

**Compassion UK Christian Child Development  
Annual Report and Financial Statements  
2024/2025**



This report has been prepared to meet all legal, regulatory, and governance requirements in a clear and matter-of-fact way. It provides transparency on our operations, finances, and compliance with the standards expected of UK charities.

If you're looking for stories of impact, inspiration, and the difference we've made together, we invite you to explore our **Impact Report**, which brings our mission to life through real-world outcomes and voices from our community.

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## A) Administrative details

<b>Charity Name:</b>	Compassion UK Christian Child Development Ltd
<b>Charity Registration Number:</b>	1077216 (England and Wales) SC045059 (Scotland)
<b>Company Number:</b>	03719092
<b>Registered Address:</b>	Compassion House, Barley Way, Fleet, GU51 2UT
<b>Auditor:</b>	Menzies LLP, Magna House, 18-32 London Road, Staines-upon-Thames, TW18 4BP
<b>Solicitor:</b>	Moore Barlow LLP, Gateway House, Tollgate, Chandler's Ford, Eastleigh, SO53 3TG

### Trustees and directors:

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. All trustees are volunteers. The trustees' responsibilities are set out on page 23.

**Bertram Shaun Sinniah, Chair.** Shaun is the Managing Director of a leading independent specialist broking firm. He has a wealth of experience in multiple industries. Shaun is appointed to the board of Compassion International.

**Delfin Posada, Safeguarding Trustee Lead.** Delfin is a pastor and an internationally experienced solicitor and founding member of his law firm.

**Hedy Hodson, Chair of the Finance and Audit Committee.** Hedy 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.

**Fiona Sellers, Chair of the People and Culture Committee.** Fi has a wealth of experience in HR in both the commercial and charity sectors including the Director of People for HTB Group before running her own HR consulting and coaching business.

**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, and has represented the UK at numerous international fora. Anna retired as a director on 02 December 2025

**Tim Malton.** 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.

**Dr Richmond Wandera.** 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.

**David Steinegger.** 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

**Adesola Irukwu.** 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.

## **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.

**Justin Dowds,** Chief Executive Officer

**Amy Hiorns,** Chief Operating Officer and Company Secretary

**Lyn Weston,** Chief Partnerships Officer

**Nick Harris,** Chief Marketing Officer

**Steve Blow,** Finance Director

## **B) Structure and governance**

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 26 May 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 12 and 19 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 three sub-committees namely; Finance and Audit Committee, Safeguarding Committee and the People and Culture Committee which exist to provide support and advice to the Board in its governance role in their respective areas of expertise. The committees are

appointed by the Board with no less than four members, with a minimum of two members of each committee being members of the Board. The committees meet at least two times a year.

The Board is responsible for determining the principal risks it is willing to take to achieve its strategic objectives. The Board maintains sound risk management and internal control systems. Trustee Indemnity Insurance is provided by Compassion UK for trustees.

## **We're part of a wider family**

Being part of the Compassion International family gives Compassion UK a unique advantage: the ability to combine local passion with global reach. This partnership connects us to a growing network of 16 funding countries and over 8,900 local church partners across 29 programme countries, enabling us to deliver a proven, holistic child development model that addresses the physical, cognitive, socio-emotional and spiritual needs of children living in poverty.

Through Compassion International, we access global best practice in programme design, safeguarding, and financial accountability. This includes rigorous internal audits, risk management frameworks, and shared learning across national offices, ensuring that the donations we are entrusted with are stewarded with integrity and impact.

Our global alliance allows us to benefit from centralised systems and shared services, reducing duplication and enabling cost efficiencies. For example, international collaboration lowers costs for each national office while improving supporter experience.

When crises strike—whether conflict, natural disaster, or economic shocks—our global structure enables a swift, coordinated response. Funds can be mobilised quickly across borders, and local church partners on the ground can act immediately to protect children and families. This resilience is only possible because of the depth and breadth of our international network.

Ultimately, being part of Compassion International means we can do more than we ever could alone. It allows us to remain Christ-centred and church-driven while leveraging global resources to release children from poverty in Jesus' name—effectively, efficiently, and at scale.

## **We're also independent**

While Compassion UK is part of the global Compassion International family, it operates as an independent UK charity. This independence is essential for ensuring compliance with UK law, maintaining public trust, and safeguarding our Christian ethos. Our legal structure ensures that our operations, finances, and governance meet the standards of transparency and accountability required in the UK.

The Board determines Compassion UK's strategic direction, risk appetite, and policies. While we collaborate globally for programme delivery, decisions about fundraising, supporter engagement, and UK operations rest entirely with the UK Board.

This autonomy allows us to tailor our approach to the UK context while aligning with the global mission of releasing children from poverty in Jesus' name.

Compassion UK manages its own finances, subject to annual external audits and internal controls. Funds raised in the UK are granted to Compassion International for programme implementation because this is the most efficient way to deliver impact. However, the UK Board retains responsibility for ensuring that these funds are used in line with our charitable objectives and donor intent.

To ensure that Compassion International is held to high standards, Compassion UK scrutinises the partnership. The Board and its committees regularly review reports, financial statements, and programme outcomes provided by Compassion International. This oversight includes setting clear expectations for accountability, requesting evidence of impact, and verifying that activities align with UK regulatory requirements and our charitable mission. Through this ongoing scrutiny, Compassion UK holds Compassion International to account, ensuring that funds entrusted to us are used effectively and ethically to benefit children living in poverty.

## **We are proud to support Compassion Ireland**

Compassion UK plays a vital role in enabling Compassion Ireland to thrive. While Compassion Ireland is an independent charity, our partnership ensures that it can operate effectively without duplicating costly infrastructure.

Compassion UK provides essential back-office support to Compassion Ireland. This includes finance, IT, supporter services, digital infrastructure, fundraising, and marketing.

By leveraging our established systems and expertise, we help Compassion Ireland maintain high standards of compliance, data security, and supporter care without the overhead of building these capabilities from scratch. This arrangement avoids unnecessary duplication of costs and ensures that more donor funds can be directed to frontline ministry.

Supporting Compassion Ireland strengthens the entire Compassion family. It expands our reach into Ireland, unlocking new opportunities for child sponsorship and advocacy. It also fosters unity and shared learning between our teams, ensuring that both countries benefit from innovation and best practice. Ultimately, this collaboration means more children released from poverty in Jesus' name.

## C) Objectives and activities

**Our Mission:** Releasing children from poverty in Jesus' name

**Compassion UK's charitable purpose as defined by our articles of association as follows:**

- To advance the Christian faith in all or any part of the world.
- The relief of poverty, suffering or distress amongst children (including but without prejudice to the generality the prevention of malnutrition, illness and disease).
- The education and training of children.
- The development of children to social and spiritual maturity.

**Who we are:** Compassion is a Christian child development charity that sees beyond the devastating reality of poverty to the God-given potential in every child and family. In partnership with 8,900 local churches across 29 countries, they move with compassion to release children from poverty in Jesus' name. Today, more than 2 million children receive education, healthcare, and life-changing support tailored to their individual needs. Led by Jesus, Compassion empowers children to thrive and bring hope to their communities.

**How we're different:**

- **We're Christ-centered.** It's all about Jesus. He's our inspiration, the model we follow and the one we want to introduce others to. We move with compassion because Jesus did. At the heart of poverty is a defeating message that "you don't matter." We believe one of the kindest things we can do is introduce children to Jesus and support them through discipleship. When children understand that they are deeply loved by the creator of the universe, it sparks a shift in the way they think about themselves and the world around them.
- **We're child-focused.** Children experience the brutality of poverty most acutely - but they also hold the key to breaking the inter-generational cycle of poverty. Investment in the lives of children impacts their family, their community, and ultimately a nation. We've seen it! Children who are empowered with the resources and relationships they need to address spiritual, economic, social and physical challenges become thriving followers of Jesus who positively influence the world around them.
- **We're church-driven.** God chose His Church to bring hope to the world – and we want to equip them for that task. We seek out churches whose hearts have been broken by the injustice of poverty and are already moving with compassion to support children in their communities. Churches bring deep cultural understanding, local knowledge of community needs and strong relationships. They

are well placed to develop locally led, targeted solutions that create enduring change. Compassion comes alongside the church as a catalyst and connector, amplifying their vital work to release children from poverty.

### **Where we work:**

All our programmes are conducted through local churches in:

#### **Central and South America**

Bolivia  
Brazil  
Colombia  
Dominican Republic  
Ecuador  
El Salvador  
Guatemala  
Haiti  
Honduras  
Mexico  
Nicaragua  
Peru

#### **Africa**

Burkina Faso  
Ethiopia  
Ghana  
Kenya  
Malawi  
Rwanda  
Tanzania  
Togo  
Uganda  
Zambia

#### **Asia**

Bangladesh  
Cambodia  
Indonesia  
Myanmar  
Sri Lanka  
Thailand  
The Philippines

### **Main activities and how they further the purposes:**

We resource and steward Compassion's proven sponsorship model run through local church partners across programme countries. Sponsorship delivers a holistic set of benefits, education inputs, health checks and treatment, nutritional support, safe spaces, mentoring/discipleship, and letter translation/relationship enablement, tailored locally by frontline churches and implemented via Compassion International systems and teams. Around 90% of the children and young adults we help are supported in this way

Similarly, we also resource similar programmes but without a connection to a sponsor. Sometimes this is because we can't connect children to sponsors, for instance in the case of refugees. At other churches there are some adapted models which are designed to have more of an emphasis of working with caregivers or the community more widely. And some projects are like our sponsorship model, but the one-to-one connection is replaced with more care directly from the church community. Around 8% of the children we help are supported this way

We also support pre and postnatal care for highly vulnerable mums and babies: antenatal visits, safe delivery support, immunisations, nutritional supplements, caregiver training, home visits and referral pathways, so children have the best possible start and can later flourish in our programmes. Around 2% of the children we help are supported this way

We also fund targeted Interventions that address critical or timebound needs, e.g., clean water and sanitation, malnutrition treatment and food security, medical and surgical care, education inputs and catchup support, child protection, and disaster/emergency response when crises hit (earthquakes, conflict, epidemics).

We actively empower a network of Compassion advocates—passionate supporters who share our vision, to speak on behalf of vulnerable children in a range of settings. We equip these advocates with stories, resources and training to confidently talk at churches, community events and Christian gatherings, raising awareness about the life-changing impact of our programmes.

We encourage church partners to advertise Compassion's work through presentations, social media, and local networks, deepening engagement with Christians across the UK and Ireland. Our teams provide regular updates, inspiring stories, and practical tools, enabling donors and supporters to remain closely connected to the children and projects they help. This ongoing communication builds trust, fosters transparency and encourages ongoing support.

In addition, we nurture relationships with philanthropic individuals and groups, offering opportunities for more significant giving and tailored involvement. By keeping our donors engaged—through events, personalised communications, and regular reporting, we strengthen a sense of shared mission. This holistic approach ensures that supporters feel valued and see the tangible results of their generosity, motivating long-term involvement and maximising the impact on children and communities.

## D) Examples of how funds are used:

**Sponsorship:** When a donor donates £32 per month, 80% is granted to Compassion International. 20% is retained by Compassion UK.

Around 65% of this grant, will be granted to the local church through which the sponsored child is supported. This equips the incredible team of staff and project volunteers who care for, and mentor sponsored children each week and enables the church to provide:

- Christ centred guidance through the local church to overcome fear and hopelessness and to build self esteem
- Healthy meals and additional nutritional support where needed
- Vocational training to equip children for the future
- Lessons at the project such as how to stay safe and healthy
- Medical check-ups to fight back against disease and keep children healthy
- Recreational activities to improve self-confidence and social and emotional skills
- Essential supplies such as toothbrushes and feminine hygiene products
- School resources and uniforms to defeat illiteracy and provide critical skills

This also provides a one-to-one relationship with a sponsor. Letter translation and delivery is an important part of our sponsorship programme. Time and again Compassion graduates tell us that affirming words brought hope for the future.

The remaining grant is used to:

- Support every child who joins our programme from day one, regardless of whether they have been sponsored. All children immediately begin to receive the programme's essential services and benefits. When a child is eventually sponsored, part of their sponsorship is used to provide ongoing support to another children who is waiting for a sponsor. This means that children have received a benefit funded by another sponsor while they were unsponsored, and each sponsor funds that benefit in retrospect by providing the same vital help to another child who will in turn be sponsored.
- Support local and international experts who ensure we design programmes well and provide expertise and scrutiny of local churches. We ensure we monitor outcomes, safeguard children, ensure funds are well managed and provide necessary IT infrastructure.
- Meet the specific legal, financial and operational requirements of operating in each context.

The 20% that is retained by Compassion UK is used strategically to operate effectively with excellence by:

- Finding new donors who can support a child who lives in poverty through the local church. Typically, when we spend money on fundraising we generate £7 in future revenue for every initial £1 we spend.
- We care for existing supporters by making sure they have what they need through enquiries to our supporter care team, by processing donations effectively, by providing digital tools that supporters need.
- We ensure that Compassion UK is well run by maintaining IT systems and operating to high compliance standards.
- We also invest in projects to ensure Compassion UK is healthy and relevant in the future.

**Child gifts:** 100% of a financial gift donated to a child is granted via Compassion International to the local church and is used to purchase a suitable gift for the child.

There are several areas where 100% of a donation is only used to directly benefits the recipients such as family gifts, donations to disaster appeals and our Christmas appeal.

**Gift Aid:** 100% of Gift Aid (and any undesignated donations) are ringfenced by the board in a Most Needed Fund. These funds are used in three ways:

- Additional programmatic grants to meet additional needs of children
- Fund activities in the UK that positively impact children in our programmes
- Find new donors who can support a child who lives in poverty through the local church

## E) Achievements and performance

### Performance in financial year 2025

**Our key strategic long-term goal** is to accelerate the rate of ministry growth to enable the support of more than 200,000 children in evidence based holistic programming by 2030. In pursuit of this goal **our primary short-term goal** was to continue to serve at least 115,605 children in poverty while creating new ways to grow.

At the end of the year we were supporting 130,573 children, an increase of 15,003 children. This increase was primarily through supporting additional unsponsored children which facilitated successful sponsorship appeals after the year ended.

This was made up as follows:

Sponsored children	100,712 (decreased by 960)
Children in community-based programmes	10,051 (increased by 1,454)
Unsponsored children in the sponsorship programme	19,810 (increased by 14,509)

The primary new ways to grow which were created in the year were through opportunities to support community-based programmes.

#### **In support of our primary goal, we aimed:**

**To find new sponsorships for 7,942 children:** We found 9,053 new sponsors in the year, exceeding the goal by 1,111 sponsored children

**For at least 94.3% of sponsors to continue their sponsorships:** 95.1% of sponsors from the beginning of the financial year continued with their sponsorship for the duration of the year.

**Allow supporters to support children in poverty in new ways:** Compassion UK has piloted community-based programming for several years funded by Gift Aid. During the year, we began a trial allowing sponsors whose children had graduated from the programme to financially support children in community-based programmes. We also began allowing philanthropists and organisations to fund these programmes directly.

**Empower our people to thrive:** We saw increases in employee engagement and in the proportion of internal promotions of female employees. We did not make the progress we originally intended to make on mapping the current and future skill requirements of Compassion UK

**Operate with excellence for the future:** We made substantial progress on changing underlying website technology to allow reuse of components and also created new giving opportunities. We also completed our review of all our supporter focused technology.

## **Advocates and volunteers**

In total our 549 advocates and volunteers gifted 8,674 hours during the year. This excludes time given by the volunteer trustees.

- Our 104 advocate speakers spoke up for children at 272 churches, gifting 1,336 hours to Compassion
- 433 event advocates served at 168 events donating 3,464 hours of their time
- A volunteer gifted 924 hours writing reports for philanthropic purposes during the year
- Our 11 volunteers in support roles gifted 2,950 hours during the year

## **Future performance**

**Our key strategic long-term goal** remains to accelerate the rate of ministry growth to enable the support of more than 200,000 children in evidence based holistic programming by 2030. In pursuit of this goal **our primary short term goal** is to increase the number of children in sponsorship and community-based programmes from 110,763 to at least 113,050.

To achieve we aim to increase the number of new sponsorships from 9,053 in FY25 to 11,315 in FY26

We also aim to increase the number of donors contributing enough to fully support a child in community-based programmes by 1,250

We also aim for 450 children to be supported in community programmes at no additional cost due to innovation.

## F) Financial Review

### **Income and expenditure summary:**

Over the past year, our income grew by £0.6 million, reaching a total of £53.2 million. The main reason for this increase was a rise of £0.9 million in donations, which amounted to £43.2 million overall. The strongest growth came from Sponsorship, Community Programmes, and Targeted Response Interventions, together adding £1.3 million in donation income. However, these gains were partly offset by a reduction in donations for disaster appeals, due to fewer urgent needs, and by lower legacy income compared to an exceptionally high previous year.

Nearly all our income (99%) was from voluntary contributions. Of these, 82% came from donations and 16% from Gift Aid.

85.6% of total income was used on charitable activities. Our largest expense is the grants we award to Compassion International. This year, we provided £38.8 million in grants, a figure similar to last year's. The grant amount did not rise as quickly as donations because there was a gap between when income was received and when activities took place. As a result, we added £0.8 million to our restricted funds and the Most Needed fund, which will be used for grants in the next financial year.

Fundraising costs rose by £0.7 million to £7.4 million, accounting for 13.8% of our total income. It's important to note that higher fundraising spending does not immediately result in more donations in the same year, as most donations—especially sponsorships—come from ongoing monthly commitments over future years. While fundraising expenses increased by 11%, we welcomed a 13% rise in new sponsors.

Other expenses, such as support costs, went down by £0.6 million.

General reserves decreased by £0.5 million, from £7.2 million to £6.7 million. This reduction was a planned use of surplus reserves.

### **General reserves:**

The trustees' policy is to maintain enough funds in reserve to cover six months of operating costs, which amounts to £5.3 million. By the end of the year, our general reserves were £6.7 million, an extra £1.4 million above our target. These extra funds were built up during and after the pandemic, when fundraising was more difficult than usual. The trustees have a plan to use this surplus in a responsible way, focusing on helping more children through new fundraising and innovative programmes. In the last two years, we have used £1.1 million from these extra reserves, and we plan to keep deploying them at a similar rate until the target reserve level is reached.

**Restricted and designated reserves**

During the year, our restricted and designated reserves grew by £0.8 million, bringing the total to £2.9 million. This increase happened because grants are sometimes scheduled to be distributed over several years instead of all at once. Notably, £1.7 million of the designated funds have been set aside to be granted over the next five years.

**Investment policy and performance:**

Throughout the financial year, our investment policy focused on safeguarding our capital by limiting investments to the lowest-risk options, such as bank deposit accounts and short-term government securities.

**Going concern statement:**

After careful review of our current financial position, future income projections, and ongoing commitments, the trustees are confident that the charity remains a going concern. We continue to maintain reserves well above our target level and have robust plans for deploying surplus funds in line with our mission. Our prudent approach to financial management, along with stable sponsorships and diversified income streams, ensures that we can meet our obligations and pursue our objectives for the foreseeable future.

# G) Risk Management

## Approach

Effective risk management is essential for Compassion UK's governance and mission. The trustees set the organisation's risk appetite and promotes a strong risk-aware culture. Risks are recorded in a central register and are reviewed regularly, with a focus on those that could impact strategic objectives. Board Committees conduct detailed reviews of strategic risks and report to the Board. The Executive Team manages detailed reviews of operational risks and oversees mitigation plans, escalating issues as needed. Compassion UK also works closely with global partners to address critical risks and support the ministry's goals of helping children in need.

## Principal Risks and Uncertainties:

- **Financial Sustainability** – Failure to achieve planned revenue growth, driven by economic uncertainty and donor attrition could impact overall income. *Mitigation:* diversified income streams, adaptive marketing strategies, prudent reserves, and scenario planning.
- **Reputation** – Negative publicity or adverse perception of Compassion UK or Compassion International or the local churches we work alongside, arising from serious incidents, non-compliance, or concerns, could undermine supporter trust and engagement. *Mitigation:* robust policies and compliance framework, safeguarding-first culture, media and crisis communication plans, third-party due diligence, and proactive media monitoring.
- **Operational Disruption** – Regulatory restrictions, external disruptions (including political and security issues) or serious incidents in programme countries could lead to suspension or closure of operations, limiting programme delivery. *Mitigation:* proactive monitoring, contingency planning, legal and advocacy engagement, partner support, and crisis communication plans.
- **Cybersecurity and Compliance** – Failure to comply with legal, regulatory, or data protection requirements, or vulnerability to a significant cybersecurity attack, could result in operational disruption, data loss, legal penalties, reputational damage, and financial loss. *Mitigation:* robust compliance framework, regular training, policy reviews, technical security controls, security scanning, internal audits, and business continuity planning .

The Board is satisfied that these risks remain relevant, are being managed appropriately, and that systems and controls are in place to respond effectively.

## H) Safeguarding

Protecting everyone who interacts with Compassion UK is central to our mission. We are dedicated to keeping children and adults safe, ensuring they are known, loved, and protected.

We operate a zero-tolerance approach to safeguarding, with strong systems in place in the UK and overseas to prevent, identify, and respond to harm. Our safeguarding work is structured around three key pillars: prevention, reporting, and response.

- **Prevention:** We foster a culture where everyone is responsible for safeguarding. Our Board and Executive Team regularly review policies and strategies, and safeguarding remains a standing agenda item. Safer recruitment practices, mandatory background checks, and participation in the Misconduct Disclosure Scheme support our commitment. All staff and trustees receive regular safeguarding training, and communications uphold child dignity and protection. Field protocols and updated training for trip leaders further strengthen our approach.
- **Reporting:** All staff are responsible for reporting concerns or breaches of our Code of Conduct. We have clear, accessible reporting procedures and have enhanced our internal processes to remove barriers. Our Whistleblowing Policy allows concerns to be raised anonymously, including directly to a designated trustee.
- **Response:** Protecting children from harm is our highest priority. We comply with all relevant laws and promptly report serious incidents to the Charity Commission and other relevant authorities. In the past year, three safeguarding incidents involving participants who are sponsored through Compassion UK were reported to the Charity Commission as serious incidents. No incident involved Compassion UK staff or volunteers. All incidents were reported and fully investigated using a survivor-centred approach.

We are also committed to preventing modern slavery and human trafficking in our operations and supply chains. We conduct thorough due diligence and have found no evidence of such practices to date. Our policies and staff training include clear guidance on identifying and addressing modern slavery risks.

## I) Environmental reporting

Those living in poverty are often the most affected by environmental challenges. As an organisation, we are committed to playing our part in addressing these issues.

We regularly assess our carbon footprint, taking steps to reduce and offset our emissions to uphold our carbon-neutral commitment.

Our baseline assessment was conducted in financial year 2019 where we emitted 1,017 tonnes of carbon. In financial year 2025 we reduced this to 328 tonnes (349 tonnes in financial year 2024)

Our highlight this year was a reduction of 51 tonnes of carbon because of a switch to a fully renewable electricity tariff for our office. In addition, several energy saving measures were installed in the office leading to a financial saving of £20,000 annually and the need to draw less energy from the grid.

- Our largest source of emissions remains air travel which increased to 143 tonnes of carbon (128 tonnes in financial year 2024). We take a considered approach to air travel, recognizing its necessity for our global mission while actively seeking to minimize its impact wherever possible.
- Our UK based car travel emissions emitted 110 tonnes of carbon (89 tonnes in financial year 2024). We consider the impact of travelling to have face to face engagements with supporters and encourage the use of electric vehicles where practical.
- Our third largest source of emissions was home working which incurred 43 tonnes of carbon which is the same as the previous year. This is the only area where emissions are higher than the 2019 baseline due to changing working habits following the pandemic.

This year we chose to calculate our own carbon assessment because this allowed us more choice over how we offset our emissions. We made a grant to fund solar panels and battery storage at the Compassion International office in Togo. Given that Togo's national grid is among the most carbon-intensive globally, this capital investment will not only help offset our emissions, it will also provide energy security and continuous operations. By installing solar at our partner office in Togo, we have offset approximately 110 tonnes of CO<sub>2</sub> per year, around 34% of our current annual emissions. Over the lifetime of the system, we expect to offset at least 1,650 tonnes of CO<sub>2</sub> in total

## **J) Fundraising statement**

We are deeply committed to the belief that ending extreme poverty is achievable within our generation. This mission relies on engaging the public and inspiring action. We are grateful for the ongoing generosity and dedication of our supporters, whose steadfast involvement enables us to empower children and families to overcome the cycle of poverty.

Compassion UK upholds the highest standards of fundraising practice. We maintain membership with the Fundraising Regulator and adhering to both the Code of Fundraising Practice and the Fundraising Promise.

Our fundraising efforts are primarily led by our team members and volunteers, collaborating in partnership with a network UK churches and Christian event organisers. At these events, we share stories that highlight our impact and encourage others to support children through sponsorship.

Our supporters can also connect with us through public channels like our website and the Compassion App, which provide opportunities to sponsor children, contribute to emergency appeals, and participate in other fundraising initiatives.

We are thankful for the individuals who organise fundraising activities on our behalf, both independently and in collaboration with us. To ensure high standards, we regularly review and monitor third party fundraising, applying robust due diligence, reviewing agreements, and conducting performance assessments in line with the Code of Fundraising Practice.

While we do not engage professional fundraisers, we maintain longstanding partnerships with corporate supporters, some of which operate through agreements as Commercial Participators.

Our Supporter Charter and Complaints Policy, available on our website, details our approach to handling complaints. In 2024-2025, we received 34 fundraising-related complaints, all of which were addressed promptly and with all reasonable efforts made to resolve them satisfactorily. The trustees and senior leaders review these complaints regularly, ensuring lessons learned inform future training and improvements to our procedures.

In our direct marketing, we remain committed to offering our supporters choice and control over their communications, upholding strong data protection and privacy policies, and ensuring everyone we interact with is treated fairly and with respect. We track communication preferences and are registered with the Fundraising Preference Service (FPS), Mail Preference Service and Telephone Preference Service (TPS), promptly addressing any opt-out requests.

Our Policy on Supporters in Vulnerable Circumstances is accessible on our website. We ensure all fundraising team members and volunteers are trained to recognise and respond appropriately to supporters who may be in vulnerable situations, always prioritising their needs and treating them with dignity and respect.

Based on our monitoring and reviews during the reporting period, we identified no breaches of the Fundraising Regulator's requirements, the Code of Fundraising Practice, or other relevant standards during the reporting period. We remain committed to continuous improvement and best practice in all our fundraising activities.

## **K) 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.

- 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.

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

The company has chosen, in accordance with Section 414C(11) 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 the below date and signed on its behalf by Shaun Sinniah (Chair).

On behalf of the Board

*B Shaun Sinniah*

23/02/2026

## **L) Audit**

The financial statements have been audited by Menzies LLP in accordance with applicable UK law and Accounting Standards. The audit provides assurance that the financial statements give a true and fair view of the charity's financial position and activities for the year. The statements have been properly prepared and comply with relevant statutory requirements for companies and charities

The audit was conducted independently and followed the International Standards on Auditing, ensuring the sufficiency and appropriateness of audit evidence. The auditors found no material misstatements and concluded that the financial statements accurately represent the charity's affairs and have been prepared on a going concern basis. The trustees have fulfilled their responsibilities in preparing the accounts, safeguarding assets, and ensuring compliance with legislative obligations.

The auditors report is included below:

### **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 June 30, 2025. These financial statements include the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and related notes, including significant accounting policies. The financial reporting framework applied in their preparation is applicable law and United Kingdom Accounting Standards, specifically Financial Reporting Standard 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland), constituting 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 June 30, 2025, and of its incoming resources and application of resources for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

#### **Basis for opinion**

Our audit was conducted in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are explained further in the section “Auditor’s Responsibilities for the Audit of the Financial Statements.” We are independent of the charitable company in accordance with relevant UK ethical requirements, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we concluded that the directors’ use of the going concern basis of accounting is appropriate. Based on our work, we have not identified any material uncertainties related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern for at least twelve months from the authorization date of the financial statements. Further details regarding responsibilities related to going concern are set out in the relevant sections of this report.

### **Other Information**

The other information comprises all information included in the annual report other than the financial statements and our auditor’s report. The trustees are responsible for the other information. Our opinion on the financial statements does not extend to the other information, and we do not provide any assurance thereon unless otherwise explicitly stated. Our responsibility is to read the other information and consider whether it is materially inconsistent with the financial statements or our knowledge gained during the audit, or appears materially misstated. If we identify material inconsistencies or misstatements, we must determine whether this affects the financial statements. We are required to report if we conclude a material misstatement exists in other information. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the audit work performed:

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

### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters required by the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006, 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;
- The financial statements are not in agreement with the accounting records and returns;
- Certain disclosures of directors' remuneration specified by law are not made;
- We have not received all the information and explanations required for our audit;
- The directors were not entitled to prepare the financial statements under the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report or from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for preparing financial statements that give a true and fair view, and for the internal controls necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error. In preparing the financial statements, trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing matters related to going concern as applicable, and using the going concern basis of accounting unless the directors intend to liquidate the company or cease operations.

### **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, reporting in accordance with the Acts and relevant regulations.

Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including our opinion. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably 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 audit procedures to detect material misstatements due to irregularities, including fraud, as outlined below:

- The charitable company is subject to laws and regulations directly affecting the financial statements, including financial reporting legislation. We determined the most significant laws and regulations to be the Companies Act 2006, Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, Safeguarding Vulnerable Groups Act 2006, GDPR, and the UK Code of Fundraising Practice. Compliance was assessed as part of our audit procedures.
- We evaluated the company's compliance with these frameworks through inquiries to management, those responsible for legal and compliance, and the company secretary, corroborated by reviewing board minutes.
- The engagement partner assessed the engagement team's competence and capabilities to identify or recognize non-compliance with laws and regulations; no issues were identified.
- We assessed the susceptibility of the financial statements to material misstatement, including potential fraud, and identified the greatest potential for fraud in posting fraudulent journal entries, fictitious employees, and timing of revenue recognition.

Audit procedures included:

- Assessing the design effectiveness of fraud prevention and detection controls;
- Understanding governance considerations regarding controls and financial reporting;
- Challenging management's assumptions and judgments in significant accounting estimates;
- Identifying and testing unusual journal entries;
- Validating employees; and
- Reviewing and verifying income recognition in the accounts.

Due to the inherent limitations of an audit, there is a risk that not all irregularities, including those leading to material misstatement or non-compliance, will be detected. This risk increases when compliance is removed from the events and transactions reflected in the financial statements and is greater for fraud than error due to intentional concealment or misrepresentation.

Further details of our responsibilities are available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **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 may state to the charitable company's members those matters we are required to

state 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

*Janice Matthews*

23/02/2026

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

## M) Financial statements – Statement of financial activity

(incorporating the income and expenditure account)

	Note	For the year ended 30 June 2025				For the year ended 30 June 2024			
		Restricted funds	Designated funds	General funds	Total funds	<i>Restated</i> Restricted funds	<i>Restated</i> Designated funds	<i>Restated</i> General funds	Total funds
		£'000	Most Needed £'000	£'000	2025 £'000	£'000	Most Needed £'000	£'000	2024 £'000
<b>Income from</b>									
Voluntary income	5	35,142	9,779	7,752	52,673	34,240	10,376	7,524	52,140
Charitable activities	6	-	-	179	179	-	-	52	52
Interest		-	-	418	418	-	-	423	423
Profit/(Loss) on disposal of assets		-	-	(42)	(42)	-	-	(9)	(9)
<b>Total income</b>		<b>35,142</b>	<b>9,779</b>	<b>8,307</b>	<b>53,228</b>	<b>34,240</b>	<b>10,376</b>	<b>7,990</b>	<b>52,606</b>
<b>Expenditure on</b>									
Raising funds	7	-	2,185	5,166	7,351	-	1,919	4,697	6,616
<b>Charitable activities</b>									
Grant making	8	34,704	4,130	732	39,566	34,419	4,470	780	39,669
Child ministry costs	9	-	3,062	2,929	5,991	-	3,202	3,261	6,463
<b>Total expenditure</b>		<b>34,704</b>	<b>9,377</b>	<b>8,827</b>	<b>52,908</b>	<b>34,419</b>	<b>9,591</b>	<b>8,738</b>	<b>52,748</b>
Net movement in funds		438	402	(520)	320	(179)	785	(748)	(142)
<b>Reconciliation of funds</b>									
Total funds brought forward		279	1,736	7,216	9,231	458	951	7,964	9,373
Total funds carried forward		<b>717</b>	<b>2,138</b>	<b>6,696</b>	<b>9,551</b>	<b>279</b>	<b>1,736</b>	<b>7,216</b>	<b>9,231</b>

The statement of financial activity includes all gains and losses recognised in the year. All Income and expenses derive from continuing activities. Where appropriate in the financial statements, income, expenditure and reserves are classified as restricted (note 1L), designated (note 1K) or general funds (note 1J). Income and expenditure are shown after restrictions have been applied.

Prior year comparatives have been restated to enhance transparency (Note 21)

## N) Financial statements - Balance sheet

	Note	As at 30 June 2025	As at 30 June 2024
		£'000	£'000
<b>Fixed assets</b>			
Tangible assets	13	3,749	3,845
Intangible assets	13	121	-
<b>Total fixed assets</b>		<b>3,870</b>	<b>3,845</b>
<b>Current assets</b>			
Debtors	14	1,817	2,466
Cash at bank and in hand		7,876	5,803
Current asset investment	15	3,350	3,000
<b>Total current assets</b>		<b>13,043</b>	<b>11,269</b>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	16	7,362	5,883
<b>Total liabilities</b>		<b>7,362</b>	<b>5,883</b>
<b>Net current assets</b>		<b>5,681</b>	<b>5,386</b>
<b>Total net assets</b>		<b>9,551</b>	<b>9,231</b>
<b>The funds of the charity</b>			
<b>Unrestricted funds</b>			
General funds		6,696	7,216
Designated funds: Most Needed Fund		2,138	1,736
<b>Total unrestricted funds</b>		<b>8,834</b>	<b>8,952</b>
Restricted income funds	18	717	279
<b>Total funds carried forward</b>		<b>9,551</b>	<b>9,231</b>

Approved by the Board and signed on its behalf by Shaun Sinniah (Chair)

*B Shaun Sinniah*

23/02/2026

Company Registration Number 03719092

## O) Financial statements - Cash flow statement

	As at 30 June 2025	As at 30 June 2024
	£'000	£'000
<b>Cash flows from operating activities</b>		
Net income for the reporting period (as reported in the Statement of Financial Activities)	320	(142)
<b>Adjustments for:</b>		
Depreciation & amortisation charges	212	197
(Profit)/Loss on the sale of fixed assets	42	9
Dividends, interest and rents from investments	(418)	(423)
Decrease/(Increase) in debtors	649	144
(Decrease)/Increase in creditors	1,479	1,256
Net cash provided by operating activities	2,284	1,041
<b>Cash flows from investing activities</b>		
Dividends, interest and rents from investments	418	423
Amount (invested)/withdrawn in short term investments	(350)	90
Purchase of fixed assets	(279)	(205)
Proceeds from the sale of fixed assets	-	61
Net cash (used in)/provided by investment activities	(211)	369
<b>Change in cash and cash equivalents in the reporting period</b>	<b>2,073</b>	<b>1,410</b>
Cash in hand at beginning of period	1,347	546
Notice deposits (less than three months) at beginning of period	4,456	3,847
Total cash and cash equivalents at beginning of period	5,803	4,393
Cash in hand at end of period	2,115	1,347
Notice deposits (less than three months) at end of period	5,761	4,456
Total cash and cash equivalents at end of period	7,876	5,803
<b>Change in cash and cash equivalents in the reporting period</b>	<b>2,073</b>	<b>1,410</b>

## **P) Notes to the financial statements (including accounting policies):**

**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 page 4, and a description of its principal activities is set out on page 9.

**1A) 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.

**1B) Income** This is included in the Statement of Financial Activities 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.

All donations for child gifts, Christmas, and disaster appeals are 100% restricted for their specific purposes. Most other donations are 80% restricted for their specific purpose. All restricted donations are granted to Compassion International. If income is received for a future period, such as a sponsor pays support a year in advance, we record it as deferred income. Gift Aid income is recorded when the claim is made, even if the claim is backdating into a previous period. For legacy income, if we have seen sufficient evidence that we have been left money and can reasonably estimate the amount it will be recorded as income in the year we were notified. We do not include the value of voluntary help in the accounts, but we describe it in our annual report. Investment income is recorded when it is due to be received.

**1C) Critical accounting estimates and areas of 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).

**1D) 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.

**1E) 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 hardware: 25% straight line

Motor vehicles: 25% straight line to estimated residual value

Software: 25% straight line

Furniture, fixtures and plant: 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.

**1F) Expenditure** All expenditure is accounted for gross and when incurred. Expenditure is included in the Statement of Financial Activities 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 10. 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.

**1G) 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 were 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 Statement of Financial Activities.

**1H) 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.

**1I) Operating leases** Rentals payable under operating leases are charged to the Statement of Financial Activities on a straightline basis over the period of the lease.

**1J) General funds** General funds are funds available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

**1K) 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.

**1L) 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.

**1M) 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.

**1N) Liabilities** Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

**1O) 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.

**1P) 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 a winding up is limited to £10

## 3) Compassion charities

### Compassion International

The charity has a commitment to donors that at least 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 £38,801,000 [FY24 £38,886,000] of which £2,782,000 [FY24 £2,757,000] was owed at the year-end and a further £2,721,000 [FY24 £1,169,000] was accrued. The outstanding amount represents the June 2025 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 £12,000 [FY24 £23,000] to Compassion UK. Compassion UK incurred expenses of £127,000 [FY24 £55,000] to Compassion International of which £21,000 [FY24 £25,000] was accrued at year end.

### Compassion Ireland

During the year Compassion Ireland's administration requirements have been undertaken for an agreed fee of £57,000 [FY24 £45,000]. Compassion Ireland paid expenses of £10,000 [FY24 £83,000] to Compassion UK and Compassion UK transferred income of £3,000 [FY24 £2,000] to Compassion Ireland. The year end intercompany balance owing by Compassion Ireland is £23,000 [FY24 £48,000].

## 4) Net movement in resources for the year

	For the year ended 30 June 2025	For the year ended 30 June 2025
	£'000	£'000
Depreciation and amortisation of fixed assets	212	197
(Profit)/Loss on disposal of fixed assets	42	9
Annual audit fees	39	31
Other fees paid to auditor for advice/consultancy etc	2	2
Foreign exchange (gains)/losses	3	(9)

## 5) Voluntary income by fund and by source

	For the year ended 30 June 2025				For the year ended 30 June 2024			
	Designated funds			Total funds	<i>Restated</i>	<i>Restated</i> Designated funds		Total funds
	Restricted funds	<i>Most needed</i>	General funds		Restricted funds	<i>Most needed</i>	General funds	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Voluntary income by fund</b>								
Sponsorship programme	29,196	-	7,299	36,495	28,841	-	7,209	36,050
Community, survival & refugee programmes	663	-	81	744	338	-	65	403
Sponsorship Plus	535	-	130	665	534	-	129	663
Targeted Response	1,029	-	230	1,259	614	-	103	717
Gifts to children, families and projects	2,742	-	-	2,742	2,581	-	-	2,581
Christmas appeal	831	-	-	831	896	-	-	896
Disaster relief	96	-	-	96	382	-	-	382
Most needed	-	9,779	-	9,779	-	10,376	-	10,376
Other donations	50	-	12	62	54	-	18	72
<b>Total voluntary income by fund</b>	<b>35,142</b>	<b>9,779</b>	<b>7,752</b>	<b>52,673</b>	<b>34,240</b>	<b>10,376</b>	<b>7,524</b>	<b>52,140</b>
<b>Voluntary income by source</b>								
Donations	34,601	955	7,651	43,207	34,010	785	7,494	42,289
Gift Aid	-	8,468	-	8,468	-	8,489	-	8,489
Legacies	47	356	101	504	146	1,102	30	1,278
Grants from Compassion entities	494	-	-	494	84	-	-	84
<b>Total Voluntary Income</b>	<b>35,142</b>	<b>9,779</b>	<b>7,752</b>	<b>52,673</b>	<b>34,240</b>	<b>10,376</b>	<b>7,524</b>	<b>52,140</b>

## 6) Charitable activities

	For the year ended 30 June 2025	For the year ended 30 June 2024
	£'000	£'000
Compassion Ireland service income	57	45
Other charitable activities	122	7
<b>Total</b>	<b>179</b>	<b>52</b>

## 7) Expenditure on raising funds

	Note	For the year ended 30 June 2025	For the year ended 30 June 2024
		£'000	£'000
Direct costs excluding staff		3,167	2,763
Direct staff costs		2,866	2,259
Apportioned support costs	10	1,318	1,594
<b>Total</b>		<b>7,351</b>	<b>6,616</b>

## 8) Grant making

	Note	For the year ended 30 June 2025				For the year ended 30 June 2024					
		Restricted Funds	Designated Funds		General Funds	Total	Restricted Funds	Designated Funds		General Funds	Total
			<i>Most Needed</i>					<i>Most Needed</i>			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Sponsorship programme		29,195	-	-	29,195	28,841	-	-	28,841		
Community, survival & refugee programmes		1,199	1,202	-	2,401	578	2,143	-	2,721		
Targeted response		638	484	-	1,122	790	375	-	1,165		
Gifts to children, families and projects		2,699	5	-	2,704	2,585	-	-	2,585		
Christmas appeal		827	-	-	827	895	-	-	895		
Disaster relief		97	2,406	-	2,503	676	1,946	-	2,622		
Other Compassion grants		49	-	-	49	54	3	-	57		
<b>Total child grants to Compassion International</b>	<b>(i)</b>	<b>34,704</b>	<b>4,097</b>	<b>-</b>	<b>38,801</b>	<b>34,419</b>	<b>4,467</b>	<b>-</b>	<b>38,886</b>		
Grants made to other organisations		-	33	-	33	-	3	2	5		
<b>Total grants</b>		<b>34,704</b>	<b>4,130</b>	<b>-</b>	<b>38,834</b>	<b>34,419</b>	<b>4,470</b>	<b>2</b>	<b>38,891</b>		
Grant making support costs	10	-	-	732	732	-	-	778	778		
<b>Total costs of grant making</b>		<b>34,704</b>	<b>4,130</b>	<b>732</b>	<b>39,566</b>	<b>34,419</b>	<b>4,470</b>	<b>780</b>	<b>39,669</b>		

i) Compassion International grants directly fund programmes and a share of local and global costs at Compassion International. (See page 12).

## 9) Child ministry costs

	Note	For the year ended 30 June 2025				For the year ended 30 June 2024					
		Restricted Funds	Designated Funds		General Funds	Total	Restrict ed Funds	Designated Funds		General Funds	Total
			<i>Most Needed</i>					<i>Most Needed</i>			
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Direct child ministry costs	(ii)	-	3,062	-	3,062	-	3,202	-	3,202		
Child ministry support costs	10	-	-	2,929	2,929	-	-	3,261	3,261		
<b>Total child ministry costs</b>		<b>-</b>	<b>3,062</b>	<b>2,929</b>	<b>5,991</b>	<b>-</b>	<b>3,202</b>	<b>3,261</b>	<b>6,463</b>		

(ii) Direct costs for child ministry are costs of supporting and providing information to supporters that create relationships between child and supporter. This includes child letters and the proportion of facilities, IT and staff time allocated to supporting the relationship between the sponsor and the child.

## 10) Analysis of support costs

	For the year ended 30 June 2025				For the year ended 30 June 2024			
	Raising Funds	Grant Making	Child Ministry	Total Support Costs 2025	Raising Funds	Grant Making	Child Ministry	Total Support Costs 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Facilities management	105	31	124	260	107	32	125	264
Information technology	425	210	840	1,475	358	224	896	1,478
Operations including finance and HR	232	47	189	468	235	52	360	647
Support salaries	556	429	1,717	2,702	893	451	1,802	3,146
Audit and accounting fees	-	8	31	39	-	6	25	31
Trustee, board & compliance costs	-	7	28	35	1	13	53	67
<b>Total</b>	<b>1,318</b>	<b>732</b>	<b>2,929</b>	<b>4,979</b>	<b>1,594</b>	<b>778</b>	<b>3,261</b>	<b>5,633</b>

## 11) Staff

	For the year ended 30 June 2025	For the year ended 30 June 2024
	£'000	£'000
Wages and salaries	5,706	5,738
Pensions	692	684
Social security costs	633	592
Health insurance and other HR costs	132	102
<b>Total</b>	<b>7,163</b>	<b>7,116</b>

	For the year ended 30 June 2025	For the year ended 30 June 2024
	Full time equivalent	Full time equivalent
Management	5	5
Support and administration	36	36
Supporter relations	39	46
Fundraising and communications	61	63
<b>Total full time equivalent staff</b>	<b>141</b>	<b>150</b>

The number of employees whose remuneration for the period fell within the following bands:

£60k up to £70K	7	6
£70k up to £80K	2	4
£80k up to £90K	3	1
£110K up to £120K	1	1

	For the year ended 30 June 2025	For the year ended 30 June 2024
	£'000	£'000
Pension contributions for employees earning more than £60K	126	111
Payments in the year to defined contribution pension scheme on behalf of employees	692	684
Defined contribution pension balance at year end	1	56
Remuneration, including national insurance and benefits, of key management personal as listed on page 5	578	525
Redundancy costs incurred during the year	32	7

	For the year ended 30 June 2025	For the year ended 30 June 2024
	Headcount	Headcount
Total staff headcount	162	172

## 12) Trustees' remuneration

No trustees' remuneration was voted during the year.

Six trustees received expenses in the year. The total of these expenses was £300 [FY24 £1,600].

Richmond Wandera visited the UK from Uganda during the year for board meetings and to promote Compassion UK. The cost of this trip was £3,800 [FY24 £8,000].

The total premium paid for trustee indemnity insurance in the year was £1,000 [FY24 £1,000].

## 13) Fixed assets

	Tangible assets					Intangible assets
	Furniture, Fixtures and Plant	Computer Hardware	Motor Vehicles	Freehold Land and Buildings	Total	Computer Software
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
Balance at 01 July 2024	525	277	186	3,656	4,644	1,239
Additions for the year	82	-	-	68	150	129
Disposals for the year	(91)	-	-	-	(91)	-
<b>Balance at 30 June 2025</b>	<b>516</b>	<b>277</b>	<b>186</b>	<b>3,724</b>	<b>4,703</b>	<b>1,368</b>
<b>Depreciation/amortisation</b>						
Balance at 01 July 2024	281	134	68	316	799	1,239
Disposals for the year	(49)	-	-	-	(49)	-
Depreciation for the year	95	19	36	54	204	8
<b>Balance at 30 June 2025</b>	<b>327</b>	<b>153</b>	<b>104</b>	<b>370</b>	<b>954</b>	<b>1,247</b>
<b>Net Book Value</b>						
<b>At 01 July 2024</b>	<b>244</b>	<b>143</b>	<b>118</b>	<b>3,340</b>	<b>3,845</b>	<b>-</b>
<b>At 30 June 2025</b>	<b>189</b>	<b>124</b>	<b>82</b>	<b>3,354</b>	<b>3,749</b>	<b>121</b>

## 14) Debtors

	As at 30 June 2025	As at 30 June 2024
	£'000	£'000
Compassion Ireland	23	48
Accrued income	950	1,924
Other debtors and grants receivable	102	84
Prepayments	742	410
	<b>1,817</b>	<b>2,466</b>

## 15) Current asset investments

	As at 30 June 2025	As at 30 June 2024
	£'000	£'000
Asset held for sale	350	-
Cash held on deposit	3,000	3,000
	<b>3,350</b>	<b>3,000</b>

## 16) Creditors

	Note	As at 30 June 2025	As at 30 June 2024
		£'000	£'000
Compassion International		2,782	2,757
Deferred income	17	276	606
Trade creditors		1,047	513
Accruals		3,096	1,815
Other taxation and social security		160	136
Pension contributions outstanding		1	56
		<b>7,362</b>	<b>5,883</b>

## 17) Deferred income

	As at 30 June 2025	As at 30 June 2024
	£'000	£'000
Deferred income brought forward	606	344
Deferred income released in the year	(424)	(193)
Income deferred in the year	94	455
<b>Deferred income carried forward</b>	<b>276</b>	<b>606</b>

Deferred income relates to donations where the benefit to the participants will not be received until a future period. For instance, where a donor has paid as sponsorship upfront.

## 18) Restricted funds

	<i>Restated</i> Balance at 01 July 2024 £'000	Restricted income £'000	Transfer £'000	Restricted expenditure £'000	Balance at 30 June 2025 £'000
Sponsorship programme	-	29,196	-	29,195	1
Community, survival & refugee programmes	-	664	535	1,199	-
Sponsorship Plus	-	535	(535)	-	-
Targeted response	278	1,029	-	639	668
Gifts to children, families and projects	-	2,742	-	2,699	43
Christmas appeal	1	831	-	827	5
Disaster relief	-	96	-	96	-
Other funds	-	49	-	49	-
<b>Total</b>	<b>279</b>	<b>35,142</b>	<b>-</b>	<b>34,704</b>	<b>717</b>

	<i>Restated</i> Balance at 01 July 2023 £'000	<i>Restated</i> Restricted Income £'000	Transfer £'000	Restricted expenditure £'000	<i>Restated</i> Balance at 30 June 2024 £'000
Sponsorship programme	-	28,841	-	28,841	-
Community, survival & refugee programmes	-	338	240	578	-
Sponsorship Plus	-	534	(534)	-	-
Targeted response	454	614	-	790	278
Gifts to children, families and projects	4	2,581	-	2,585	-
Christmas appeal	-	896	-	895	1
Disaster relief	-	382	294	676	-
Other funds	-	54	-	54	-
<b>Total</b>	<b>458</b>	<b>34,240</b>	<b>-</b>	<b>34,419</b>	<b>279</b>

### Purpose of restricted funds

**Child sponsorship:** Church driven programmes to relieve poverty amongst sponsored children and unsponsored children waiting for a sponsor.

**Community, survival & refugee programmes:** Church driven programmes to relieve poverty among children. There are no sponsored children in these programmes.

**Sponsorship Plus:** Additional support for beneficiaries and to address critical needs of children around the world, including Child Survival Interventions, medical emergencies, disaster relief and preventative health. During the year, £535,000 was transferred to other appropriate restricted funds.

**Targeted response:** Meeting vital needs outside of what our child sponsorship, community survival and refugee programmes cover.

**Gifts for children, families and projects:** To bless the child or their family with additional gifts or to bless the church project with additional resources.

**Christmas appeal:** To provide a present and a celebration for each child.

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

**Other funds:** This brings together all remaining funds, each of which is too small on its own to be listed separately in the annual report.

## 19) Related party transactions

During the year, Richmond Wandera was engaged to speak at several UK events on behalf of Compassion UK. In connection with this work, a payment of £5,028 was made to The Pastors Discipleship Network, a non-profit organisation based in Uganda, of which Richmond Wandera serves as a director.

## 20) Analysis of net assets between funds

	As at 30 June 2025			As at 30 June 2024		
	Fixed Assets	Net Current Assets	Total	Fixed Assets	Net Current Assets	Total
		£'000			£'000	
Restricted Funds	-	717	717	-	279	279
Designated Funds <i>Most Needed</i>	-	2,138	2,138	-	1,736	1,736
General Funds	3,870	2,826	6,696	3,845	3,371	7,216
	<b>3,870</b>	<b>5,681</b>	<b>9,551</b>	<b>3,845</b>	<b>5,386</b>	<b>9,231</b>

## 21) Prior year adjustment

### **Restatement of legacy income**

During the year, the Trustees identified an error in the classification of legacy income within voluntary income (donations and legacies) between general, designated and restricted funds in the prior financial year. Legacy income had previously been treated as restricted or designated income in the financial statements. Following a subsequent review of the underlying donor documentation, it was identified that, in most cases, legacies did not carry donor-imposed restrictions and therefore did not meet the definition of restricted funds. As a result, comparative figures have been restated to reflect legacy income within unrestricted funds where no valid restriction existed. The correction of this error does not represent a change in accounting policy.

The prior year adjustment resulted in no change to total voluntary income or total funds but affected the allocation of voluntary income and fund balances between general, designated and restricted funds. Accordingly, the opening fund balances have been restated. The effect of the correction was a decrease in the restricted fund balance of £654,000 an increase in designated funds of £785,000 and a decrease in general funds of £131,000.

### **Unrestricted donations**

The charity altered the presentation of unrestricted donations. Previously 20% of unrestricted donations were apportioned into the general fund and 80% into the Most Needed Fund.

This made it harder to show how all designated donations had been utilised.

A change was made retrospectively so instead all unrestricted funds were allocated to the Most needed fund instead of separating out 20% into the general fund on receipt. Fundraising costs equivalent to that 20%, previously allocated to the general fund, was instead shown as funded by the Most needed fund. This is not a change of accounting policy nor an error.

**Impact on comparative statement of financial activities for the year ended 30 June 2024**

	Restricted funds £'000	Designated funds Most Needed £'000	General funds £'000	Total funds 2024 £'000
<i>Total income 2024 as previously stated</i>	34,894	7,672	10,040	52,606
<i>Restatement of legacy income</i>	(654)	785	(131)	-
<i>Improved presentation of unrestricted donations</i>	-	1,919	(1,919)	-
Total income 2024 as restated	<b>34,240</b>	<b>10,376</b>	<b>7,990</b>	<b>52,606</b>
<b>Expenditure on</b>				
<i>Raising funds 2024 as previously stated</i>	-	-	6,616	6,616
<i>Improved presentation of use of unrestricted donations</i>	-	1,919	(1,919)	-
Raising funds 2024 as restated	-	1,919	4,697	6,616
Charitable activities 2024	34,419	7,672	4,041	46,132
<b>Total expenditure 2024 as restated</b>	<b>34,419</b>	<b>9,591</b>	<b>8,738</b>	<b>52,748</b>
<i>Increase/(Decrease) movement in funds 2024 as previously stated</i>	475	-	(617)	(142)
<i>Effect of restatement of legacy income and improved presentation as noted above</i>	(654)	785	(131)	-
<b>Increase/(Decrease) movement in funds as restated</b>	<b>(179)</b>	<b>785</b>	<b>(748)</b>	<b>(142)</b>
<i>Total funds brought forward as previously stated</i>	1,538	-	7,835	9,373
<i>Restatement of legacy income in 2023</i>	(1,080)	951	129	-
<b>Total funds brought forward</b>	<b>458</b>	<b>951</b>	<b>7,964</b>	<b>9,373</b>
<i>Total funds carried forward as previously stated</i>	2,013	-	7,218	9,321
<i>Effect of restatement of legacy income and improved presentation as noted above</i>	(1,734)	1,736	(2)	-
Total funds carried forward	<b>279</b>	<b>1,736</b>	<b>7,216</b>	<b>9,231</b>

**Impact on balance sheet at 30 June 2024**

	2024 as previous stated	Effect of prior year adjustment	2024 as restated
	£'000	£'000	£'000
General funds	7,218	(2)	7,216
Designated funds: Most needed fund	-	1,736	1,736
Total unrestricted funds	<b>7,218</b>	<b>1,734</b>	<b>8,952</b>
Restricted funds	2,013	(1,734)	279
<b>Total funds</b>	<b>9,231</b>	-	<b>9,231</b>

All balance sheet fund movements above only affect net current assets.