627,338
Income	338,366	-	338,366	460,144
Expenditure	(560,229)	-	(560,229)	(630,102)
Revaluation Gains	12,223	-	12,223	34,204
At end of year	<u>281,944</u>	-	<u>281,944</u>	491,584

At 30 June 2020 total funds of £491,584 were all unrestricted.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**15 Net assets between funds**

	Unrestricted funds 2021	Restricted funds 2021	Total 2021
	£	£	£
Fixed asset investments	-	-	-
Current Assets	284,224	-	284,224
Current Liabilities	(2,280)	-	(2,280)
	<u>281,944</u>	<u>-</u>	<u>281,944</u>

**16 Prior year net assets between funds**

	Unrestricted funds 2020	Restricted funds 2020	Total 2020
	£	£	£
Fixed asset investments	440,499	-	440,499
Current Assets	54,136	-	54,136
Current Liabilities	(3,051)	-	(3,051)
	<u>491,584</u>	<u>-</u>	<u>491,584</u>

**17 Operating lease commitments**

At 30 June 2021 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	Total 2021	Total 2020
	£	£
<i>Amounts payable:</i>		
Within 1 year	-	3,000
Between 1 and 5 years	-	-
After more than 5 years	-	-
	<u>-</u>	<u>3,000</u>

**18 Prior Year Statement of Financial Activities**

	Unrestricted funds 2020	Restricted funds 2020	Total 2020
	£	£	£
Income from:			
Donations and legacies	341,610	-	341,610
Other trading activities	118,476	-	118,476
Investments	58	-	58
Total Income	<u>460,144</u>	<u>-</u>	<u>460,144</u>
Expenditure on:			
Raising funds	10,343	-	10,343
Charitable activities	619,759	-	619,759
Total Expenditure	<u>630,102</u>	<u>-</u>	<u>630,102</u>
Net Gains on investments	34,204	-	34,204
Net (expenditure) before transfers between funds	<u>(135,754)</u>	<u>-</u>	<u>(135,754)</u>
Transfers between funds			
Net movement in funds	<u>(135,754)</u>	<u>-</u>	<u>(135,754)</u>

Registered CIO Number  
1171686

Open Arms Malawi  
Annual Reports and Financial Statements  
30 June 2021

**Open Arms Malawi**  
**Annual Report and Financial Statements**  
**Contents**

	<b>Page</b>
Trustees' report	<b>1</b>
Independent examiner's report	<b>6</b>
Statement of financial activities	<b>7</b>
Balance sheet	<b>8</b>
Notes to the financial statements	<b>9</b>

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2021**

The trustees present their annual report together with the financial statements of Open Arms Malawi (the charity) for the year ended 30 June 2021. The trustees confirm that the annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the 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) (published in October 2019).

**Reference and administrative details**

The legal registration details are :-

Date of formation: 1st July 2017  
The principal office: Community House, 46 - 50 East Parade, Harrogate, HG1 5RR  
Charity registration number: 1171686

In 2017 Open Arms Malawi changed its charitable status from a trust to a charitable incorporated organisation. The Charity's objects were updated but remain broadly the same as previously.

**The members of the Board of Trustees of the Charity during the year:**

Charles Richard Hartley	Gavin Park
Andrew Stringer (resigned on 24 May 2021)	Jane Hartley
Stephen Hemmings (resigned on 30 September 2020)	Andrea Ainley
Angus Martin	Janette Peak
Stephen Walker	

The trustees are all members of the Charity.

**Independent Examiner**

Nicola Adams ACA DChA  
BHP LLP  
57 - 59 Saltergate  
Chesterfield  
Derbyshire  
S40 1UL

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2021**

**Objectives and Activities of the Charity**

**Activities**

In Malawi, one child in nine is orphaned. 835,000 Malawian families are caring for an orphaned child. Over half of toddlers are stunted by malnutrition and one child in sixteen doesn't make their 5th birthday.

The Charity raises funds, predominantly in the UK, and all the Charity's grants are directed to Open Arms Infant Homes (OAIH), an independent Malawi based charity which provides vital accommodation, food and medical care to orphaned and abandoned babies in Malawi until they are fit and healthy enough to return to their families. OAIH then supports children and families in their villages until the child is fully settled. In the community OAIH provides outreach support, sponsorship, nutrition and pre-school education to vulnerable children in their villages.

OAIH is an independent Malawi based trust. A separate team of 5 Trustees based in Malawi manages this trust and OAM remains in active dialogue with both the trust and its management.

**A summary of the objects of the Charity as set out in its governing document.**

The trustees shall apply the income, and at their discretion apply the whole or any part of the capital, of the trust fund for the relief of children in need in Malawi suffering from hardship and distress by reason of their social and economic circumstances as follows:

1. By the provision of accommodation for orphan and neglected children including the provision of such essential factors as love, care, food and clothing;
2. By providing hospice accommodation for orphan and neglected children suffering from terminal illness covering medical and nursing care and funeral expenses;
3. By the provision of such basic educational, social, moral and spiritual training as will enable them to live and face the challenges of life.

**Public benefit that is provided by the Charity**

During the year the Charity undertook fundraising activities to facilitate the provision of care to Malawi's vulnerable children, supporting them within families and communities so they can thrive. The trustees have referred to the Charity Commission's guidance on public benefit during the board meetings held and throughout the activities in which the Charity participates.

**Achievements and Performance**

Our charitable grants were all directed to the independent Malawi based trust: OAIH. OAIH employs circa 75 people in Malawi who are engaged in delivering the various charitable activities as described below. James Wandawanda took over as chair of OAIH in January 2021.

During the year OAIH's core activities included:

**Infant care**

- OAIH operates infant homes in Blantyre and Mangochi for 60 children aged 0-2 years
- 24 babies were referred to the infant homes and 24 children reintegrated to their families/community.
- 6 children were fostered/adopted in the period. The majority of admissions were of babies under one month old and the children reintegrated were circa 2 years old. This year the homes have seen a rise in number of abandoned babies, which is an indirect outcome of the impact of Covid 19 in Malawi.
- OAIH works closely with the Malawian Department for Social Welfare and other agencies in managing the care of these children.
- Demonstrating the continued need for our activities, sadly 2 children died in the year. Both had underlying health problems, but these remain very sad occasions for all involved in each child's life.

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2021**

**Family homes**

- OAIH operates 5 Family Homes that cater for 25 children and 8 OAIH staff children. The oldest child/young person under OAIH's care is now 21 years old and has been supported by OAIH all his life.
- After the closure of Harrogate House, (the purpose-built toddler home), last year, OAIH was able to settle all children who were discharged from the infant home with members of their extended family or with foster families. There have been no referrals into long term care. Harrogate House is now a staff dormitory for the night shift staff providing a safe and secure rest area away from the infant home.
- 26 children from the OAIH Family Homes are in a mix of private and state-funded education across 11 educational establishments. 6 older children (16-19) have taken vocational training courses and one young adult is being supported with learning at home.
- 2 older children have permanently moved back to their extended families from the Open Arms family houses and OAIH is closely supporting their transition into independence through outreach visits.

**Community nursery schools**

- OAIH operates 9 Community nursery schools which provide a much-needed daily meal and basic nursery education for children from 4-6. These schools provide local access to education and increase the chances of children completing primary school.
- Nursery attendance averaged 460 children through the year.

**Community outreach support**

- Finally, OAIH operates a multi-faceted outreach programme which is designed to help OAIH children reintegrate into the community. The program provides both physical and financial help. 322 children had their wellbeing monitored and received support with food, clothing, parenting, educational and medical advice.
- 69 reintegrated children who were identified as needing additional support, were given a monthly sponsorship and additional food in the year.

In addition to these core programmes, OAIH has continued to respond to the Covid-19 pandemic which reached Malawi in April 2020. Both Infant Homes (Blantyre & Mangochi) and the 5 Blantyre based Family Houses, locked down from 6 April 2020 and continued in lockdown until October 2020. Non- residential staff became residential and were subject to movement restrictions to effectively quarantine all seven sites. To date OAIH has been successful in preventing the spread of Covid-19 into any of its sites.

Covid 19 has escalated the development and implementation of OAIH's medium term operational strategy to bring spending in line with funds available and protect the long-term sustainability of the organisation. These changes include:

- Reducing the capacity of the Mangochi Infant Home
- Staff restructure across the operation
- Increasing the efficiency and support for community outreach programmes
- Supporting the transition to independent living for those children in its care.

**Financial Review**

Net income, (after costs of raising funds), was down on the previous year at £334,395, (2019/20: £449,801). The pandemic has continued to affect fundraising activity negatively through 2020/21 and it is expected that fundraising will not return to historic levels for at least another 3 years.

Total expenditure on charitable activities, (which includes grants made to OAIH), was £556,258, (2019/20: £619,759), principally reflecting lower total grants to OAIH of £477,648, (2019/20: £536,252).

The regular monthly grants, including sponsorship and property rental grants, to OAIH were reduced from £472,525, (2019/20) to £384,773, (2020/21) as higher grants were no longer sustainable given the reduced income being achieved by the Charity. The Charity worked with the trustees of OAIH to manage this reduction and to ensure that the children in the care of OAIH were not put at risk or disadvantaged.

In 2020/21 extraordinary grants to Malawi increased to £92,875, (2019/20: £63,727). The extraordinary grants were utilised by OAIH to fund one off increases in operational costs due Covid-19, and to fund restructuring costs as OAIH reduced its cost base so that it could operate within the reduced regular monthly grants from the Charity.

Support costs within the UK fundraising organisation reduced from £83,507, (2019/20), to £78,610, (2020/21) reflecting the ongoing drive by the Charity to keep costs as low as possible to maximise the money available for funding grants to OAIH.

**Open Arms Malawi  
Trustees' report  
For the year ended 30 June 2021**

**Reserves Policy**

A contribution from reserves of £209,640, (2019/20: £135,754) was needed to fund annual activity.

Free reserves at 30 June 2021 were £281,944, (2019/20: £491,584), which will be used to fund future charitable activities and ensure the survival of OAIH during the current fundraising crisis caused by the Covid pandemic.

The trustees remain concerned at the continued depletion of reserves to fund core activity at OAIH. However, following a review of all activity by the Charity and OAIH, the monthly grants to OAIH have been significantly reduced. In addition, OAIH is continuing to review its ongoing operations and is implementing a plan to deliver additional cost savings.

In the current year we expect that there will be a further, but significantly smaller, depletion in the Charity's reserves. Thereafter the position is forecast to stabilise and the grants to OAIH will be matched to annual fundraising.

**Grant Making Policy**

All the Charity's grants were made to OAIH. The bulk of funds distributed to OAIH are in response to their annual plan and fund the ongoing normal operating costs. Additionally, requests are made through the year for funds that are more capital in nature. The trustees considers each additional grant request outside of the annual plan.

**Investment Policy**

Investment funds have previously been managed by Standard Life Investments in two separate funds each having either a low or medium risk profile. During 2020/21 the funds held with Standard Life were reduced from £440,499 (2019/20) to £nil (2020/21) as funds were moved into a cash account.

The monies realised from the liquidation of the Standard Life funds were deposited in the Charity's bank accounts and, in part, have been used to fund the grants to OAIH. The balance of the realised funds continues to be held on deposit and as at 30 June 2021 the cash on deposit was £272,765, (2019/20: £48,718)

An investment gain of £12,223 was recognised in the year. (2019/20: £34,204)

**Nature of the Governing Document and constitution of the charity**

The charity is a registered charity, number 1171686, and constituted under a CIO Foundation registered on 20 February 2017.

**The methods adopted for the recruitment and appointment of new trustees**

All trustees, of which there must be at least three at any time, must be appointed by special resolution at a special meeting. In selecting persons to be appointed as trustees, the trustees consider the skills required by the Charity and the skills, experience and qualifications of the candidates.

**Open Arms Malawi**  
**Trustees' report**  
**For the year ended 30 June 2021**

**Organisational structure and decision making**

The Charity is managed by an active team of trustees who bring a breadth of UK and International corporate, educational, public sector and support services experience to the Charity. The trustees met formally 5 times during the year. A 4 strong part-time fundraising team, (equal to 2 full time equivalents), managed day-to-day activity from offices in Harrogate.

**Risk management**

Several areas of risk to the ability of the Charity to undertake its activities consistently have previously been identified.

The Charity continues to be impacted by the following:

- A reduction in fundraising income because of the Covid-19 pandemic.
- Informal pegging of the Malawian Kwacha to the US\$ combined with significant continued inflation in Malawi has resulted in increased demand for funds to simply maintain operations.
- Sterling currency weakness in the period.

The trustees continue to keep these matters under review at each trustee meeting and as described above, have taken action to ensure that over the next one to two years the Charity's expenditure matches its income such that an appropriate level of reserves is maintained.

**Going Concern**

The 2020 Covid-19 global pandemic presented an unprecedented challenge to the Charity and to OAIH. Fundraising activity and income generation were significantly reduced in 2020 and have not recovered. The trustees hope that the position will improve but for the time being we are assuming that there will be no recovery and we are planning accordingly.

Already the grants to OAIH have been significantly reduced and we are continuing to carefully manage our costs. The ongoing review and changes to the operations in OAIH will further reduce the level of regular funding that OAIH requires.

Due to the actions that have already been taken and the planned future changes, we are forecasting that, whilst the Charity's reserves will be further reduced in 2021/22, thereafter the reserves will begin to stabilise, and we will reach an equilibrium where fundraising income will match the grants needed by OAIH.

Whilst this process is underway the trustees will ensure that the Charity's reserves are maintained at the minimum level to meet its liabilities

For this reason, the accounts have been prepared on a going concern basis. Further details can be found in accounting policies.

**Future plans**

We will continue to actively engage with OAIH to deliver forward plans that the Charity will be able to fund for the long term. A joint OAM/OAIH group has been established which meets regularly to assess progress and discuss concerns.

We are continuing to carefully manage cash flow and balance this against the demand for funding.

**This report was approved by the board on: Mar 1, 2022**

*Angus M Martin*

Angus M Martin (Mar 1, 2022 12:37 GMT)

**Angus Matthew Martin**  
**Trustee**

**Open Arms Malawi**  
**Independent Examiner's Report to the trustees of Open Arms Malawi**

I report to the charity trustees on my examination of the accounts of the charity for the year ended 30 June 2021 which are set out on pages 7 to 13.

Your attention is drawn to the fact that the charity has prepared the accounts (financial statements) in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has since been withdrawn.

We understand that this has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

**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.

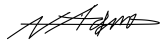
**Independent examiner's statement**

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 Association of Chartered Accountants, 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.



Nicola Adams ACA DChA  
BHP LLP  
57 - 59 Saltergate  
Chesterfield  
Derbyshire  
S40 1UL

Date: Mar 1, 2022

Open Arms Malawi  
**Statement of Financial Activities**  
For the year ended 30 June 2021

	Notes	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
<b>Income from:</b>					
Donations and legacies	4	274,780	-	274,780	341,610
Other trading activities	5	58,999	-	58,999	118,476
Investments	6	4,587	-	4,587	58
<b>Total income</b>		<b>338,366</b>	<b>-</b>	<b>338,366</b>	<b>460,144</b>
<b>Expenditure on:</b>					
Raising funds	7	3,971	-	3,971	10,343
Charitable activities	8	556,258	-	556,258	619,759
<b>Total expenditure</b>		<b>560,229</b>	<b>-</b>	<b>560,229</b>	<b>630,102</b>
Net gains / (losses) on investments		12,223	-	12,223	34,204
<b>Net expenditure before transfers between funds</b>		<b>(209,640)</b>	<b>-</b>	<b>(209,640)</b>	<b>(135,754)</b>
<b>Gross transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(209,640)</b>	<b>-</b>	<b>(209,640)</b>	<b>(135,754)</b>
<b>Reconciliation of funds:</b>	14				
<b>Total funds brought forward</b>		<b>491,584</b>	<b>-</b>	<b>491,584</b>	<b>627,338</b>
<b>Total funds carried forward</b>		<b>281,944</b>	<b>-</b>	<b>281,944</b>	<b>491,584</b>

All activities derive from continuing operations

**Open Arms Malawi  
Balance Sheet  
As at 30 June 2021**

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Investments	11	—	<u>440,499</u>
		-	440,499
<b>Current assets</b>			
Debtors	12	11,871	5,418
Cash at bank and in hand		<u>272,765</u>	<u>48,718</u>
		<u>284,636</u>	<u>54,136</u>
<b>Creditors:- amounts due within one year</b>	13	<b>(2,692)</b>	(3,051)
<b>Net current assets</b>		<u>281,944</u>	<u>51,085</u>
<b>Total assets less current liabilities</b>		<u>281,944</u>	<u>491,584</u>
<b>Net assets</b>		<u>281,944</u>	<u>491,584</u>
<b>Charity Funds</b>			
<b>Unrestricted income funds</b>			
Unrestricted revenue accumulated funds		281,944	478,088
<b>Unrestricted capital funds</b>			
Unrestricted revaluation reserve		<u>-</u>	<u>13,496</u>
<b>Total unrestricted funds</b>		<u>281,944</u>	<u>491,584</u>
<b>Total charity funds</b>		<u>281,944</u>	<u>491,584</u>

Approved by the board of trustees on Mar 1, 2022

*Angus M Martin*  
Angus M Martin (Mar 1, 2022 12:37 GMT)

**Angus Matthew Martin  
Trustee**

The notes on pages 9 to 13 form part of these financial statements

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**1 Accounting policies**

Open Arms Malawi is a Charitable Incorporated Organisation, number 1171686. The registered office is Community House, 46-50 East Parade, Harrogate, HG1 5RR.

**Basis of preparation of the accounts**

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following 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) issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Open Arms Malawi constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in £ sterling which is the functional currency of the charity and rounded to the nearest pound.

**Funds accounting**

The charity maintains a general unrestricted fund which represents funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity. Such funds may be held in order to finance both working capital and capital investment.

Currently the charity only has unrestricted funds.

**Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

**Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds; and
- Expenditure on charitable activities.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

**Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment.

**Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**Financial instruments**

The charity only has 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**Taxation**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

**Employee Benefits**

When employees have rendered services to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Charity operates a defined contribution plan for all its employees. Contributions are expenses as they become payable.

**Critical Accounting Estimates and Areas of Judgement**

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Going Concern**

The Trustees have considered the impact of COVID-19 on the charity's income generation, grant making abilities and workforce. The Trustees are confident that they have in place plans to deal with any financial losses that may arise.

The Board have prepared forecasts of income and expenditure and cash flow for the next three years and subjected these forecasts to sensitivity analysis which shows that they have sufficient reserves to be able to continue for the foreseeable future if grant making activity is reduced. They will continue to monitor the impact on income and reduce grant making as necessary to maintain a sufficient level of cash reserves.

The Trustees have concluded that the charity remains a going concern whilst such viable options are available to it and therefore continue to adopt the going concern basis of preparation for these financial statements.

<b>2 Net (expenditure)/income is stated after charging</b>	<b>2021</b>	<b>2020</b>
	£	£
Independent Examiner's Fees	1,200	1,236
Rentals under operating leases	-	3,000

**3 Transactions with trustees and other related parties.**

There were no remuneration or other benefits paid to the trustees in either year.

Stringer Mallard (owned by Andrew Stringer and trustee of OAM until 24 May 2021) was paid a total of £2,332 for bookkeeping services. (2019/20: £816)

There were no other related party transactions in either year.

**4 Donations and legacies**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Gift aid	21,904	-	21,904	30,476
Individual donations	8,512	-	8,512	15,227
Regular individual donations	65,087	-	65,087	59,637
Churches	3,591	-	3,591	4,175
Companies	74,619	-	74,619	116,558
Schools	24,802	-	24,802	47,437
Trusts	71,265	-	71,265	68,100
Legacies	5,000	-	5,000	-
	<b>274,780</b>	<b>-</b>	<b>274,780</b>	<b>341,610</b>

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**5 Other trading activities**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Fundraising	55,921	-	55,921	115,432
Shop income from sale of donated and bought in goods	3,078	-	3,078	3,044
	<b>58,999</b>	<b>-</b>	<b>58,999</b>	<b>118,476</b>

**6 Investment income**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Interest & dividends received	4,587	-	4,587	58

**7 Expenditure on raising funds**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Commissions payable	2,084	-	2,084	2,879
Cost of fundraising activities	1,671	-	1,671	4,284
Purchases of goods for sale	216	-	216	3,180
	<b>3,971</b>	<b>-</b>	<b>3,971</b>	<b>10,343</b>

**8 Charitable activities**

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
<i>Direct staff costs</i>				
Admin staff salaries and Ers' NI	54,462	-	54,462	49,041
Pension Costs	847	-	847	657
	<b>55,309</b>	<b>-</b>	<b>55,309</b>	<b>49,698</b>
<i>Indirect employee costs</i>				
Travel and subsistence	-	-	-	415
<i>Premises costs</i>				
Rent payable	3,331	-	3,331	6,383
Rates, water and service charges	54	-	54	164
	<b>3,385</b>	<b>-</b>	<b>3,385</b>	<b>6,547</b>
<i>General admin expenses</i>				
Telephone and fax	417	-	417	493
Postage	2,752	-	2,752	305
Stationery and printing	4,061	-	4,061	7,804
Subscriptions	35	-	35	-
Software	4,751	-	4,751	5,626
Insurance	1,252	-	1,252	1,159
Advertising and PR	175	-	175	663
Bank charges	154	-	154	244
Consultancy fees	1,478	-	1,478	8,537
Accountancy Fees	4,841	-	4,841	2,016
	<b>19,916</b>	<b>-</b>	<b>19,916</b>	<b>26,847</b>
Total support costs	<b>78,610</b>	<b>-</b>	<b>78,610</b>	<b>83,507</b>
Grants paid (note 9)	477,648	-	477,648	536,252
Total charitable activities	<b>556,258</b>	<b>-</b>	<b>556,258</b>	<b>619,759</b>

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**9 Grants paid**

	Unrestricted 2021 £	Restricted 2021 £	Total 2021 £	Total 2020 £
<i>Grants to institutions</i>				
Malawi Monthly Grants	347,043	-	347,043	423,163
Malawi Extraordinary Grants	92,875	-	92,875	63,727
Sponsorship in Malawi	37,430	-	37,430	46,687
Property Rental in Malawi	300	-	300	2,675
	<u>477,648</u>	<u>-</u>	<u>477,648</u>	<u>536,252</u>

**10 Staff costs and key management personnel remuneration**

	2021 £	2020 £
Salaries	54,462	49,041
Employer's NI	-	-
Employer's pension	847	657
	<u>55,309</u>	<u>49,698</u>

**Numbers of full time employees or full time equivalents**

	2021	2020
Engaged on charitable activities	4	4

There were no employees with emoluments in excess of £60,000 per annum in either year

**11 Investments**

	2021 £	2020 £
<i>Unlisted investments</i>		
At beginning of year	440,499	561,295
Additions	4,574	-
Disposals	(457,296)	(155,000)
Revaluations	12,223	34,204
At end of year	<u>-</u>	<u>440,499</u>

**12 Debtors**

	2021 £	2020 £
Prepaid expenses	8,000	300
Amounts due to associated undertakings	412	-
Accrued income	3,459	5,118
	<u>11,871</u>	<u>5,418</u>

**13 Creditors: amounts falling due within one year**

	2021 £	2020 £
Amounts due to associated or subsidiary undertakings	-	1,242
Accrued Expenses	1,200	1,200
PAYE & NI	1,362	464
Gift aid accrual	130	145
	<u>2,692</u>	<u>3,051</u>

**14 Statement of charity funds**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
At beginning of year	491,584	-	491,584	627,338
Income	338,366	-	338,366	460,144
Expenditure	(560,229)	-	(560,229)	(630,102)
Revaluation Gains	12,223	-	12,223	34,204
At end of year	<u>281,944</u>	<u>-</u>	<u>281,944</u>	<u>491,584</u>

At 30 June 2020 total funds of £491,584 were all unrestricted.

**Open Arms Malawi**  
**Notes to the financial statements**  
**For the year ended 30 June 2021**

**15 Net assets between funds**

	Unrestricted funds 2021	Restricted funds 2021	Total 2021
	£	£	£
Fixed asset investments	-	-	-
Current Assets	284,224	-	284,224
Current Liabilities	(2,280)	-	(2,280)
	<u>281,944</u>	<u>-</u>	<u>281,944</u>

**16 Prior year net assets between funds**

	Unrestricted funds 2020	Restricted funds 2020	Total 2020
	£	£	£
Fixed asset investments	440,499	-	440,499
Current Assets	54,136	-	54,136
Current Liabilities	(3,051)	-	(3,051)
	<u>491,584</u>	<u>-</u>	<u>491,584</u>

**17 Operating lease commitments**

At 30 June 2021 the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	Total 2021	Total 2020
	£	£
<i>Amounts payable:</i>		
Within 1 year	-	3,000
Between 1 and 5 years	-	-
After more than 5 years	-	-
	<u>-</u>	<u>3,000</u>

**18 Prior Year Statement of Financial Activities**

	Unrestricted funds 2020	Restricted funds 2020	Total 2020
	£	£	£
Income from:			
Donations and legacies	341,610	-	341,610
Other trading activities	118,476	-	118,476
Investments	58	-	58
Total Income	<u>460,144</u>	<u>-</u>	<u>460,144</u>
Expenditure on:			
Raising funds	10,343	-	10,343
Charitable activities	619,759	-	619,759
Total Expenditure	<u>630,102</u>	<u>-</u>	<u>630,102</u>
Net Gains on investments	34,204	-	34,204
Net (expenditure) before transfers between funds	<u>(135,754)</u>	<u>-</u>	<u>(135,754)</u>
Transfers between funds			
Net movement in funds	<u>(135,754)</u>	<u>-</u>	<u>(135,754)</u>

Open Arms Malawi

CIO number: 1171686

Address: Community House, 46-50 East Parade, Harrogate, HG1 5RR

Nicola Adams ACA DChA  
BHP, Chartered Accountants  
57-59 Saltergate  
Chesterfield  
S40 1UL

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your independent examination of the charity's financial statements for the year ended 30 June 2021. These enquiries have included inspection of supporting documentation where appropriate. All representations are made to the best of our knowledge and belief.

#### **General**

- 1 We acknowledge that the work performed by you is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK) and that you do not express an audit opinion.
- 2 We confirm that the charity was entitled to exemption under section 144 of the Charities Act 2011 the requirement to have its financial statements for the financial year ended 30 June 2021 audited.
- 3 We have fulfilled our responsibilities as trustees as set out in the terms of your engagement letter, under the Charities Act 2011 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
- 4 All the transactions undertaken by the charity have been properly reflected and recorded in the accounting records.
- 5 All the accounting records have been made available to you for the purpose of your independent examination. We have provided you with unrestricted access to all appropriate persons within the charity, and with all other records and related information requested, including minutes of all management and trustee meetings and correspondence with The Charity Commission.
- 6 The financial statements are free of material misstatements, including omissions.

#### **Assets and liabilities**

- 7 The charity has satisfactory title to all assets and there are no liens or encumbrances on the charity's assets, except for those that are disclosed in the notes to the financial statements.
- 8 All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

- 9 We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

#### **Accounting estimates**

- 10 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

#### **Legal claims**

- 11 We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for, and disclosed in, the financial statements.

#### **Laws and regulations**

- 12 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

#### **Related parties**

- 13 Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.

#### **Subsequent events**

- 14 All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

#### **Going concern**

- 15 We believe that the charity's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the charity's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the charity's ability to continue as a going concern need to be made in the financial statements.

#### **Grants and donations**

- 16 All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.

Yours faithfully

*Angus M Martin*

[Angus M Martin \(Mar 1, 2022 12:37 GMT\)](#)

Signed on behalf of the board of trustees

Date: Mar 1, 2022