



HANDS OF COMPASSION CHARITABLE FOUNDATION
FINANCIAL STATEMENTS AND TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Registered Charity no. 1124423

The Hands of Compassion Charitable Foundation presents its annual report and financial statements (which have been independently examined) for the year ended 31 December 2016.

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**Reference and Administrative details of Hands of Compassion Charitable Foundation,
its Trustees and Advisors**

Charity Name: Hands of Compassion Charitable Foundation
(Also known as Hands of Compassion)

Registered Charity No.: 1124423

Principal Office: c/o Rochester Diocesan Office
St Nicholas Church
Boley Hill
Rochester
Kent ME1 1SL

Patron:

Trustees: Mrs Wendy Ray, Chairperson
The Revd. John Kafwanka Kaoma
The Revd. Nigel Bourne to resign wef.31 March 2017
Mrs Sue Algeo
Mr Gary Taylor to resign wef.23 January 2017

The Revd. Chris Van Straaten – Resigned wef. 8 Jan. 2016
Philip French - Resigned wef 30 June 2016
The Revd. Nick Mottershead- Resigned wef 29 July 2016

Independent Examiner: Gilbert Allen & Co.,
Chartered Accountants
Churchdown Chambers
Bordyke
Tonbridge Kent TN9 1NR

Bankers: HSBC
9 Rose Lane
Canterbury CT1 2JP

Solicitor: Mr Phillip Norton
Hansells
13 The Close
Norwich
NR1 4DS

Website: www.handsofcompassion.org.uk

Trustees' Report

Structure, Governance and Management

The Hands of Compassion Charitable Foundation is a registered charity and is governed by a Trust Deed dated April 1st 2008.

Purpose

Inspired by Christian principles, our Mission is to bring hope through education to orphaned and vulnerable children in Zambia.

How this is achieved:

Hands of Compassion Charitable Foundation is a Christian organisation which is passionate about showing God's love, hope and transformation in children's lives.

Our mission is to advance the education of orphaned and vulnerable children and young people by providing primary and secondary school facilities up to Grade Seven at Hands of Compassion School in Zambia and any future Hands of Compassion beneficiary institution to Zambia. We also aim to support those pupils from Hands of Compassion School who move on to Grades Eight to Twelve at Government Secondary School. In addition we will consider supporting pupils moving on to full time tertiary education at University or Training College.

By providing a Christian education, we hope to enable children to develop their full potential and become self-sufficient after leaving school. This will enable them to seize hold of employment opportunities and will improve their quality of life.

Hands of Compassion School in Zambia works in conjunction with the Zambian Ministry of Education to follow the Zambian National Curriculum.

As a Christian foundation, we believe that we should provide education to all in need regardless of their race, religion or nationality. At the same time the development of Christian values underpins all aspects of our work both in UK and in Hands of Compassion School in Zambia. We also encourage partnership in prayer from all our supporters.

Organisation and decision making structure

There are currently five Trustees, one of whom is Honorary Director, who meet approximately three to four times a year to consider all aspects of the charity's activities and to monitor progress on the charity's business plan. This plan helps Trustees to work towards a shared and sustainable vision, agreeing priorities and appropriate activities to achieve these.

Communication with supporters and interested parties is conducted through tailored mailing, email, newsletter distributed three times a year and website.

Trustee induction

Prospective trustees are invited to attend a Board meeting as an observer before appointment. Following election as a Trustee, an induction session is held including explanations of the roles and responsibilities of trustees and directors.

Major Risks Statement

During the year the Charity has reviewed the major strategic, business and operational risks which it faces. Various risks were identified in the following areas:

- (a) Staffing
- (b) Reputational
- (c) Governance (e.g. not complying with legal requirements).
- (d) Financial

These risks are monitored at Board meetings and constantly kept under review.

The Board

The charity is governed by a Board of Trustees, including an Honorary Director. Those who served during the year are set out on page 3 of this report. Trustees (including the Honorary Director) are unremunerated but can claim for reasonable expenses.

Trustees' Responsibilities

The Trustees prepare financial statements for each financial year which give a financial view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that period. In preparing those financial statements the Trustees have:-

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Stated whether all applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

Declaration by the charity Trustees in relation to the independent examination:

- So far as each Trustee is aware, there is no relevant information, defined as "information needed by the charity's independent examiner in connection with preparing their report", of which the charity's independent examiner is unaware; and
- Each Trustee has taken all steps that he or she ought to have taken to make themselves aware of any relevant matters and to ensure that the Charity's independent examiner is aware of such information. Such steps include making inquiries of other Trustees and other steps required by the Trustee's duty to exercise due care and skill.

The Trustees are responsible for keeping proper accounting records which 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 Charities Act 2011. They are also responsible for safeguarding the assets of the Charity and their proper application in accordance with Charity law and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objectives & Activities

The objectives of Hands of Compassion are to advance the education of orphaned and vulnerable children and young people by providing primary school facilities at any Hands of Compassion Centre, particularly that in Zambia; thus enabling them to improve their quality of life and employment opportunities; to promote awareness of health information and social care in relation to HIV/AIDS, TB, Malaria and other diseases through women's groups and other educational programmes conducted at any Hands of Compassion Centre, particularly that in Zambia; to advance religion and develop Christian values. These activities have been undertaken during the year and there have been no significant changes.

Grant Making Policy

Much of the grants awarded by the Charity are costs in Zambia helping those with insufficient funds to operate independently.

The Charity receives funds from individuals, Parishes and Grant making Trusts, mainly to use towards the provision of education, development of the school and teachers, and outreach purposes.

Achievements & Performance

The total number of beneficiaries in 2016 was 531 pupils at Hands of Compassion School, plus 37 sponsored at Government school and 2 sponsored in Higher/Further Education. These numbers represent approx. 16% increase on 2015.

Pupils at Hands of Compassion School

Grade	Boys	Girls	Total No of Children 2016	Total No: of Children 2015
Nursery	31	24	55	50
Grade One	34	31	65	48
Grade Two	28	22	50	48
Grade Three	30	30	60	59
Grade Four	35	33	68	53
Grade Five	50	42	92	74
Grade Six	40	51	91	49
Grade Seven	30	20	50	41
Total	278	253	531	422

Sponsored Pupils at Government School

Grade	Boys	Girls	Total 2016	Total 2015
Grade Eight	14	5	19	29
Grade Nine	5	2	7	26
Grade Ten	7	1	8	10
Grade Eleven	1	2	3	2
Grade Twelve			0	0
Total	27	10	37	67

The Zambian Board of Trustees continued applying a policy that parents / guardians should be asked to make a contribution towards the cost of school fees for our pupils sponsored at Government School in Grades Eight to Twelve. These contributions were made on the assessed criteria of economic background, academic ability and school attendance/behaviour of the pupil. In all, 40 pupils passed the Government Grade Seven examinations taken in November 2015: we were able to sponsor 19 of them to commence Grade Eight in January 2016.

Higher / Further Education

In addition, two of our former pupils have proceeded to Higher / Further Education, with our sponsorship. Paul completed his second year and is now in his third year at University, studying for a Degree in Biomedical Science and Abbishy has also completed his second year at Teachers Training College. Both Paul and Abbishy are two of our first pupils to start at Hands of Compassion School sixteen years ago. Through education offered at Hands of Compassion School, children like Paul and Abbishy have developed skills that will give them hope and an education which is changing their lives.

Teacher Training

Two teachers have achieved this year, by Distance learning, a Diploma in Teaching qualification, and two further teachers have completed and awaiting results. In addition one teacher started his three year course at the beginning of 2016.

Examination Centre Accreditation

Hands of Compassion school was accredited by the Ministry of Education to become an Examination Centre for Grade 7 pupils in the area to undertake the Government examination. This has the advantage of Grade 7 pupils at Hands of Compassion School to no longer have to pay a fee to sit the examination at another school.

Monitoring, evaluation and forward strategy

The Honorary Director and two other Trustees made one visit during the year to Hands of Compassion, Zambia. Their objective was to meet representatives of the Board of Trustees in Zambia, the District Education Board, Parents' Community School Committee, Teachers and parents/guardians of pupils to highlight the successes of the school as well as identify their concerns. Consultation took place and as a result an Action Plan was drawn up.

The main points of the plan were to oversee the smooth transfer of the Head Teacher back to Ministry of Education. Secondly to reconfigure the Zambian Board of Trustees and rewrite the Zambian Constitution. Thirdly to appoint an Accounts Clerk who should take responsibility for financial accounting and fourthly to explore ways of enhancing the Christian ethos of the school.

During the year, reports on expenditure were received monthly from Zambia which were scrutinised. These, alongside teaching and operational activity reports by the School Manager were monitored. As a result, the Head Teacher was transferred back to the Ministry of Education and an existing teacher at Hands of Compassion school was appointed Head Teacher a few months later.

At the end of 2016 however, the remaining points of the Action plan have not been addressed by the Zambian Management. This is disappointing and the UK Trustees will follow this up in 2017. During the year, the performance of the School Manager was also monitored and is causing some concern, which again will be addressed by the UK Trustees in 2017.

Investment policy and performance

Cash is currently invested by the Charity in order to provide funding for the Zambian projects. This is achieved by investing as far as possible, in accordance with the ethical investment policy of the Charity.

Financial review

The Statement of Financial Activity shows incoming resources of £40,985 (2015: £48,614), a decrease of £7,629. £5,737 was also raised through specific fundraising activities compared to £9,145 in 2015.

The Resources expended for the year total £50,740 (2015: £47,135). This is £3,605 more than 2015.

Reserves Policy

The Charity needs reserves to enable it to progress to completion both its long term projects and to protect its current activities, in order to allow the Charity to meet its responsibilities and ensure that it continues to operate on a going concern basis. The Charity has examined the needs, risks and challenges faced in both the short and medium term, along with relevant financial forecasts and has formulated a policy to meet those needs, which are satisfied by the level of reserves at the balance sheet date.

The reserves policy is to hold between 3 months' and 6 months' of budgeted income for UK expenditure and approximately 1 year's operating expenses for the school in Zambia. The relatively high level of reserves retained to support future operating expenses in Zambia recognises the considerable risk to the education of children presently at the school, should there be any doubt as to its ability to operate for the whole of an academic year.

Plans for future periods

The Charity's planning incorporates the examining of accountability and value for money in responding to the escalating needs of the orphaned children in Zambia. The Charity is a small organisation but has very close personal links with Hands of Compassion, Zambia.

HIV AIDS continues to create thousands of orphaned children in Zambia. The Trustees believe education is vital to breaking the cycle of poverty. Working in partnership with the Zambian Government, Hands of Compassion Zambia aims to bring hope to these children by accessing their right to education.

Having celebrated 16 years of successful development, in the coming year, the charity's aims are:

- To review the operational structure and governance of the school, and its future sustainability.
- To monitor education progress of the pupils at Hands of Compassion school, to ensure the teaching standards are acceptable and follow the Zambian Ministry of Education's guidelines.
- To monitor educational progress of sponsored pupils from Hands of Compassion school who are now attending Government school and the performance of two sponsored pupils in Higher Education - at University and Teacher's Training College.
- To strengthen risk and financial management in the UK and to develop and maintain a diverse, effective group of trustees.
- To address the poor performance of the Zambian School Manager and develop overall effective management of the Zambian School.

By Order of the Board



Chair of the Trustees

28 February 2017

**HANDS OF COMPASSION CHARITABLE FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 DECEMBER 2016**

		Unrestricted funds	Restricted funds	2016 total	2015 total
	Notes				
Incoming resources					
Income from donations and legacies					
Donations		31,047	4,520	35,567	42,699
Gift aid		4,398	1,020	5,418	5,915
		<u>35,445</u>	<u>5,540</u>	<u>40,985</u>	<u>48,614</u>
Income from other trading activities					
Sponsorship		-	-	-	400
Fundraising		5,737	-	5,737	9,145
		<u>5,737</u>	<u>-</u>	<u>5,737</u>	<u>9,545</u>
Income from investments					
Bank interest		319	-	319	320
TOTAL INCOMING RESOURCES		<u>41,501</u>	<u>5,540</u>	<u>47,041</u>	<u>58,479</u>
RESOURCES EXPENDED					
Expenditure on raising funds					
Publicity		1,315	-	1,315	3,621
Expenditure on charitable activities					
Grants to HOC Zambia	2	34,174	8,235	42,409	38,500
Zambia visit expenses		3,546	-	3,546	2,447
Support costs	4	3,470	-	3,470	2,567
		<u>41,190</u>	<u>8,235</u>	<u>49,425</u>	<u>43,514</u>
TOTAL RESOURCES EXPENDED		<u>42,505</u>	<u>8,235</u>	<u>50,740</u>	<u>47,135</u>
NET INCOME/(EXPENDITURE)		-1,004	-2,695	-3,699	11,344
Total funds brought forward		82,266	2,695	84,961	73,617
TOTAL FUNDS CARRIED FORWARD		<u>81,262</u>	<u>-</u>	<u>81,262</u>	<u>84,961</u>

HANDS OF COMPASSION CHARITABLE FOUNDATION
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

HANDS OF COMPASSION CHARITABLE FOUNDATION
BALANCE SHEET
YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted funds	Restricted funds	2016 total	2015 total
CURRENT ASSETS					
Debtors	5	3,690	-	3,690	5,585
Bank	6	78,412	-	78,412	79,556
		<u>82,102</u>	<u>-</u>	<u>82,102</u>	<u>85,141</u>
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	7	840	-	840	180
		<u>81,262</u>	<u>-</u>	<u>81,262</u>	<u>84,961</u>
NET CURRENT ASSETS					
		<u>81,262</u>	<u>-</u>	<u>81,262</u>	<u>84,961</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>81,262</u>	<u>-</u>	<u>81,262</u>	<u>84,961</u>
NET ASSETS					
		<u>81,262</u>	<u>-</u>	<u>81,262</u>	<u>84,961</u>
FUNDS					
Unrestricted funds	8			81,262	82,266
Restricted funds	8			-	2,695
				<u>81,262</u>	<u>84,961</u>

Approved by the trustees on: 28 February 2017

Signed



Chair of Board of Trustees

**HANDS OF COMPASSION CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

a Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

b Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

c Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work.

d Grants

Grants and donations made by the charity are treated as expenditure when they are paid.

2. CHARITABLE AND OTHER DONATIONS

All grants are made to the Hands of Compassion Centre in Zambia to support a community school for orphaned and vulnerable children in Chipulukusu, providing free primary education to 531 children and a further 37 children sponsored up to grade 12 (2015: 422 and 67 respectively) and also 2 former pupils in Tertiary education (University and Teachers Training College).

3. TRUSTEES REMUNERATION

There were no trustees who received remuneration during the year (2015 nil).

**HANDS OF COMPASSION CHARITABLE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

4.	SUPPORT COSTS	2016	2015			
		£	£			
	Office costs	2,165	1,958			
	Insurance	465	429			
	Preparation of financial accounts and Independent examiner's fee	840	180			
		<u>3,470</u>	<u>2,567</u>			
5.	DEBTORS	2016	2015			
		£	£			
	Debtors - gift aid	1,642	4,015			
	Prepayments - visit expenses	2,048	1,570			
		<u>3,690</u>	<u>5,585</u>			
6.	CASH AT BANK AND IN HAND	Unrestricted funds	Restricted funds	2016 total	2015 total	
		£	£	£	£	
	Bank current account	2,383	-	2,383	741	
	Bank savings account	17,885	-	17,885	46,859	
	Bank deposit accounts	56,005	-	56,005	30,712	
	Cash in hand	185	-	185	31	
	Foreign currency cash in hand	1,954	-	1,954	1,213	
		<u>78,412</u>	<u>-</u>	<u>78,412</u>	<u>79,556</u>	
7.	CREDITORS	2016	2015			
		£	£			
	Other creditors	840	180			
8.	FUND MOVEMENTS					
		Brought forward	Income	Expenditure	Transfers	Carried forward
	Fund					
	Unrestricted funds					
	General fund	82,266	41,501	-42,505	-	81,262
	Restricted funds					
	Pupils sponsorship	2,695	5,540	-8,235	-	-
	Total	<u>84,961</u>	<u>47,041</u>	<u>-50,740</u>	<u>-</u>	<u>81,262</u>

**REPORT OF THE INDEPENDENT EXAMINER TO THE TRUSTEES OF
HANDS OF COMPASSION CHARITABLE FOUNDATION**

I report on the accounts of the charity for the year ended 31 December 2016, which are set out on pages 9 to 12.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND EXAMINER

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

It is my responsibility to:

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

Basis of independent examiner's report

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

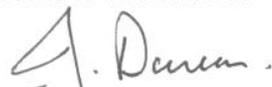
Independent examiner's statement

In connection with my examination, no matter has come to my attention which gives me reasonable cause to believe that in any material respect, the requirements

- to keep accounting records in accordance with section 130 of the Charities Act; and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Charities Act.

have not been met; or

to which, in our opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



John Duncan FCA
for and on behalf of Gilbert Allen & Co
Chartered Accountants
Churchdown Chambers
Bordyke
Tonbridge
Kent
TN9 1NR

Date: 6-3-2017,