

Annual Report

AND FINANCIAL STATEMENTS 2022/2023



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Highlights

2022/2023



116,142

CHILDREN AND
YOUTH SUPPORTED



471,054

LETTERS WRITTEN



£50.8m

TOTAL INCOME



86.5%

OF INCOME WAS USED
FOR CHARITABLE ACTIVITIES

A MESSAGE FROM **JUSTIN DOWDS** CEO COMPASSION UK & COMPASSION IRELAND



At Compassion UK, our strategy is rooted in prayer. Over the past year, we've actively sought to humble ourselves before God and discern His guidance. We've leaned prayerfully into the current opportunities and challenges we face as a ministry.

In the lead up to Financial Year 23, we set goals to return to pre-pandemic levels of growth, yet in reality, we've faced further unforeseen disruption and a cost-of-living crisis, and we've been unable to meet the ambitious targets we set.

Nevertheless, we've paused and given thanks for the faithful commitment of our supporters, UK churches and other partners. We don't take it for granted that during the past 12 months, we've held 213 church partnership launches and 557 church celebration events. We're so grateful we get to partner together.

We also participated in 101 live, in-person events, and as always, our servant-hearted volunteers were an essential part in making this, and so many other initiatives, happen. In total, an incredible 12,600 hours of volunteering time were given over Financial Year 23, with 763 children finding a sponsor thanks to our volunteer speaker team.

I look back and celebrate the generosity of supporters, which means our total donations before Gift Aid were £1,098,000 higher than last year. Thanks to our Food Crisis Appeal, and Gift Aid, we've been able to provide vital food crisis relief to our church partners, including £1,412,000 of short-term food parcels and longer-term sustainable support, such as agricultural supplies, livestock and training in good farming practices.

We've made great progress releasing innovation across the organisation, including piloting two projects that are especially close to my heart. For example, Compassion UK Gift Aid continues to be used to directly fund the child development programme at 24 Compassion projects, one of which I recently visited in Rwanda. It was highly encouraging to see impressive results after one year of the test and a privilege to meet 250 thriving and growing children thanks to the care of their local church. The other has been working in partnership with a major donor, funding an initiative in Uganda that has provided support to 12,700 refugees who have fled from South Sudan.

A further highlight was the release of our Different Path Impact Report, accompanied by a celebration event at the Houses of Parliament alongside MPs and Kofi Ahonon, the Togo National Director. We gave God the glory that the three-year Child Survival initiative, funded by Compassion UK supporters and UK aid, supported 2,339 mothers and babies, 95% of mothers exclusively breastfed for the first six months, compared to a Togolese national average of 64% and 97% were born in the presence of a trained medical professional, compared to a national average of 69%. This work has been made possible by the generous support of Compassion UK supporters and UK aid which matched public donations to the 'Different Path' Appeal, our colleagues in Togo and the hard-working front line church partners.

As we've spent time living out our core value of discernment, giving time to pray and listen to God, we've been looking to the future, reflecting afresh on our 2023 vision to support 200,000 children living in poverty by 2030. I acknowledge that given the volatile, uncertain, complex and

ambiguous environment we're operating in, this goal may seem unrealistic. Indeed, the 1,500 decline in child sponsorship numbers over Financial Year 23 was clearly not the path we were anticipating.

Yet, as we prayed, we did not get a sense that God was giving us permission to walk away from the desire to serve more children more quickly. And as we look at the reality our frontline church partners and national offices are facing, the need is greater than ever, with estimates indicating that by 2030, nearly 7% of the global population could still be living in extreme poverty.

When we created space, expecting God to speak, we felt prompted to move forward with confidence and faith, setting out in pursuit of what we believe He has called us to as a ministry.

Given the high inflation rate in many of the countries where we work, we made the prayerfully considered decision to undertake a sponsorship rate increase in September 2023 to enable us to continue providing excellent care to the children and young people we serve. We also decided to develop additional giving options and new ways for our supporters to come alongside our church partners as they release children from poverty, in Jesus' name.

Time and again, we've been reminded of the verse in Ephesians 3:21: "Now to him who is able to do immeasurably more than all we ask or imagine, according to his power that is at work within us."

I hope you will be encouraged as you read this report. Rejoice with me that we have a God who can do "immeasurably more" in the lives of the children, young people and families we serve. Thank you once again for partnering with us.

RELEASED FROM POVERTY **INTO LEADERSHIP**

"On several occasions, I asked myself, 'Does God care about me?' Because poverty was teaching me that God didn't care, that I wasn't important, that I was not valuable. And it was in the middle of that, that God used Compassion to show me His love and His care for me.

"When I was seven, I was shining shoes in the street; when I was 14, I was fixing and assembling computers; when I was 23, I was already an IT manager.

"We don't know how God is going to use the child you are sponsoring today, but we do know for sure we are changing one life; we are impacting a community; we are bringing glory to the Lord."

TONY BELTRAM,
Compassion International
National Director,
Dominican Republic

Objectives & ACTIVITIES

“

Every time I receive a letter from my sponsor, I go to the mountain where I have my animals, and I sit on the grass to read my letters. I read them many times to memorise everything my sponsor tells me,” Lizbeth says

SEVEN-YEAR-OLD
LIZBETH FROM ECUADOR
LOVES HER SPONSORS LETTERS

WHO WE ARE



CHRIST CENTRED

Jesus is at the centre of everything we do. Our programmes show God's love to children living in poverty. Whilst Christ's love motivates us, we rely on His grace and power to help all backgrounds, regardless of belief.



CHILD FOCUSED

We intentionally begin with children, the most vulnerable to the devastating effects of poverty. We support children in every area of their lives, tackling the root causes of poverty that hold them back.



CHURCH DRIVEN

We believe the Church is the hope of the world. We support programmes and people who partner with local churches because they know their communities inside out.

COMPASSION'S VALUES

Integrity, excellence, discernment, dignity, discernment



AT A GLOBAL LEVEL COMPASSION UK IS PART OF THE WIDER COMPASSION FAMILY

MADE UP OF

16

GLOBAL FUNDRAISING PARTNERS

WITH

8,664

FRONT-LINE CHURCHES

WE WORK IN

COUNTRIES

WHO ALTOGETHER SUPPORT

2,353,045

CHILDREN

OUR MISSION:

RELEASING CHILDREN FROM POVERTY IN JESUS' NAME

Our charitable purposes as defined by our articles of association

THE RELIEF OF POVERTY, SUFFERING OR DISTRESS AMONGST CHILDREN.

THE EDUCATION AND TRAINING OF CHILDREN.

TO ADVANCE THE CHRISTIAN FAITH IN ALL OR ANY PART OF THE WORLD.

THE DEVELOPMENT OF CHILDREN TO SOCIAL AND SPIRITUAL MATURITY.

PUBLIC BENEFIT

Our trustees review our activities each year to ensure we follow the Charity Commission's general guidance on public benefit and their specific guidance on the prevention or relief of poverty and the advancement of religion as defined by our articles of association.

HOW WE SERVE CHILDREN

OUR 3 KEY PROGRAMMES

“

Axel got very sick with dengue fever from the mosquitos. The (Compassion) project provided his medicines, which I could not afford. They were extremely expensive. I am thankful. God allowed me the blessing of a baby. I am so happy to have Axel. His name means 'God makes you forget'. Through this blessing, God will allow me to forget the past. My life has changed because of the Survival programme. They even take us on family trips and arrange outings. We get to have meetings and celebrations.”

SEYLA AND HER SON AXEL

CHILD SURVIVAL

We reach at-risk children even before they've been born. Through access to pre- and post-natal care, nutritional supplies, vaccinations and critical support and training for mums, we give children the opportunity to not only survive but thrive.

INTERVENTIONS

Compassion interventions equip us to take further action to help children and the communities in which they live. From the provision of safe drinking water to initiatives to tackle malnutrition and the distribution of emergency relief after a disaster, Compassion intervention save lives.

SPONSORSHIP

We believe that every child should be known, loved and protected and that they are precious and unique. Our Child Sponsorship Programme is tailored to meet the needs of each individual child. We want each one to have the opportunity to escape poverty and find hope for a better future. In addition to one-to-one sponsorship, we continue to pilot new support models, including whole-project funded sponsorship for South Sudanese refugees in Uganda and co-design communities.

STEWARDSHIP YOUR SPONSORSHIP DONATIONS

We're committed to integrity and transparency when using your £32 a month donation.

We use a minimum of 80% of your donation to benefit your sponsored child. If you donate £32 a month, at least £25.60 is granted to Compassion International to bring lasting change to the child you're supporting.

HERE'S HOW IT WORKS.

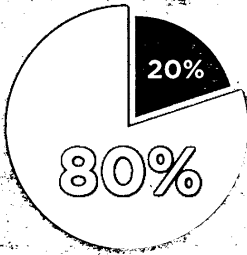
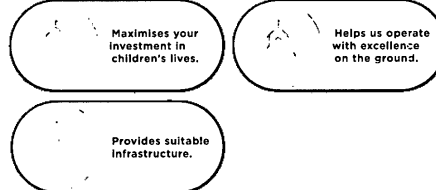
£25.60 enables us to give your sponsored child access to Compassion's highly effective child development programme. It empowers the child you support to overcome poverty holistically and sustainably.

AND THE REST?

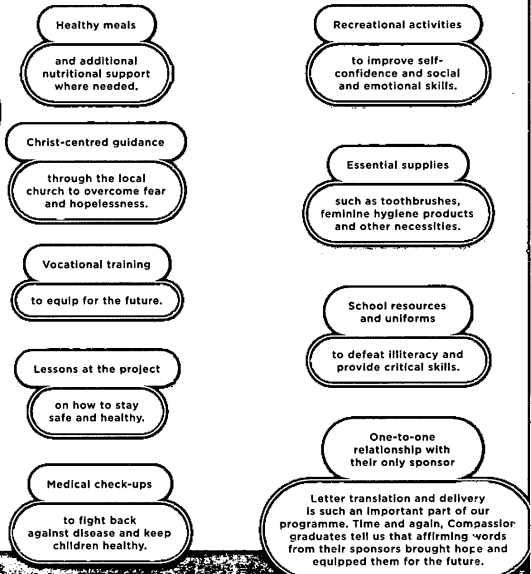
The remaining 20% of your donation is used just as strategically. While £25.60 of your monthly donation releases your individual sponsored child from poverty, the remaining £6.40 benefits other children and enables us to operate effectively with excellence.



Your donation...



At least 80% of your donation directly benefits children in Compassion's programme.



You equip the incredible team of staff and project volunteers who care for and mentor your sponsored child week in, week out. By contributing to local project staff salaries and volunteer expenses, you give your sponsored child someone to listen to and disciple them.

SCARLETT, AGED 6, ECUADOR

DISRUPTION TO COMPASSION'S ACTIVITIES

Compassion partners with local churches because we believe they are best placed to understand the needs of their communities. Our frontline church partners have established decades of trust, which enables them to cultivate supportive and empowering relationships with children and families.

This past year has seen the local church continue serving faithfully in the face of considerable challenge. Worsening economic pressures, conflict, natural disasters and climate change—as well as the continued disruption following the pandemic—have added additional hardship and forced our church partners into being adaptive and highly strategic in their response to immediate need while also cultivating longer-term solutions.

Many church partners have found it necessary to redeploy their funds to prioritise the urgent needs of children, families and communities. Rising inflation has meant that funds haven't gone as far as previously, so difficult and inventive choices have had to be made to identify priorities and tailor work for ever-changing contexts.

CONFLICT

ETHIOPIA

In November 2020, conflict broke out in the Tigray (northern) region of Ethiopia and spread to some of the surrounding regions. In November 2022, a formal peace agreement was brokered, including the reestablishment of humanitarian access to Tigray.

We're hugely encouraged by this development, but our church partners' efforts to restart programme activities have been met with challenges, as has our ability to communicate with them effectively and to supply funds. Our team in Ethiopia has worked hard to explore ways to get aid, where possible, to church partners and the children and families they serve.

It has been a great encouragement that as of the end of June 2023, outside the Tigray region, there has been greater stability, and projects have been able to reopen.

BURKINA FASO

Since the beginning of June 2022, unrest has caused instability in Burkina Faso, limiting our frontline church partners' ability to gather children together for regular activities. Due to increasing violence and instability, and an inability to communicate with or deliver aid to the affected regions, Compassion made the difficult decision to suspend operations in that portion of the country.

Designated funds have been held at Compassion International's headquarters and remain committed to the frontline churches and the children

in this region. They will be distributed at the earliest opportunity.

Since the start of the unrest, Compassion has facilitated emergency support and training to social workers, volunteers and pastors on supporting children and youth with emotional trauma. We have also equipped frontline church partners in the areas of child protection and access to relief services provided by the government and other organisations.

NATURAL DISASTER

HAITI

Haiti experienced major earthquakes in 2021 and 2022, affecting 46 of Compassion's church partners and more than 150,000 Compassion supported children. Our frontline church partners worked with many families in the aftermath to rebuild or repair homes during 2022.

Following these disasters, the country has experienced political turmoil, a devastating rise in gang violence and a severe food crisis. Some local church partners have had to adapt the way they support children to ensure they are not put in harm's way and to provide families with food packages and agriculture support.

AFTER THE IMPACT OF THE EARTHQUAKE IN HAITI, NINE YEAR OLD MIA RECEIVED PSYCHOLOGICAL SUPPORT OFFERED BY COMPASSION THAT HELPED HER FIND THE STRENGTH AND COURAGE TO FACE THE FUTURE.

FATUMA, FROM ETHIOPIA, SHARES HOW THE COMPASSION CENTRE MEET HER FAMILY'S NEEDS: "I'M COMFORTED, NOT JUST BECAUSE OF THE PROVISION OF FOOD BUT BECAUSE I KNOW I HAVE PEOPLE WHO CARE FOR ME".

COST-OF-LIVING CRISIS

SRI LANKA

Sri Lanka continues to face its worst economic crisis since its independence in 1948. Driven by multiple factors, exacerbated by the pandemic and the rising cost of living, almost a quarter of the 22 million population is struggling to find adequate, nutritious food.

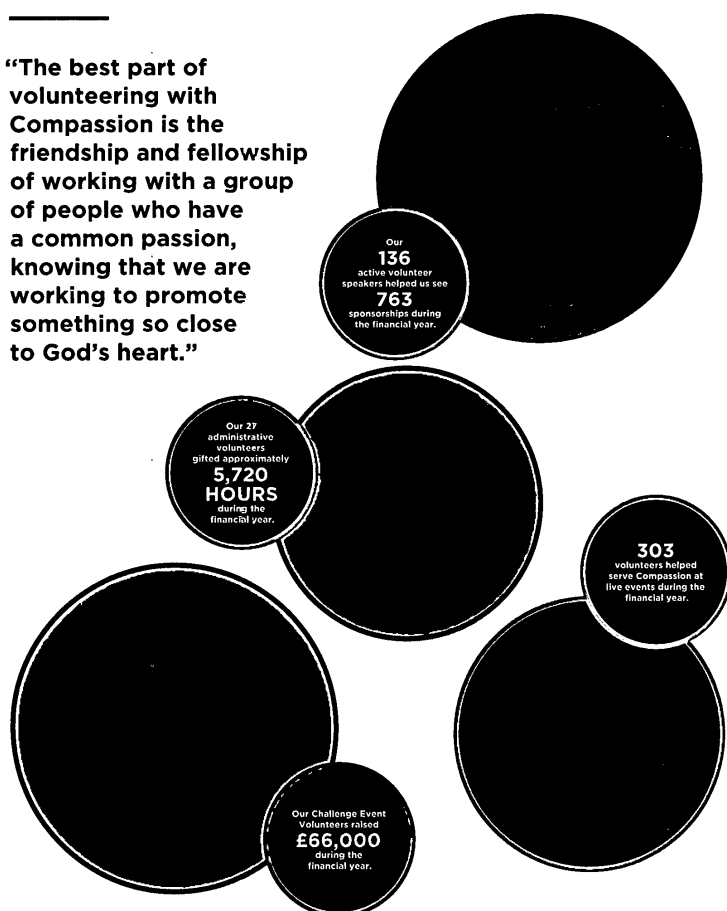
Compassion's Senior Manager of Partnerships in Sri Lanka, Ayanka, says, "Twenty-one per cent of the population is experiencing food shortages...we see parents eating only one or two meals a day. Breastfeeding mothers do not eat three meals, so the nutrition level of children and caregivers is lowering."

Just as our participant families, our staff and their dependents have experienced higher levels of anxiety and difficulty in acquiring essential goods and resources. Food, medicine and fuel have been difficult to obtain, and power cuts have become more severe, with periods of seven hours or more without power.

Encouraging children and young people to continue in their education, despite the considerable set-backs caused by the pandemic, has been hard. For those who feel unable to keep up at school, project staff find vocational training opportunities and come alongside the young people to help rebuild their confidence so they can once again start dreaming of brighter futures and not give up despite such challenging circumstances.

SPEAKING UP FOR CHILDREN

"The best part of volunteering with Compassion is the friendship and fellowship of working with a group of people who have a common passion, knowing that we are working to promote something so close to God's heart."



He took a little child whom he placed among them. Taking the child in his arms, he said to them, "Whoever welcomes one of these little children in my name welcomes me; and whoever welcomes me does not welcome me but the one who sent me."

Mark 9:36-37

Strategic REPORT

"For I know the plans I have for you,"
declares the Lord, "plans to prosper
you and not to harm you, plans
to give you hope and a future."

Jeremiah 29:11

THANKS TO THE COMPASSION-SUPPORTED EARLY
CHILDHOOD DEVELOPMENT CENTRE, GRACE CAN
LEARN, PLAY, EAT AND PRAY IN A VIBRANT AND
ENGAGING ENVIRONMENT RUN BY A LOCAL CHURCH.
THE CENTRE IS A SPRINGBOARD FOR HER DREAMS,
EMPOWERING HER TO BREAK FREE FROM POVERTY
AND BUILD A BRIGHTER FUTURE.

1 JULY 2022 - 30 JUNE 2030

STRATEGIC GOALS

Accelerate the rate of ministry growth to enable the support of more than 200,000 children in evidence-based holistic child development programming by 2030.

In a six-year span between FY16 and FY22, Compassion increased the number of children it supported from 106,207 to 120,241, an average of 2,339 per year. Despite the challenges experienced this year, and the difficult economic outlook, we have not felt led to give up on the long-term desire to serve more children more quickly.

In FY23, that number of children supported fell by 4,099.



IN PURSUIT OF OUR FY30 GOAL, WE AIMED TO ACHIEVE THE FOLLOWING IN FY23...

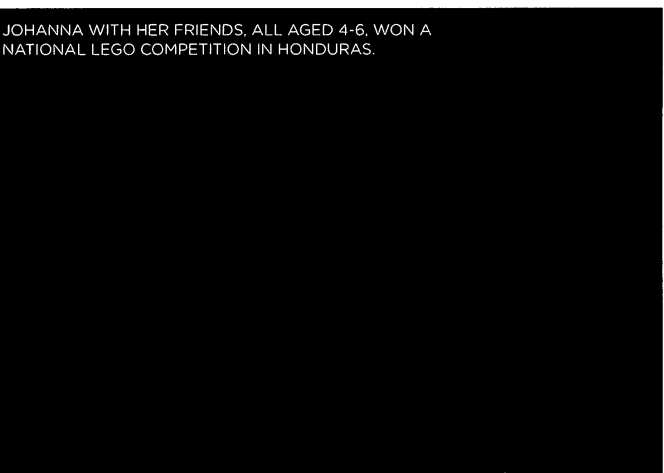
ACCELERATE OUR IMPACT BY SUPPORTING 123,700 CHILDREN

Our aim during FY23 was to increase the number of children supported in effective programming by 3,500, mostly through sponsorship growth.

The external environment proved to be much more challenging than anticipated at the time the goals were set, where we had assumed results would be similar to pre-pandemic levels. In reality, new sponsorships were much harder to find, particularly in the first few months

of FY23. As a result, the number of sponsored children reduced by 1,500.

In addition, the number of children waiting for a sponsor reduced by 211. We register and financially support children while they are waiting for sponsors. We overestimated the number of children that would be sponsored in early FY23 and consequently registered more children in our programmes than we were able to find sponsors for. The current figure now registered better reflects upcoming sponsorship demand.



JOHANNA WITH HER FRIENDS, ALL AGED 4-6, WON A NATIONAL LEGO COMPETITION IN HONDURAS.

EMPOWER OUR PEOPLE TO THRIVE

For several years Compassion UK's team have had incredible engagement scores. Nonetheless we wanted to continue to see staff engagement metrics increase. We value our staff and want to see them thrive and enjoy their work.

Engagement did decrease slightly in our end-of-year survey. Our plans to address the main themes can be found on page 12.



BUILD CAPABILITIES ENABLING FUTURE GROWTH

We wanted to build a strategy and insights capability and an innovation lab tasked with ideating and developing new ways to increase the number of children we serve in effective programming.

We successfully set these functions up, and during the year, the lab identified 23 new opportunities, of which 6 will be developed further during FY24.



KNOWING, LOVING AND CONNECTING SUPPORTERS

We wanted to increase the number of highly engaged supporters because they pray for their sponsored children more often, write more encouraging messages and are less likely to cancel their sponsorship.

We aimed for a 5% increase in the number of highly engaged sponsors. We achieved a 1.7% increase.

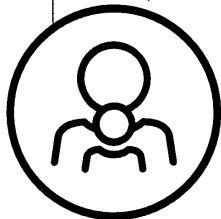


IN PURSUIT OF OUR FY30 GOAL, WE AIM TO ACHIEVE THE FOLLOWING IN FY24

FIND NEW ONE-TO-ONE SPONSORSHIPS FOR 9,105 CHILDREN

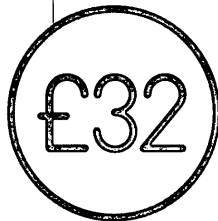
Our existing supporters remained very faithful throughout the UK cost-of-living crisis. This economic crisis did, however, slightly curtail our ability to find new sponsorships for children.

During FY24, we want to increase the number of children we find sponsorships for by 18.2%. In the latter portion of FY23, there was evidence that this was a realistic goal.



INCREASE THE SPONSORSHIP RATE TO £32 TO MAKE SURE OUR PROGRAMMES REMAIN EFFECTIVE AND ADEQUATELY FUNDED

To continue to effectively meet the needs of children in poverty, it is essential that we ensure that children in our sponsorship programmes are adequately supported financially. Due to factors such as inflation, climate change and food shortages, the cost of supporting children has increased. In FY24, we will be asking our supporters to increase their monthly financial contribution from £28 per month, to £32 per month of which at least 80% will be used to benefit children in poverty.



FOR AT LEAST 94.8% OF SPONSORS TO CONTINUE THEIR SPONSORSHIPS

We want sponsors to continue supporting children until they complete the sponsorship programme. This figure reflects both the challenging economic environment and our increased sponsorship rate, which might prompt some supporters to stop. We are trying to mitigate some of these cancellations by allowing other supporters to over-contribute to sponsorship and bear each other's burdens.



CREATE NEW WAYS FOR SUPPORTERS TO SUPPORT CHILDREN IN POVERTY

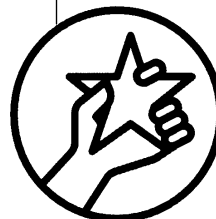
We believe in the transformative power of child sponsorship, but we know that it doesn't suit everyone who wants to release children from poverty in Jesus' name. We want to create and test several new ways for supporters to be able to participate in Compassion's mission during FY24 and have these available to supporters by FY25.



EMPOWER OUR PEOPLE TO THRIVE

We want to create talent-development pathways for team members at Compassion. This will help team members achieve their own goals while positioning Compassion for the needs of the future.

Our staff team also bear strain when vacancies arise. Knowing that the employment market has become more volatile, we aim to reduce our time to recruit replacement staff members so that positions are vacant for less time. This will include investing in our Employer Brand so that Compassion remains an attractive employer for prospective employees.



OPERATING WITH EXCELLENCE FOR THE FUTURE

To ensure that we are an efficient and effectively run organisation, we will invest in team-level innovation to improve the way that we operate and to continuously improve.

We will also invest in a review of all our supporter-focused IT platforms to ensure we have the right tools and technology for the next phase of growth.



CONTINUE TO SERVE AT LEAST

116,142

CHILDREN IN POVERTY IN EFFECTIVE PROGRAMMING
WHILE CREATING NEW WAYS TO GROW.

SOPHIA, BRAZIL

COMPASSION UK'S IMPACT THIS FINANCIAL YEAR

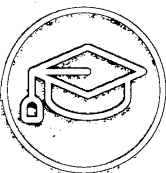
OUR SPONSORSHIP PROGRAMME

At the heart of our sponsorship programme is the belief that every child has the right to a safe and secure home, to be protected from harm and to have their basic needs met. Our sponsorship programme is designed to support vulnerable children and their families, providing them with the resources and support they need to thrive.



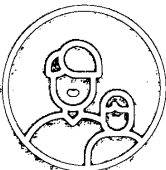
12,098
CHILDREN
WERE NEWLY
SPONSORED

7,655
YOUNG ADULTS
AND CHILDREN LEFT
THE PROGRAMME



94%
OF SPONSORS
CONTINUED THEIR
SPONSORSHIP

AT THE YEAR
END, THERE WERE
104,864
CHILDREN
AND YOUTH
REGISTERED
IN OUR
SPONSORSHIP
PROGRAMME,
A DECREASE
OF 1,600



PROJECT SPONSORSHIPS

With our project sponsorship programme, we support vulnerable children and their families, providing them with the resources and support they need to thrive.



5,660
CHILDREN
WERE BEING
SUPPORTED
IN THIS
PROGRAMME
THIS YEAR, A
DECREASE OF
100

We have also seen a decrease in the number of children who have been sponsored by our project sponsorship programme, with a decrease of 100 children.



MOTHERS AND
BABIES WERE
REGISTERED IN
CHILD SURVIVAL
INTERVENTIONS
BY THE YEAR END, A
DECREASE OF

We have also seen a decrease in the number of children who have been sponsored by our project sponsorship programme, with a decrease of 100 children.

AT THE YEAR END,
THERE WERE
3,567
CHILDREN BEING
LOOKED AFTER
WHILE WAITING
FOR A SPONSOR,
A DECREASE OF
2,100



REFUGEE SUPPORT

At the year end, there were **116,142** children and youth registered in our refugee support programme, a decrease of 1,600.

12,700 REFUGEES IN KENYA



471,054
ENCOURAGING
MESSAGES
OF SUPPORT
BETWEEN
CHILDREN
AND THEIR
SPONSORS

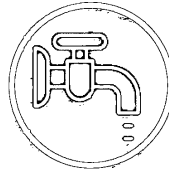
£643,000
SPENT SUPPORTING
FAMILIES WITH
AGRICULTURAL
SUPPLIES, ANIMALS
AND TRAINING IN
FARMING PRACTICES,
TO MITIGATE THE
ONGOING FOOD CRISIS



SET UP AN
AGROECOCLOGY
CENTRE IN YOGO
TEACHING CLIMATE
MITIGATION FARMING
PRACTICES TO
MORE THAN
3,500
PARTICIPANTS

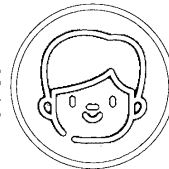


2 TOILET
BLOCKS AND **20**
TOILETS IN HOMES

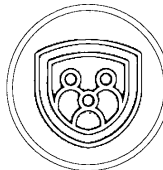
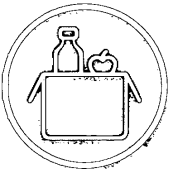


5 NEW SAFE
WATER SOURCES

7 COUNSELLING
ROOMS FOR
CHILDREN IN
SRI LANKA



£769,000
SPENT ON
SUPPORTING
FAMILIES AFFECTED
BY THE FOOD CRISIS
WITH IMMEDIATE
FOOD, MILK AND
VEGETABLES



COMMUNITY-BASED
CHILD PROTECTION IN
10 COMMUNITIES
IN YOGO



ENTREPRENEURSHIP
TRAINING FOR
200
YOUTH IN KENYA



Bangladesh	3,037
Bolivia	3,150
Brazil	2,883
Burkina Faso	4,315
Colombia	3,019
Dominican Republic	2,022
Ecuador	2,315
El Salvador	2,215
Ethiopia	2,052
Ghana	9,311
Guatemala	1,855
Haiti	5,876
Honduras	1,568
Indonesia	4,685
Kenya	2,355
Mexico	2,012
Nicaragua	2,115
Peru	2,311
Philippines	3,151
Rwanda	2,150
Sri Lanka	1,555
Tanzania	4,502
Thailand	2,022
Togo	3,750
Uganda	2,715

COMPASSION UK CHILDREN SUPPORTED:

116,142

IN 29 COUNTRIES WHERE WE WORK

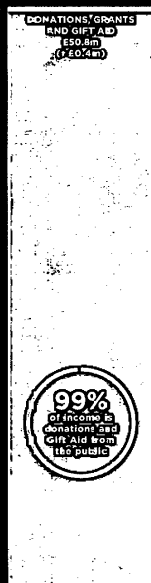
Compassion has started to partner with churches in Malawi, Myanmar, Cambodia and Zambia to reach the poorest and we're currently developing new church partnerships starting by supporting moms and babies through Child Survival Interventions.

FINANCIAL REVIEW

INCOME & EXPENDITURE

INCOME
£51.1m
(+ £0.6m)

OTHER INCOME
£0.4m
(+ £0.2m)



EXPENDITURE
£50.1m
(+ £0.2m)

SURPLUS GENERATED
£1.0m



86.5% donations were used for charitable activities

FRS102: Expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity, apportioned to charitable activities.

Grants made for the benefit of children to Compassion International including project costs and costs of running regional offices. Also included are costs of facilitating the relationship between child and sponsor such as child letter writing and relevant apportioned overheads.

80.1% of all donations were used to benefit children in poverty

£1m

A £1m legacy received right at the end of the year could not be used to benefit children before the year end and will be utilised in FY24. This has resulted in a £1m surplus. Had this been granted, 82% of donations would have been used to benefit children.

Fundraising costs have increased as a result of:
■ The ending of pandemic restrictions
■ Inflation
■ Investment in innovation and testing

FINANCIAL REVIEW

RESERVES

During the COVID-19 pandemic, opportunities to meet potential new supporters, in a cost-effective way, and introduce them to Compassion were limited. As a result, fundraising expenditure was reduced, which resulted in a lower number of sponsored children. This reduction in planned fundraising spending also resulted in the accumulation of excess general reserves.

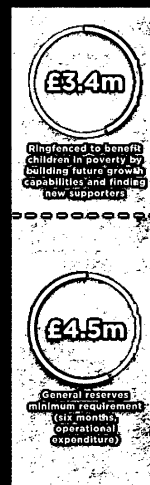
The trustees and senior leadership team are acutely aware there has been a sharp rise in poverty due to factors such as inflation, food shortages, climate change and the after-effects of COVID-19.

There is an urgent need to provide additional support to children and youth who are already in the sponsorship programme, while

at the same time, there is a need to find more supporters who will be able to offer the funding to provide for children who are not yet being reached.

At the end of the financial year, Compassion UK held £7.9m in general reserves, of which £4.0m were free reserves. The trustee's policy is to hold six months of operational expenditure (£4.5m) in reserve to protect the organisation in unforeseen circumstances. The remaining £3.4m of general reserves are excess reserves that will be utilised over three years to increase the number of children supported by Compassion through investing in innovation and finding new supporters.

GENERAL RESERVES
£7.9m
(+ £0.2m)



RESTRICTED RESERVES
£1.5m
(+ £0.9m)



£147m
Intervention donations increased by £147m

£0.6m
Most needed donations decreased by £0.6m

£0.4m
Sponsorship income decreased by £0.4m due to fewer sponsored children

PRINCIPAL RISKS AND UNCERTAINTIES

Compassion UK is a global partner of Compassion International, which has a separate risk management and global audit function focusing on Compassion's large-scale risk profile internationally. Compassion entities work together in the identification and co-assessment of Compassion's global risks. This includes the risks all the way from Compassion UK to the child and their project. The UK trustees bear the responsibility for ensuring that risks are managed and controlled appropriately.

Summary of major risks and Compassion's risk mitigation

MORE CHILDREN AND THEIR FAMILIES FALL INTO FOOD INSECURITY AND EXTREME POVERTY

Children and their families are now more likely to experience hunger and food insecurity because of the global food crisis, rising inflation, extreme weather, drought, the impact of the COVID-19 pandemic and conflicts in Ukraine and elsewhere. Our commitment to the children we serve remains the same, but their needs have grown.

Generosity of our supporters

We are grateful and blessed to have supporters who continue to be inspired, even in these difficult times, to give generously to prevent even more children being drawn into extreme poverty.

Food crisis appeal

In response to the global food crisis, we have an ongoing appeal to provide emergency food packages to families vulnerable to food insecurity and provide long-term food security through the distribution of seeds, fertiliser, livestock and training on building and maintaining home gardens and small-scale farms.

We have also invested in an agro-ecology training centre to teach climate adaptive

agriculture to increase household resiliency. It is hoped this model can then be expanded beyond Togo.

Compassion's frontline church partners
Compassion's local church partners are doing everything they can to support children and their families. This includes conducting routine health checks to identify and monitor malnutrition and hunger and then taking immediate and appropriate action.

We are also strengthening the capacity of local church partners to address the needs of children and youth in their programme so that they can reach the most vulnerable in cost-effective and sustainable ways.

IMPACT OF THE VOLATILITY IN THE ECONOMIC CLIMATE

Our supporters are affected by the greater cost-of-living expenses caused by the impact of economic uncertainties, rising global energy prices due to the war in Ukraine, rising inflation, slowing economic growth and recovery from the COVID-19 pandemic. This could lead to reduced charitable giving and donations, a decline in philanthropic giving and insufficient programmatic funds. This is likely to be compounded by rising costs of doing business, including salaries, and increased need for the children served by our programmes.

Child sponsorship rate change

We recognise the current period of inflation has affected our supporters differently. After prayerful consideration, plans are in progress to change our child sponsorship amount to £32 a month. All our generous supporters will have the choice to either opt out of the change of sponsorship rate or make a higher donation to support those who can't pay more.

Hedging

Careful planning means we can increase currency stability via hedging.

Diversifying revenue stream

We have developed a strategic focus on the diversification of our income, including investigating innovative initiatives to create innovative initiatives to increase additional revenue streams.

REDUCED PARTNERSHIP OPPORTUNITIES

The impact of the COVID-19 pandemic on events and church attendance disrupted opportunities for partnerships to promote the Compassion sponsorship programme.

Increasing our reach via investment in church partnerships, volunteers and event organisers

We have expanded our volunteer speaker network and continue to find ways to partner with churches and a wider range of event organisers both physically and digitally.

Increasing our digital marketing reach

We are using creative digital approaches for our marketing and fundraising initiatives to maximise opportunities to reach wider audiences.

ADVERSE NEGATIVE PUBLICITY

Any risk of potential reputational damage as a result of incidents or crises that may impact Compassion or our partners is carefully managed. Our response to and

resolution of any issues are overseen by our trustees.

Investment in media monitoring

We invest in media monitoring services to be aware of any emerging stories relating to Compassion, our partners or our area of ministry as soon as possible. In addition, we have clear and robust serious incident reporting and crisis communication processes in place, which includes collaboration with Compassion International and our UK-based PR agency, to manage any potential or emerging communications issues.

CYBERSECURITY THREATS

In an increasingly connected world, cybersecurity threats are becoming more sophisticated.

We continued to strengthen technical and organisation safeguards

Compassion UK has successfully maintained the National Cyber Security Centre's Cyber Essentials Plus Certification, demonstrating that sufficient measures are in place to guard against the most common cyber threats. We continue to implement security enhancements to proactively identify cyber risks and commit to conducting robust security reviews of suppliers who are engaged as data processors.

SAFEGUARDING INCIDENTS

Protecting people who come into contact with Compassion, particularly children, is the heart of what we do. Increasing global risks related to COVID-19, the food crisis, political instability and complex emergencies are causing vulnerabilities that are increasing rates of child marriages, child labour, trafficking and family separation in developing countries. For more on safeguarding, see page 19.

Child protection remains Compassion's key priority

Compassion continues to be vigilant in embedding protection and safeguarding efforts into all areas of the ministry. This includes implementing robust and rigorous procedures that encourage reporting. Compassion International has also made significant investment in delivery of global training and improving systems for global reporting and incident management.

FINANCIAL INCIDENTS

Our programmes operate in areas of poverty within countries where there may be political and/or social unrest and an increased risk of corruption and fraud.

Working with the right partners

We have a rigorous recruitment and selection process for choosing partners we work with. Our partnership agreements set out responsibilities and expectations, including alignments with Compassion global policies and financial control frameworks, reporting and audit systems.

Supervising and auditing

Our main national offices in each country supervise local churches, overseeing financial, operational and regulatory compliance. Suitable and qualified finance staff are employed to review expenditure in detail, which helps to ensure that money is being spent correctly, alongside an independent internal audit department that reviews both local churches and the national offices.

Training and awareness

Compassion's global audit team lead the development and delivery of fraud awareness training, improving fraud detection capabilities.

Financial incident management

There is a robust investigation process in the event of an actual or suspected financial incident. During the investigation, partnerships with churches may be suspended and funds withheld. A serious incident process is also in place for reporting to appropriate local law enforcement agencies and UK regulators. Based on the outcome of the investigation, a church partnership may be terminated, and the perpetrators dismissed from their role. Compassion will take reasonable steps to recover stolen or intentionally misused funds.

RECRUITMENT CHALLENGES

The challenging labour market has led to difficulty recruiting for some roles.

Annual pay reviews and remuneration benchmarking

We remain committed to attracting, recruiting and retaining the right calibre of highly skilled staff. We promote the distinct benefits of working for the Compassion ministry. Our trustees

conduct annual reviews of the pay policy and pay scales. Levels of remuneration are benchmarked regularly against labour market trends and other organisations in the charity sector.

ACTS OF GOVERNMENT AND REGULATORY BODIES

Stringent and complex legal restrictions imposed by governments on non-governmental organisations in programme countries where Compassion operates could lead to the closure or suspension of programme and/or operational activities.

Close monitoring of legal and regulatory developments

Compassion International regularly monitors and assesses legal restrictions that could constrain our operations in countries where we work/operate/serve and takes appropriate action to implement necessary changes relevant to programmatic activities. We are also exploring children and youth-led advocacy efforts.

Implementing temporary adaptations

We have the capability to make temporary adaptations to our programme delivery where required. This includes delivering a home-based programming model and direct cash transfers for caregivers of participants.

CONFLICT AND UNSTABLE POLITICAL ENVIRONMENTS

Compassion's full range of programming operations in some countries where our national offices are based were either closed or suspended because of conflict or unstable political environments.

Robust business continuity and disaster recovery planning

Compassion International monitors persistent and emerging issues in the national offices and has in place contingency measures for adapting activities, as far as possible, to meet the needs of the participants and ensure the safety and security of the workforce.

Structure, GOVERNANCE & MANAGEMENT

Now, she's stepping up to nurture the next generation in her community.

"I love being part of the project. It's priceless to see the children's faces when they receive a letter or gift. It's a blessing to be able to share those moments with them."

OUR VOLUNTEER TRUSTEES

The trustees are the directors of Compassion UK for the purposes of company law and the trustees of Compassion UK for the purposes of charity law. All trustees are also members.



Jon Teohay

Chair of the Board of Trustees until 01 November 2023 (retired as a trustee 10 November 2023). Jon is a qualified accountant, treasurer and member of the Institute of Directors with more than 30 years' experience in senior finance, systems and change management roles with global multinational companies in various industries.



Bartram Shaun Simola

Appointed Chair of the Board of Trustees 01 November 2023. Shaun is the Chief Operating Officer and on the board of one of the world's leading professional service firms in the areas of risk, strategy and people. He has a wealth of experience in multiple industries.



Delfin Posada

Safeguarding Trustee Lead. A former pastor, Delfin is an internationally experienced solicitor and founding member of his law firm.



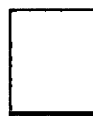
Professor Anna Maslin, PhD

Deputy Safeguarding Trustee Lead. Anna has been working globally focusing on health, human rights and international development for over 40 years, representing the UK at numerous international fora.



Tim Mallon

(Appointed as a trustee 10 November 2023). Tim has spent the last 20 years in investment banking specialising in emerging markets. Prior to this, he was involved in the insurance industry for 15 years. He is currently an advisor to a large financial services firm.



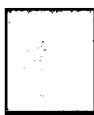
Fiona Sellers

Chair of the People and Culture Committee (appointed as a trustee 03 March 2023). Fiona has a wealth of experience from a career in HR. She has been the director of HR at HTB Group for over five years.



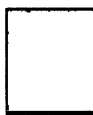
Matthew Walker

(Retired as a trustee 10 November 2023). Matthew is a qualified accountant and Chartered Member of the Institute of Housing. Passionate about improving quality of life for those he serves, he is Chief Executive of Leeds Federated Housing Association and Chair of PlaceShapers.



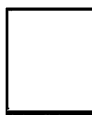
Nedy Hedson

Chair of the Finance and Audit Committee. Nedy is a chartered accountant who has had various roles working with the public sector, charities, churches and community projects with a particular focus on families and young people.



David Steingogger

(Appointed as a trustee 10 November 2023). A chartered accountant with 40 years' experience in financial services, as well as significant experience on the board of several charities and in church leadership.



Cathryn Clarke

(Retired as a trustee 28 October 2023). Cathy and her husband are involved in the global leadership of Hillsong Church, a thriving church in the heart of cities around the world.



Adesola Inukwu

(Appointed as a trustee 03 March 2023). Adesola is the co-founder of Bright Futures For African Children. She holds a Bachelor's degree in Dental Surgery from the University of Ibadan, Nigeria and a Masters in Conference and Events Management from the University of Westminster, London.



Dr. Richmond Wandera, PhD

Richmond is the senior pastor of New Life Baptist Church in Kampala, Uganda, the President and Founder of Pastors' Discipleship Network and a Compassion Graduate.

LEADERSHIP TEAM

Authority to conduct the day-to-day operations of the charity is delegated to the Chief Executive Officer, who is responsible for carrying out the strategies and policies set by the trustees. The trustees' responsibilities are set out on page 21.



Justin Dawds
Chief Executive
Officer



Amy Harris
Chief Operating
Officer and
Company Secretary



Mark Breston
Senior Director of
Partnerships



Nick Harris
Senior Director
of Marketing and
Engagement



Stephen Blaw
Finance Director

RICHMOND WANDERA, TRUSTEE

HOW CHILD SPONSORSHIP CHANGED MY LIFE

"As a child, poverty began to speak to me. I felt I was nothing, that I didn't matter - nobody cared to know my name."

A church nearby heard about his family's need and registered Richmond into their Compassion project. Richmond soon received news that he had been sponsored by Heather.

"I cannot find the words to describe the joy that filled our home when we got the news," Richmond explains with a smile.

**RICHMOND WANDERA,
UGANDA**

SAFEGUARDING

The protection of anyone who comes into contact with Compassion UK or our work is at the core of our ministry, and we are committed to doing all we can to keep children and adults safe, ensuring that they are known, loved and protected.

We have a zero-tolerance approach to safeguarding issues involving children, with robust systems in place, both in the UK and overseas, to prevent, identify and respond to harm. The Compassion UK safeguarding implementation strategy has been updated over the past year and is embedded within the three pillars: prevention, reporting and response.

PREVENTION

Everyone at Compassion UK is responsible for creating and maintaining an environment that neither tolerates nor condones the maltreatment of children or adults. Activities and efforts to promote safeguarding primarily focus on stringent preventative interventions that reduce risk factors. These include:

Governance and Leadership – our Board of Trustees and Executive Team take their safeguarding responsibilities very seriously, actively considering how to strengthen this area of

our work. During the last year, the Safeguarding Committee met to review policies and other related documents and consider progress and activities towards the safeguarding strategy implementation. Safeguarding remains an agenda item at Board meetings; regular Executive Team meetings and updates are provided to every trustee. Compassion UK and Compassion International are now using a new incident management system. Our safeguarding policy has also been updated.

Safer recruitment – safeguarding is embedded in the recruitment processes for staff, trustees and volunteers, including background and DBS checking and high standards of behaviour being set. Over the past year, we have updated and improved our Code of Conduct.

Training and development – all staff and trustees receive child protection training during their initial onboarding. Over the course of the year, all staff will receive team-specific training, which will include an audit of the work each team carries out to understand if any additional resources, training or processes are required to improve our safeguarding work. The full Board received safeguarding training in March 2023 and signed the updated Code of Conduct. Further training has been developed for volunteers and contractors in high-risk roles.

Communications and content – Compassion's Marketing and Communications Team has global standards aligning with our child protection policies. The

child's interest is always our primary concern, and all communications and marketing activities have the dignity and protection of child or youth participants at the core.

Field experience – in-person travel has started to resume, and existing protocols like background checking, Code of Conduct adherence and in-country training and supervision remain in place.

REPORTING

Everyone at Compassion UK is responsible for reporting any potential incident, abuse or concern they witness or are made aware of. This includes a responsibility to report any breach of Compassion's Code of Conduct. Compassion UK has an appropriate and accessible process for reporting safeguarding concerns that is available to all. Full training has been provided to all staff at Compassion UK on the reporting protocols and procedures.

Compassion UK has a 'Whistleblowing Policy and Procedure' intended to encourage and enable anyone to raise serious concerns without fear of victimisation, subsequent discrimination or disadvantage. Whistleblowing concerns can be submitted anonymously through our website. This includes the option to report directly to the Whistleblowing trustee.

RESPONSE

Compassion's greatest responsibility is to protect children from harm. If a child is harmed, the priority is to restore the child's safety and provide an opportunity for them to heal.

Compassion follows all relevant national laws relating to reporting child maltreatment and criminal behaviour.

Compassion UK fully complies with our responsibility to report all serious incidents to the Charity Commission, Foreign, Commonwealth & Development Office (FCDO) and any other relevant authority. During the past year, three incidents were reported to the Charity Commission involving a participant who was sponsored through Compassion UK. No incident involved any Compassion UK staff member or volunteer. Each incident was fully investigated, with a survivor-centred approach.

MODERN SLAVERY

Compassion UK is committed to upholding high standards of accountability and transparency to ensure modern slavery and human trafficking are not taking place within our organisation or supply chains. To date, we have found no evidence of this.

We have rigorous systems and processes for appropriate and proportionate due diligence and managing risks associated with supply chains and international operations.

We also have key policies and procedures that include guiding principles for the protection from modern slavery and human trafficking. Our safeguarding refresher training framework contains a specific focus on modern slavery and human trafficking.

The Board of Trustees annually reviews progress against our objectives for the protection from modern slavery and human trafficking to ensure adequate oversight and have delegated the regular review and reporting to the Safeguarding Committee.

OUR ENVIRONMENT

People living in poverty are disproportionately harmed by climate issues. We want to do all we can to be part of the solution.

Through assessing our carbon footprint, we monitor, reduce and offset our emissions to maintain our carbon-neutral status.

WE CONTINUE TO:

- Harness energy-efficient systems, such as solar panels and other technologies, in our offices.
- Offer paper-free experiences for supporters. We have identified this could save half a million printed documents each year.
- Reduce single-use plastic, for

instance, using a biodegradable, starch-based protective cover for our magazine.

- Where possible, ensure all cars are fully electric.
- Offer virtual trips to visit Compassion programmes as an alternative to in-person visits.

DURING THE LAST YEAR:

- Our assessment this year showed that emissions increased by 107 tonnes of CO₂ to 178 tonnes of CO₂. This is linked to increased activity levels post-pandemic. Emissions remain 82.5% lower than the baseline established when emissions began being measured.
- We offset our carbon emissions through anti-deforestation efforts in Congo while also planting trees in Kenya. These schemes provide employment for local people and

have a focus on the employment and empowerment of women.

GOING FORWARD, WE ARE COMMITTED TO:

- Limiting the amount of air travel and selecting airlines based on sustainability credentials for necessary flights.
- Transferring the office from a 93% renewable tariff to a 100% renewable tariff.
- Offsetting the carbon emissions caused during future periods.

As we move forward, we are committed to reducing our environmental impact to ensure we do all we can to protect people and the planet.



WINNER, AGED 20 FROM TOGO, HAS BEEN ENCOURAGED THROUGH COMPASSION'S PROGRAMME TO PURSUE HER PASSION FOR ENGINEERING. HERE, SHE STANDS WITH HER LATEST CREATION: A SOLAR-POWERED WHEELCHAIR.

FUNDRAISING STATEMENT



We believe that extreme poverty can be eradicated in our lifetime. This ambitious aim cannot be achieved without igniting members of the public to action. We are blessed and thankful for the long-term commitment and generosity of our supporters as we work together to empower children and their families to break free from poverty.

Compassion UK has maintained its membership with the Fundraising Regulator and complied with the Code of Fundraising Practice and the Fundraising Promise. Members of relevant departments are also registered with the Institute of Fundraising.

Compassion UK's fundraising activities are conducted mainly by its employees and volunteers. This primarily involves working in partnership with a wide range of stakeholders, including UK churches and Christian events and festivals. During fundraising events, a 'Compassion Moment' is featured, which showcases our work and inspires people across the country to help a child step out of poverty through sponsorship.

Additionally, Compassion has public-facing touchpoints, such as our website, and the Compassion App, which promotes opportunities to sponsor a child, donate to our work and support our emergency appeals and other fundraising campaigns.

Compassion has a number of supporters who undertake fundraising activities either on our behalf or through their own initiative. We have also taken reasonable steps to monitor and review fundraising activities undertaken by third-party organisations acting on our behalf, including applying robust due-diligence procedures, reviewing agreements and contractual clauses in relation to compliance with the Code of Fundraising Practice, and performance reviews.

Compassion UK does not engage professional fundraisers but has agreements with Commercial Participants that are longstanding corporate partners of the ministry.

Compassion UK's Supporter Charter is available on our website and outlines our

procedures for handling complaints. In the 2022-2023 financial year, we received 39 fundraising complaints. All complaints were treated seriously, and prompt actions were taken to resolve these satisfactorily. The trustees and senior leadership continue to review complaints as a standing agenda item at their meetings. This includes reviewing lessons learnt, which are used to inform future training needs or procedure reviews.

When conducting our direct marketing activities, we remain committed to:

- offering choice and control to personalise permissions and preferences to hear about our work;
- ensuring we have robust data protection and privacy policies;
- treating those who come into contact with our work respectfully and fairly.

We monitor opt-in numbers and communication channels that our supporters prefer. We are also signed up to the Fundraising Preference Service (FPS) and ensure any opt-out requests are actioned promptly. We received one FPS suppression request in the last year, but it related to an individual whose details had never been held in our database.

Compassion UK's Policy on Supporters in Vulnerable Circumstances is publicly available on our website. We ensure everyone involved in fundraising activities is equipped to identify, interact and respond to our supporters who are in potentially vulnerable circumstances. We will always be mindful to respond appropriately to the particular needs of a supporter and ensure we have effective policies and procedures in place to treat them respectfully and fairly.

GOVERNING DOCUMENT

Compassion UK Christian Child Development is a company limited by guarantee and governed by its Articles of Association dated 24 February 1999, which was last amended by special resolution on 23 June 2023. It is registered as a charity with the Charity Commission in England and Wales and the Office of the Scottish Charity Regulator. Members must accept and believe in the Compassion UK Statement of Faith. Each member agrees to contribute £10 in the event of the charity being wound up.

APPOINTMENT OF VOLUNTEER TRUSTEES

Every trustee volunteers their services to the charity and must be a member. The chair of the Board of Trustees is elected by the trustees from one of their number.

New trustees are appointed by the existing trustees according to the charity's governing document, ensuring that the Board has the appropriate balance of skills, experience, independence and knowledge to enable them to carry out their respective duties and responsibilities.

TRUSTEE INDUCTION AND TRAINING

Trustees are given training and documentation to brief them on their legal obligations under charity and company law, the content of the Articles of Association, the decision-making process, the business plan and the recent financial performance of the charity. Every three to four years, all trustees visit one of the countries

where Compassion works to see the programmes first-hand.

ORGANISATION

The Board of Trustees must have at least three members and is responsible for setting strategies and policies and ensuring that these are implemented.

All trustees give their time freely, and no trustee remuneration was paid in the year. Details of trustee expenses and related party transactions are disclosed in notes 11 and 18 to the accounts.

Trustees are required to disclose all relevant interests and, in accordance with the trustees' policy, withdraw from decisions where a conflict of interest arises.

The trustees conduct an annual Board review to evaluate performance against the principles set out in the Charity Governance Code. The evaluation report is used to identify and explain areas of strength and areas for development. We have established procedures that ensure actions to implement the Code's principles are reviewed routinely at each Board meeting to ensure ongoing accountability.

There are now three sub-committees, namely the Finance and Audit Committee, the Safeguarding Committee and the People and Culture Committee, which exist to provide support and advice to the Board in its governance role in respect of finance and audit issues, safeguarding, people and culture. The committees are appointed by the Board with no fewer than four members, with a minimum of two members of the

committee being members of the Board.

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board maintains sound risk management and internal control systems.

Trustee Indemnity Insurance is provided by Compassion UK for trustees.

CONNECTED CHARITIES

COMPASSION INTERNATIONAL

We are a member of the Compassion Global Partner Alliance, consisting of organisations throughout the world with a mutual commitment of purpose, structure and methodology. In order to be as effective as possible, the delivery of help to children in beneficiary countries is coordinated and implemented centrally through Compassion International. Fundraising partner countries transfer funds raised to Compassion International, which are then used to support programmes in the 29 frontline field countries. Grants paid to Compassion International cover the grants to the frontline church partners and running the field country and regional offices, as well as programme costs at Compassion International, as this is the most efficient way to distribute funds.

COMPASSION IRELAND

We have an agreement to provide support services to Compassion Ireland for a fixed fee of 12% of all donations received. This excludes gifts and appeals, of which 100% is sent to Compassion International.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The trustees (who are also the directors of Compassion UK Christian Child Development for the purposes of company law), are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the income and expenditure of the charity for that period.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement Of Recommended Practice (SORP);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a trustee at the date of approval of this report confirms:

- That in so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- Each trustee has taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

AUDITOR

Menzies LLP are deemed to be re-appointed under section 487 (2) of the Companies Act 2006.

STRATEGIC REPORT

The company has chosen, in accordance with Section 414C(1) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out within the Strategic Report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

The Trustees' Report (incorporating the Strategic Report) was approved by the Board of Trustees (which is also the Board of Directors) on 10 November 2023 and signed on its behalf by Shaun Sinniah (Chair).

On behalf of the Board



Shaun Sinniah (Chair)
10 November 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASSION UK CHRISTIAN CHILD DEVELOPMENT

OPINION

We have audited the financial statements of Compassion UK Christian Child Development (the 'charitable company') for the year ended 30 June 2023, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2023, and of its income resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities

in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report

thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing

the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, is detailed below:

- The charitable company is subject to laws and regulations that directly affect the financial statements, including financial reporting legislation. We determined that

the following laws and regulations were most significant, including the Companies Act 2006, Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Safeguarding Vulnerable Groups Act 2006, GDPR and the UK Code of Fundraising Practice. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

- We understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur. As a result of the above procedures, we considered that the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the posting of fraudulent journal entries, fictitious employees and timing of revenue recognition.
- Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgments made by

management in its significant accounting estimates;

- Identifying and testing journal entries, in particular, any journal entries posted with unusual account combinations;
- Carrying out checks to establish the validity of employees, and
- Reviewing and verifying the basis on which income is recognised in the accounts

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a

body, for our audit work, for this report, or for the opinions we have formed.

Janice Matthews

Janice Matthews FCA, Senior Statutory Auditor

For and on behalf of Menzies LLP, Statutory Auditor

Chartered Accountants
Statutory Auditor
Magna House,
18-32
London Road,
Staines-upon-Thames,
TW18 4BP

Dated:
10 November 2023

Menzies LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

ELIAS, AGED 12, COLOMBIA

Financial STATEMENTS

Elias receives extra classes with experts, including a neuropsychologist and a speech therapist, to help him overcome his learning difficulties. As a result, he has made great academic progress.

"I used to feel sad and discouraged for not being able to learn, despite my effort. I used to cry. Nowadays, I feel happy because I have learned to write, read, do homework and how to add and subtract. Teachers at school tell me that I am doing better. I enjoy learning!"

STATEMENT OF FINANCIAL ACTIVITY

(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

		FOR THE YEAR ENDED 30 JUNE 2023				FOR THE YEAR ENDED 30 JUNE 2022			
	NOTE	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2023	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2022
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME FROM									
Donations and legacies	5a	34,283	7,072	9,276	50,631	33,389	7,581	9,200	50,170
Grants	5b	169	-	-	169	280	-	-	280
TOTAL VOLUNTARY INCOME		34,452	7,072	9,276	50,800	33,669	7,581	9,200	50,450
Charitable activities	6	-	-	70	70	-	-	71	71
Interest		-	-	259	259	-	-	24	24
Profit/(loss) on disposal of assets		-	-	7	7	-	-	-	-
TOTAL INCOME		34,452	7,072	9,612	51,136	33,669	7,581	9,295	50,545
EXPENDITURE ON									
Raising funds	7	-	-	5,902	5,902	-	-	4,966	4,966
Charitable activities	8	33,563	7,104	3,531	44,198	34,016	7,642	3,287	44,945
TOTAL EXPENDITURE		33,563	7,104	9,433	50,100	34,016	7,642	8,253	49,911
NET MOVEMENT IN FUNDS		889	(32)	179	1,036	(347)	(61)	1,042	634
RECONCILIATION OF FUNDS									
Total funds Brought forward		649	32	7,656	8,337	996	93	6,614	7,703
TOTAL FUNDS CARRIED FORWARD		1,538	-	7,835	9,373	649	32	7,656	8,337

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenses derive from continuing activities.

TREATMENT OF RESTRICTED, DESIGNATED AND GENERAL FUNDS

Where appropriate in the financial statements, income, expenditure and reserves are classified as restricted, designated or general funds. The income and expenditure are shown after restrictions have been applied.

For example, a donation that is 80% restricted will be classified as 80% restricted income and 20% general income.
If Gift Aid were claimed on this donation, 80% would be classified as designated income, and the remaining 20% would be general income.

The definitions of restricted, designated and general funds can be found in the accounting policies note 1J, 1K and 1L.

BALANCE SHEET

		AS AT 30 JUNE 2023	AS AT 30 JUNE 2022
	NOTE	£'000	£'000
FIXED ASSETS			
Tangible assets	12	3,907	3,912
Intangible assets	12	-	-
TOTAL FIXED ASSETS		3,907	3,912
CURRENT ASSETS			
Debtors	13	2,610	672
Cash at bank and in hand		4,393	4,793
Current asset investment		3,090	4,085
TOTAL CURRENT ASSETS		10,093	9,550
LIABILITIES			
Creditors: amounts falling due within one year	15	(4,627)	(5,125)
TOTAL LIABILITIES		(4,627)	(5,125)
NET CURRENT ASSETS		5,466	4,425
TOTAL NET ASSETS		9,373	8,337
THE FUNDS OF THE CHARITY			
UNRESTRICTED FUNDS			
General funds		7,835	7,656
Designated funds: Most Needed Fund		-	32
TOTAL UNRESTRICTED FUNDS		7,835	7,688
Restricted income funds	17	1,538	649
TOTAL FUNDS CARRIED FORWARD		9,373	8,337

Approved by the Board on 10 November 2023 and signed on its behalf by Shaun Sinniah

B Shaun Sinniah

Company Registration Number 03719092

CASHFLOW STATEMENT

	AS AT 30 JUNE 2023	AS AT 30 JUNE 2022
	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the reporting period (as reported in the Statement of Financial Activities)	1,036	634
ADJUSTMENTS FOR:		
Depreciation and amortisation charges	155	169
(Profit)/Loss on the sale of fixed assets	(7)	-
Dividends, interest and rents from investments	(259)	(24)
Decrease/(Increase) in debtors	(1,938)	968
(Decrease)/Increase in creditors	(498)	(550)
Creditors for fixed asset acquisitions unpaid at year-end	-	37
NET CASH PROVIDED BY OPERATING ACTIVITIES	(1,511)	1,234
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interest and rents from investments	259	24
Amount invested in short-term investments	995	(85)
Purchase of fixed assets	(180)	(234)
Creditors for fixed asset acquisitions unpaid at year-end	-	(37)
Proceeds from the sale of fixed assets	37	-
Net cash provided by/(used in) investment activities	1,111	(332)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	(400)	902

	AS AT 30 JUNE 2023	AS AT 30 JUNE 2022
	£'000	£'000
Cash in hand at beginning of period	3,793	2,891
Notice deposits (less than three months) at beginning of period	1,000	1,000
TOTAL CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,793	3,891
Cash in hand at end of period	546	3,793
Notice deposits (less than three months) at end of period	3,847	1,000
TOTAL CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,393	4,793
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	(400)	902

NOTES

1 ACCOUNTING POLICIES

Compassion UK Christian Child Development is a private charitable company limited by guarantee incorporated in England and Wales. The address of its registered office is set out on the final page, and a description of its principal activities is set out on page 5.

A) BASIS OF PREPARATION

The financial statements have been prepared under the historic cost convention. These accounts have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2019.

The charity meets the definition of a public benefit entity under FRS 102. The reporting currency is GB Pounds Sterling, and the accounts are rounded to the nearest thousand (£'000). The principal accounting policies adopted in the preparation of the financial statements are set out below.

The charity has adequate reserves and substantial recurring income. The trustees therefore consider that the charity will be able to meet its commitments for at least 12 months from the date of approval of these financial statements and for the foreseeable future. The accounts are accordingly prepared on a going concern basis.

B) INCOME

This is included in the Statement of Financial Activities (SoFA) when:

- The charity becomes entitled to the resources;
- The trustees believe it is probable they will receive the income; and
- The monetary value can be measured with sufficient reliability.

100% of child gifts and appeal donations are restricted. 80% of all other donations received are restricted. Restricted donations are granted to Compassion International.

Income that relates to a future period is carried forward as deferred income. An example of this would be where a sponsor pays child support a year in advance.

Income from Gift Aid reclaims is recognised in the SoFA when the donation is made. Where backdated Gift Aid claims have been made that relate to donations in a prior period, this has been recognised in the current period.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made or when a distribution is received from the estate.

Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from government grants is recognised on the performance basis when there is evidence of entitlement to the grant, receipt is probable and its amount can be measured reliably.

Grants that are subject to conditions such as matched funding are only recognised once those conditions have been fulfilled.

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

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

The value of any voluntary help received is not included in the accounts but is described in the Trustees' Annual Report.

Investment income is included in the accounts when receivable.

C) CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

The main area of judgement is in relation to the allocation of central overhead costs between the various expenditure categories on the Statement of Financial Activities, the basis of which is set out in note 1(F).

Compassion makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. In the opinion of the trustees, the main estimate and assumption that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the useful life of fixed assets, which are written off in accordance with the depreciation policies set out in note 1(E).

D) FIXED ASSETS

Fixed assets are capitalised if they can be used for more than one year and cost at least £5,000. They are valued at cost on receipt.

E) DEPRECIATION AND AMORTISATION

Depreciation and amortisation are calculated to write off the cost of the assets brought into use less their residual value over their expected useful lives using the following rates:

- Computer equipment: 25% straight line
- Motor vehicles: 25% straight line to estimated residual value
- Software: 25% straight line
- Furniture, fixtures and plants: 10% straight line
- Building structure: 2% straight line

Our assessment of our office valued the land at £1.3m. The rest of the structure, including the car park, is constructed from durable materials and has been estimated to have a useful life of 50 years.

F) EXPENDITURE

All expenditure is accounted for gross and when incurred. Expenditure is included in the SoFA on an accruals basis and, because the charity is unable to recover any UK Value Added Tax paid, inclusive of that irrecoverable VAT. Expenditure includes the direct costs of the activities and depreciation on related assets.

Where such costs relate to more than one functional cost category, they have been split on an estimated time, floor space or other basis, as appropriate. A functional breakdown of expenditure is shown in notes 7 to 9.

Expenditure on raising funds are the direct costs and an appropriate allocation of support costs that were used to attract donations.

Expenditure on charitable activities include: monies remitted to Compassion International and other organisations in respect of

child sponsorship income; costs of supporting and providing information and education to child sponsors, including a share of the costs of the charity's magazine; and other costs incurred directly in meeting the aims of the charity. Child grants include all monies paid to Compassion International and other organisations for the direct benefit of children.

Child ministry and advocacy costs include all costs incurred in the ministry of children and raising awareness on their behalf.

This expenditure includes an appropriate allocation of support costs of central functions that have been allocated to activity cost categories on a basis consistent with the use of resources, for example, by estimated staff time or floor space.

G) FOREIGN CURRENCIES

Assets, liabilities, revenues and expenditure in foreign currencies are translated into Sterling at the rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities, which are translated at the rate ruling at the balance sheet date where material. Transactions to be settled at a contracted rate and trading transactions covered by a related or matching forward contract are translated at those contracted rates. Differences arising on the translation of such items are dealt with in the SoFA.

H) GRANTS

Grants payable are recognised as expenditure when the commitment is entered into. Where such a grant is to be paid over instalments, the outstanding balance is disclosed as a liability.

I) OPERATING LEASES

Rentals payable under operating leases are charged to the SoFA on a straight-line basis over the period of the lease.

J) GENERAL FUNDS

General funds are funds available for use at the discretion of the trustees in

furtherance of the general objectives of the charity.

K) DESIGNATED FUNDS

Designated funds are unrestricted funds that have been set aside at the discretion of the trustees for a specific, but not legally binding, purpose.

L) RESTRICTED FUNDS

Restricted funds are income received for a particular purpose as specified by the donor or supplier, less expenditure applied for such a purpose.

M) PENSION COSTS

Compassion UK operates a money purchase pension scheme whereby it pays eligible staff defined contributions into the charity pension scheme. The contributions are charged to the Statement of Financial Activities as they become payable, and the charity's liability is limited to the amount of the contributions.

N) LIABILITIES

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

O) FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

P) CURRENT ASSET INVESTMENTS

Current asset investments are investments that the charity holds with a maturity date of less than one year. Investment properties are measured at fair value.

2 LEGAL STATUS OF THE CHARITY

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £10.

3 COMPASSION CHARITIES

COMPASSION INTERNATIONAL

The charity has a commitment to donors that 80% of monies received from child sponsorship and other child grants are transferred to Compassion International in the USA, who administer the distribution of funds for the benefit of each child on behalf of the charity (and other Compassion partners).

The amount of these funds granted during the year was £37,464,000 [FY22 £38,440,000], of which £2,674,000 [FY22 £2,864,000] was owed at the year end and a further £433,000 [FY22 £719,000] was accrued. The outstanding amount represents the June 2023 grant and was transferred to Compassion International after the year end.

The UK charity is actively involved in the overall administration of the support given to children and in the decisions made by the international partnership of Compassion charities.

Compassion International paid expenses of £8,000 [FY22 £3,000] to Compassion UK. Compassion UK incurred expenses of £13,000 [FY22 £74,000] to Compassion International, of which £0 [FY22 £45,000] was accrued at year-end.

COMPASSION IRELAND

During the year, Compassion Ireland's administration requirements have been undertaken for a fixed fee of 12% of donations received, excluding gifts and appeals. Some direct costs previously funded by Compassion UK are now paid directly by Compassion Ireland, and the administration fee is reduced proportionately.

During the year, £32,000 [FY22 £65,000] was received in income from servicing Compassion Ireland, and costs were £72,000 [FY22 £89,000]. The intercompany balance owing by Compassion Ireland is £19,000 [FY22 £82,000].

5a DONATIONS AND LEGACIES

FOR THE YEAR ENDED 30 JUNE 2023					FOR THE YEAR ENDED 30 JUNE 2022			
	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2023	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MINIMUM 80% RESTRICTED								
Child Sponsorship	27,173	-	6,795	33,968	27,489	-	6,872	34,361
Un-sponsored children	97	-	24	121	99	-	25	124
Co-Design Community	6	-	-	6	-	-	-	-
Interventions	1,849	-	461	2,310	657	-	180	837
Sponsorship Plus	542	-	130	672	521	-	125	646
Child Survival Programme	314	-	81	395	344	-	86	430
HIV/Aids fund	59	-	15	74	65	-	16	81
100% RESTRICTED								
Gifts for children and families	2,419	-	-	2,419	2,362	-	-	2,362
Gifts for projects	223	-	-	223	236	-	-	236
Christmas appeal	873	-	-	873	992	-	-	992
Disaster relief	728	-	-	728	624	-	-	624
MINIMUM 80% DESIGNATED								
Gift Aid	-	6,414	1,603	8,017	-	6,443	1,611	8,054
General unrestricted income	-	658	165	823	-	1,138	285	1,423
OTHER DONATIONS								
Other donations	-	-	2	2	-	-	-	-
TOTAL	34,283	7,072	9,276	50,631	33,389	7,581	9,200	50,170

Included in the above is legacy income of £1,249,000 [FY22 £640,000]

4 NET MOVEMENT IN RESOURCES FOR THE YEAR

	FOR THE YEAR ENDED 30 JUNE 2023	FOR THE YEAR ENDED 30 JUNE 2022
	£'000	£'000
Depreciation and amortisation of fixed assets	155	169
(Profit)/Loss on disposal of fixed assets	(7)	-
Annual audit fees	31	23
Other fees paid to auditor for advice/consultancy, etc.	2	4
Foreign exchange (gains)/losses	17	(5)

5b GRANTS RECEIVED

FOR THE YEAR ENDED 30 JUNE 2023				FOR THE YEAR ENDED 30 JUNE 2022			
	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL FUNDS 2023	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	TOTAL FUNDS 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FCDO grant	169	-	-	169	280	-	280
TOTAL	169	-	-	169	280	-	280

6 CHARITABLE ACTIVITIES

	FOR THE YEAR ENDED 30 JUNE 2023	FOR THE YEAR ENDED 30 JUNE 2022
	£'000	£'000
Compassion Ireland service income	32	65
Field experience income/(refunds)	1	-
Other	37	6
TOTAL	70	71

7 EXPENDITURE ON RAISING FUNDS

	FOR THE YEAR ENDED 30 JUNE 2023	FOR THE YEAR ENDED 30 JUNE 2022
	£'000	£'000
Direct costs excluding staff	2,416	1,971
Direct staff costs	2,108	1,799
Apportioned support costs	1,378	1,196
TOTAL	5,902	4,966

8 EXPENDITURE ON CHARITABLE ACTIVITIES

	FOR THE YEAR ENDED 30 JUNE 2023	FOR THE YEAR ENDED 30 JUNE 2022
	£'000	£'000
Grant making	33,563	39,215
Child ministry costs	3,138	5,590
Compassion Ireland	72	89
Field experience	58	51
TOTAL CHARITABLE EXPENDITURE	37,531	44,945

8a GRANT MAKING

	FOR THE YEAR ENDED 30 JUNE 2023	FOR THE YEAR ENDED 30 JUNE 2022
	£'000	£'000
Child Sponsorship	27,173	27,489
Un-sponsored children	97	141
Co-Design Community	1,567	1,282
Gifts for children and families	2,440	2,373
Gifts for projects	298	236
Christmas appeal	869	992
Interventions	873	3,620
Disaster relief	1,841	1,194
Child Survival Interventions	1,021	867
FCDO Child Survival Grant - Togo	129	182
HIV/Aids funds	59	65
Other funds	(1)	(1)
TOTAL CHILD GRANTS TO COMPASSION INTERNATIONAL	33,504	38,440
Compassion Norden and Germany grants	14	23
Other grants	6	-
TOTAL GRANTS	33,524	38,463
Grant making support costs	677	624
FCDO Child Survival Grant - Togo	59	128
TOTAL COSTS OF GRANT MAKING	34,260	39,215

- (i) Direct costs for child support and other child grants are grants for the benefit of children. Grants paid to Compassion International cover the grants to the projects and costs to run the field country and regional offices, as well as programme costs at Compassion International.
- (ii) Other grants include grants to organisations that support Compassion's mission.

8b CHILD MINISTRY COSTS

	FOR THE YEAR ENDED 30 JUNE 2023	FOR THE YEAR ENDED 30 JUNE 2022
	£'000	£'000
Child ministry costs	3,138	3,090
Child ministry support costs	2,710	2,500
TOTAL CHILD MINISTRY COSTS	5,848	5,590

- (iii) Direct costs for child ministry are costs of supporting and providing information to child sponsors. This includes child letter postage and the proportion of facilities, IT and staff time allocated to supporting the relationship between the sponsor and the child.

8c FIELD EXPERIENCE COSTS

	NOTE	FOR THE YEAR ENDED 30 JUNE 2023				FOR THE YEAR ENDED 30 JUNE 2022			
		RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL	RESTRICTED FUNDS	DESIGNATED FUNDS MOST NEEDED	GENERAL FUNDS	TOTAL
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Field experience direct costs		-	-	-	-	-	-	-	-
Field experience support costs	9	-	-	58	58	-	-	51	51
TOTAL FIELD EXPERIENCE COSTS		-	-	58	58	-	-	51	51

Sponsors normally have the opportunity to visit projects and their sponsored children on Compassion Insight Trips. No Insight Trips have taken place since COVID-19 became a worldwide pandemic.

9 ANALYSIS OF SUPPORT COSTS

	FOR THE YEAR ENDED 30 JUNE 2023					
	RAISING FUNDS	GRANT MAKING	CHILD MINISTRY	FIELD EXPERIENCE	ADMINISTERING FCDO GRANT	TOTAL SUPPORT COSTS
	£'000	£'000	£'000	£'000	£'000	£'000
Facilities management	98	25	101	12	4	240
Information technology	324	164	662	12	14	1,176
Operations, including finance, governance and HR	185	80	321	7	7	600
Support salaries	758	390	1,556	25	33	2,762
Audit and accounting fees	-	7	24	-	-	31
Trustee and Board meeting costs	13	11	46	2	1	73
TOTAL	1,378	677	2,710	58	59	4,882

	FOR THE YEAR ENDED 30 JUNE 2022					
	RAISING FUNDS	GRANT MAKING	CHILD MINISTRY	FIELD EXPERIENCE	ADMINISTERING FCDO GRANT	TOTAL SUPPORT COSTS
	£'000	£'000	£'000	£'000	£'000	£'000
Facilities management	91	23	94	12	6	226
Information technology	299	169	675	14	36	1,193
Operations, including finance, governance and HR	101	64	258	(3)	10	430
Support salaries	693	350	1,398	26	72	2,539
Audit and accounting fees	-	4	18	-	1	23
Trustee and Board meeting costs	12	14	57	2	2	87
TOTAL	1,196	624	2,500	51	127	4,498

All support costs are paid from unrestricted funds. Total support costs are allocated on the basis of staff time attributable to that cost centre.

10 STAFF COSTS

	FOR THE YEAR ENDED 30 JUNE 2023	FOR THE YEAR ENDED 30 JUNE 2022
	£'000	£'000
Wages and salaries	5,151	4,436
Pensions	619	558
Social security costs	550	468
Health insurance and other HR costs	101	112
TOTAL	6,421	5,574

	FOR THE YEAR ENDED 30 JUNE 2023	FOR THE YEAR ENDED 30 JUNE 2022
	FTE	FTE
Management	5	5
Support and administration	30	30
Supporter relations	41	46
Fundraising and communications	63	56
Grant management	1	1
TOTAL	140	138
Percentage increase in staffing levels	1%	6%

	FOR THE YEAR ENDED 30 JUNE 2023	FOR THE YEAR ENDED 30 JUNE 2022
AVERAGE NUMBER OF EMPLOYEES (HEADCOUNT)	164	161
THE NUMBER OF EMPLOYEES WHOSE REMUNERATION FOR THE PERIOD FELL WITHIN THE FOLLOWING BANDS: FIGURES REPRESENT SALARY BEFORE ANY SALARY SACRIFICE DEDUCTIONS		
£60k up to £70k	2	3
£70k up to £80k	4	2
£80k up to £90k	2	-
£90k up to £100k	-	-
£100k up to £110k	1	1

- Pension contributions of £66,000 [FY22: £47,000] were made during the year for the above higher-paid staff. This excludes employee contributions made via salary sacrifice.
- The company operates a defined contribution pension scheme on behalf of its employees. The pension charge for the year was £521,000 [FY22: £481,000], of which £52,000 [FY22: £52,000] was payable at the year end.
- The five key management personnel are listed on page 18. The total employee remuneration, including National Insurance and benefits, of key management personnel of the charity was £498,000 [FY22: £477,000].
- During the year, £15,000 [FY22: £0] of redundancy costs were incurred.

11 TRUSTEES' REMUNERATION

No trustees' remuneration was voted during the year.

Trustee expenses of £300 (FY22 £800) were paid in the year.

The total premiums paid for trustee indemnity insurance in the year was £1,000 (FY22 £1,000).

12 FIXED ASSETS

	TANGIBLE ASSETS				INTANGIBLE ASSETS	
	FURNITURE, FIXTURES AND PLANTS	COMPUTER HARDWARE	MOTOR VEHICLES	FREEHOLD LAND AND BUILDINGS	TOTAL	COMPUTER SOFTWARE
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
Balance at 1 July 2022	392	297	269	3,656	4,614	1,243
Additions for the year	6	129	45	-	180	-
Disposals for the year	-	(49)	(41)	-	(90)	-
Balance at 30 June 2023	398	377	273	3,656	4,704	1,243
DEPRECIATION/AMORTISATION						
Balance at 1 July 2022	178	293	19	212	702	1,243
Disposals for the year	-	(50)	(10)	-	(60)	-
Depreciation for the year	41	8	54	52	155	-
Balance at 30 June 2023	219	251	63	264	797	1,243
NET BOOK VALUE						
At 1 July 2022	214	4	250	3,444	3,912	-
At 30 June 2023	179	126	210	3,392	3,907	-

13 DEBTORS

	AS AT 30 JUNE 2023	AS AT 30 JUNE 2022
	£'000	£'000
Compassion Ireland	19	82
Gift Aid reclaimable	915	115
Accrued legacy income	1,159	-
Other debtors and grants receivable	88	128
Prepayments	429	347
	2,610	672

14 CURRENT ASSET INVESTMENTS

	AS AT 30 JUNE 2023	AS AT 30 JUNE 2022
	£'000	£'000
Investment Property	90	85
Cash held on 95 day deposit	3,000	4,000
	3,090	4,085

15 CREDITORS

		AS AT 30 JUNE 2023	AS AT 30 JUNE 2022
	NOTE	£'000	£'000
Compassion International		2,674	2,864
Deferred income	16	344	286
Trade creditors		634	602
Accruals		793	1,194
Other taxation and social security		129	127
Pension contributions outstanding		53	52
		4,627	5,125

16 DEFERRED INCOME

	AS AT 30 JUNE 2023	AS AT 30 JUNE 2022
	£'000	£'000
DEFERRED INCOME BROUGHT FORWARD	286	242
Deferred income released in the year	(193)	(193)
Income deferred in the year	251	237
DEFERRED INCOME CARRIED FORWARD	344	286

17 RESTRICTED FUNDS

	BALANCE AT 1 JULY 22	RESTRICTED INCOME	TRANSFER	RESTRICTED EXPENDITURE	BALANCE AT 30 JUNE 23
	£'000	£'000	£'000	£'000	£'000
Child Sponsorship	-	27,173	-	(27,173)	-
Un-sponsored children	-	97	-	(97)	-
Co-Design Community	-	6	-	(6)	-
Gifts for children and families	-	2,419	-	(2,419)	-
Gifts for projects	2	223	-	(225)	-
Christmas appeal	-	873	-	(869)	4
Interventions	96	1,849	-	(434)	1,511
Hillsong Water from Partners	23	-	-	-	23
Disaster relief	-	728	363	(1,091)	-
Child Survival Programme	528	314	179	(1,021)	-
FCDO Child Survival Grant - Togo	-	169	-	(169)	-
HIV/Aids funds	-	59	-	(59)	-
Sponsorship Plus	-	542	(542)	-	-
TOTAL	649	34,452	-	(33,563)	1,538

	BALANCE AT 1 JULY 21	RESTRICTED INCOME	TRANSFER	RESTRICTED EXPENDITURE	BALANCE AT 30 JUNE 22
	£'000	£'000	£'000	£'000	£'000
Child Sponsorship	-	27,489	-	(27,489)	-
Un-sponsored children	-	99	-	(99)	-
Co-Design Community	-	-	-	-	-
Gifts for children and families	-	2,362	-	(2,362)	-
Gifts for projects	2	236	-	(236)	2
Christmas appeal	-	992	-	(992)	-
Interventions	102	634	163	(803)	96
Hillsong Water from Partners	-	23	-	-	23
Disaster relief	200	624	-	(824)	-
Child Survival Programme	693	344	358	(867)	528
FCDO Child Survival Grant - Togo	-	280	-	(280)	-
HIV/Aids fund	-	65	-	(65)	-
Sponsorship Plus	(1)	521	(521)	1	-
TOTAL	996	33,669	-	(34,016)	649

PURPOSE OF RESTRICTED FUNDS

CHILD SUPPORT

To relieve poverty amongst sponsored children.

UNSPONSORED CHILDREN

To support children registered in the programme but awaiting sponsorship.

GIFTS FOR CHILDREN AND FAMILIES

To bless the child or their family with additional gifts.

GIFTS FOR PROJECTS

To bless a church project with additional resources.

CHRISTMAS APPEAL

To provide a present and a celebration for each child.

INTERVENTIONS

To meet vital needs outside of what sponsorship covers.

DISASTER RELIEF

Critical relief for sponsored children and their projects, including reconstruction.

CHILD SURVIVAL INTERVENTIONS

Pre- and post-natal care for mothers and babies.

HIV AND AIDS FUND

To support sponsored children and their families affected by HIV and AIDS.

SPONSORSHIP PLUS

Additional support for beneficiaries. To address critical needs of children around the world, including Child Survival interventions, medical emergencies, disaster relief and preventative health. During the year, £542,000 was transferred to other appropriate restricted funds. £363,000 was transferred to disaster relief and £179,000 to child survival.

FCDO CHILD SURVIVAL GRANT - TOGO

Pre- and post-natal care for mothers and babies and UK costs of administering the grant.

CO-DESIGN COMMUNITY

To support whole projects in relieving poverty amongst children registered in the programme.

18 RELATED PARTY TRANSACTIONS

During the year, there were no related party transactions.

19 LEASING COMMITMENTS

At 30 June 2023, the total of the charity's future minimum lease payments under non-cancellable operating leases was:

	AS AT 30 JUNE 2023			AS AT 30 JUNE 2022		
	CARS	OTHER	TOTAL	CARS	OTHER	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	22	7	29	27	13	40
Two to five years	8	17	25	26	25	51
Greater than five years	-	-	-	-	2	2
	30	24	54	53	40	93

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

This analysis shows the fund balances at year-end split into tangible fixed assets and net current assets. The analysis also shows the restricted and unrestricted funds in these categories.

	AS AT 30 JUNE 2023			AS AT 30 JUNE 2022		
	FIXED ASSETS	NET CURRENT ASSETS	TOTAL 2021	FIXED ASSETS	NET CURRENT ASSETS	TOTAL 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Restricted funds	-	1,538	1,538	-	649	649
Designated funds most needed	-	-	-	-	32	32
General funds	3,907	3,928	7,835	3,913	3,743	7,656
	3,907	5,466	9,373	3,913	4,424	8,337

REFERENCES AND ADMINISTRATIVE DETAILS

REGISTERED CHARITY NO. 1077216 (ENGLAND AND WALES)
SC045059 (SCOTLAND) COMPANY NUMBER 03719092

COMPANY SECRETARY
Amy Morris

REGISTERED AND PRINCIPAL OFFICE
Compassion House, Barley Way, Fleet, GU11 2UT

AUDITORS
Magna House, 18-32 London Road, Staines-upon-Thames, TW18 4BP

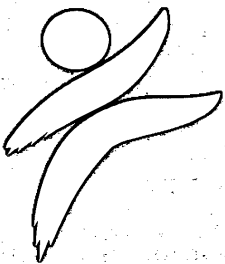
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BANKERS
Barclays Bank PLC
Tunbridge Wells Group

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