

Registered CIO Number  
1171686

Open Arms Malawi  
Annual Reports and Financial Statements  
30 June 2021

**Open Arms Malawi**  
**Annual Report and Financial Statements**  
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**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**  
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**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**  
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**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 (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.

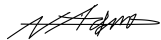
**Independent examiner's statement**

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>-</u>	<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:-</b>			
amounts due within one year	13	(2,692)	(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 (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>
	<b>£</b>	<b>£</b>
Independent Examiner's Fees	<b>1,200</b>	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**

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

**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)	<b>477,648</b>	<b>-</b>	<b>477,648</b>	<b>536,252</b>
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>

Registered CIO Number  
1171686

Open Arms Malawi  
Annual Reports and Financial Statements  
30 June 2021



**Open Arms Malawi**  
**Annual Report and Financial Statements**  
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**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 (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.

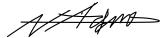
**Independent examiner's statement**

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>-</u>	<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:-</b>			
amounts due within one year	13	(2,692)	(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 (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>
	<b>£</b>	<b>£</b>
Independent Examiner's Fees	<b>1,200</b>	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**

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

**Open Arms Malawi**  
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**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)	<b>477,648</b>	<b>-</b>	<b>477,648</b>	<b>536,252</b>
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**  
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**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**  
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**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