

SHINING LIFE CHILDREN'S TRUST

(A company limited by guarantee)

**Report and financial statements
for the year ended 31 October 2010**

**Charity number: 1068123
Company number: 3459486**

Shining Life Children's Trust
(A company limited by guarantee)

**Financial statements
for the year ended 31 October 2010**

Contents

	Page
Legal and administrative information	3
Trustees' report	4
Reporting accountant's report	8
Statement of financial activities	9
Balance sheet	10
Notes to the financial statements	11

Shining Life Children's Trust
Report of the Trustees for the year ended 31 October 2010

The Trustees present their report and financial statements for the year ended 31 October 2010

Legal and administrative information

Charity name: Shining Life Children's Trust

Charity registration number: 1068123

Company registration number: 3459486

Registered office: 12 High Bois Lane
Chesham Bois
Amersham
Buckinghamshire
HP6 6DG

Trustees

J Brown, Secretary

J Bailey

S Coulden

R Dasgupta

J Hockley

J Newall, Treasurer

Bankers

CAF Bank, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4JQ

HSBC, 2 The Promenade, Cheltenham, Gloucestershire GL50 1LS

Objects and activities

The Charity's objects as set out in the objects contained in the company's memorandum of association are to relieve children in Sri Lanka who are in need by the provision of assistance and care in a family environment, education and training. The Charity's activities are to help children in Sri Lanka who are disadvantaged by poverty and vulnerability, through working in partnership with small local non-governmental organisations and community-based organisations to promote child-focused development, education, health and training within a family and community context and to achieve sustainable development through encouraging self-help, self-reliance and empowerment.

The Trustees constantly review the Charity's activities to ensure that they meet the Charity's aims and objectives. This review looks at the achievements and outcomes of the Charity's work in the year to 31 October 2010.

Achievements and performance

The Charity had three continuing projects during the period:

- Rikillagaskada: a development project on the Rahuntagoda tea plantation near Kandy
- Galewala: a development project in central Sri Lanka, north of Kandy
- Kalpitiya, a development project in a remote region on the Puttalam peninsula on the west coast

Each of these projects is a 3-year project, consisting of:

- child development activities including pre-school provision and youth clubs
- microfinance schemes administered through mothers' societies
- training in areas such as nutrition, health and vocational training.

The Charity's aim is for each project to become self-sustaining through our contract with the implementing organisation, so that we can withdraw and the project can continue successfully.

A new Field Director was appointed in May 2010, and travelled to Sri Lanka in early August. The outgoing field director left Sri Lanka at the beginning of September, allowing for a period of handover between the outgoing and incoming field directors.

This year, the Trustees decided to aim to recruit a field director for two years, instead of for one year with a possible extension to two years.

The main achievements for each of these projects in this financial year are as follows.

Rikillagaskada: the project worked well during the financial year. The fifth division that was taken out of the initial 6 month project in the last financial year was successfully reintegrated into the main project.

A mid-term report was produced at the end of the first 12 months of the main project. This indicated in the main that the objectives of the project would be achieved in the following 12 months. It did also highlight a few areas of concern and remedial action has been taken to address these matters.

Galewala: The main project started in January 2010 and will run until January 2012. All activities budgetted so far have been carried out, and some of them have been praised by external bodies. A local Ministry of Health worker praised the health awareness training carried out.

Kalpitiya: a final report was produced which showed that the objectives of the project had been achieved. This enabled the Charity to successfully withdraw from the project in August.

In addition, the Charity started working on a new project with the Women's Development Centre

(WDC) in Kandy, to help disadvantaged and vulnerable children in three villages in the Kandy District. The WDC is a well-established local NGO with much experience of development projects.

An initial appraisal was carried out, and the initial 6-month project was agreed in September. The project was due to start at the beginning of November.

Financial review

The Trustees have adopted accruals accounting for the first time in the preparation of these financial statements. Previously accounts were prepared on a cash received and paid basis. Comparative amounts have been restated for the change in accounting basis to accruals accounting. There is no impact on the cash balances held by the Charity at the balance sheet date and the full effects of this are explained in Note 1 to the accounts.

This year saw a 3% decrease in regular donations to £9,079; this was mainly due one monthly donor who gave a large sum of money reducing the monthly donation. The Trustees do not consider this to be significant given the current economic situation and general experience of the charitable sector. All other income received as donations increased slightly over the previous year.

The Gift-Aid claim of £2,934 was made after the year end and was lower than the £3,492 received in the prior year.

The Charity had an outflow of funds deficit of £17,553. Expenditure on projects was 90% higher than last year. This had been anticipated as expenditure in the years ending 31 October 2007 and 2008 had been significantly lower than normal. About 70% of the expenditure for the Galewala project was budgetted for the first year, and the Rikillagaskada main project will be completed, so it is anticipated that project expenditure will decrease in the next financial year.

Total volunteer travel and expenses were similar to last year.

The exchange rate varied during the year between about £1 = Lkr 160 and about £1 = Lkr 180. The inflation rate in Sri Lanka continues to be much higher than in the UK. Inflation risk is managed by holding funds in Sterling.

Two trustees (J Newall and S Coulden) went to Sri Lanka and visited the projects in Galewala and Rikillagaskada, as well as the Charity's former project in Samarakoon Watta. The Trustees funded the substantial proportion of these visits themselves.

Fundraising

The Trustees decided not to hold a major fundraising event this year. However, a fundraising lunch was held during the year which enabled the Trustees to meet with major supporters and to explain plans for future projects. A further fundraising event has been held since the year end. However the Charity has benefited from a supporter sailing around the coast of the UK and raising approximately £3,449 for the Charity.

The sale of Christmas cards for Christmas 2009 was again a success, and the Charity decided to continue to sell them in the future. In addition, the Charity started selling gifts to fund specific activities in the Rahuntagoda Tea Estate Project in Rikillagaskada, such as a child's day out, playground equipment and training a health worker.

Investment policy

The Charity's reserves continue to be invested in the CAFCash Gold Account, keeping sufficient funds in the current account for immediate requirements. UK interest rates have been low since March 2009 and the income received on the reserves is now only about £20 per quarter.

Reserves policy

The Trustees have established the level of reserves that the Charity should have. The Charity commits to work with each project for 36 months. Trustees ensure there are sufficient projected funds (based on a prudent projection) for the entire project in advance of starting a partnership. The Trustees consider that reserves should be an average of the last three years' expenditure. The average expenditure for the last three years is £28,911 and the actual reserves at 31 October 2010 were £35,666.

Plans for future periods

Rikillagaskada: the main project is scheduled for completion during the summer of 2011. A sustainability report will be produced and the Charity may consider further work in the community.

Galewala: the Charity will continue with the main project, which is scheduled for completion in January 2012. The Charity has had requests from other local villages to be involved in the project and may consider working with other communities when the main project is finished.

WDC: the Charity hopes to start the main project as a result of the completion of the 6 month project in April 2011.

Structure, governance and management

Governing document

The Charity is a Charitable Company limited by Guarantee, incorporated on 3 November 1997 and registered as a Charity on 13 February 1998. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £10.

Recruitment and appointment of Trustees

The Trustees are also Directors of the Charity for the purpose of the Companies Act. Under the requirements of the Memorandum of Association, one third of the Trustees are required to retire at each Annual General Meeting and seek re-election. To meet the above requirement, J Bailey and J Newall retire by rotation and, being eligible, offer themselves for re-election.

The Trustees aim to maintain a broad mix of skills on the board, so that the project delivery, fundraising and governance needs of the Charity are met. When a vacancy arises, skills of a new Trustee are sought to complement the other Trustees. New Trustees are usually already known to the Charity.

In addition to general responsibilities towards the Charity each Trustee has their own area of responsibility – this ensures that all areas are covered and work is not duplicated.

Trustee induction and training

Potential new Trustees are invited to attend several Trustee meetings to see how the Charity operates. Responsibilities are explained, and information sheets from the Charities Commission and Companies House setting out legal responsibilities are given to the new Trustee. After this the potential recruit decides whether they are willing to accept the responsibilities and if they are they are proposed and voted on as a potential Trustee.

Organisation

The board of Trustees administers the Charity. The board meets approximately eight times per year. A volunteer field director is appointed by the Trustees to manage the day-to-day operations of the Charity in Sri Lanka.

Risk management

Where appropriate, systems and procedures have been established to mitigate the risks the Charity faces. These systems and procedures are reviewed regularly to ensure that they continue to meet the needs of the Charity. To reduce financial risks, funds are maintained in sterling bank accounts based in the UK that require two registered signatories to withdraw or transfer funds or effect any changes.

The security policy for the Charity's volunteer Field Director continued to be a standing item on the Board meeting agenda because of the heightened security situation in Sri Lanka. With the defeat of the Tamil Tigers in 2009, the country is more secure and the Foreign and Commonwealth Office no longer advises against travel to certain parts of Sri Lanka. However, the security situation in the country can be volatile at times. Our security policy states that we follow the guidance given by the FCO and so the Trustees monitor this continuously reporting on it and discussing the implications of the advice at each Trustee meeting. The security policy is also reviewed at every AGM.

Statement of Trustees' responsibilities

Company law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the Charity at the end of the financial year. In preparing these statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enables them to ensure that the financial statements comply with the Companies Act 2006. The Trustees 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.

In approving these financial statements as Trustees of the company we hereby confirm:

For the year ending 31 October 2010 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Independent Examiner

John Meadowcroft was appointed as the Independent Examiner during the course of the year.

Approved by the Trustees on 28 June 2011 and signed on their behalf by

J Newall
Trustee

Shining Life Children's Trust

Independent examiner's report to the Trustees on the unaudited financial statements of SHINING LIFE CHILDREN'S TRUST

Respective responsibilities of the Trustees and Independent 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 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed. The Charity is required by company law to prepare accrued accounts and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the Charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 43 of the 1993 Act);
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 43(7)(b) of the 1993 Act; and
- to 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 you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be 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:

(1) which gives me reasonable cause to believe that in any material respect the requirements

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

John Meadowcroft ACA
2 Bailey Close
High Wycombe
Buckinghamshire

28 June 2011

Shining Life Children's Trust

Statement of financial activities including Income and Expenditure Account (unrestricted funds) for the year ended 31 October 2010

	Notes	2010 £	2009 £
Incoming resources			
Donations	2	13,500	13,598
Fundraising events	3	4,341	1,245
Sale of gifts and Christmas cards	4	2,102	1,397
Matched giving		–	120
Income from investments	5	83	711
Gift aid tax reclaim		2,934	3,492
Total incoming resources		22,960	20,563
Resources expended			
Grants payable	6	(28,625)	(15,047)
Rent, rates and service charge		(1,677)	(1,692)
Volunteer travel and expenses		(7,619)	(7,148)
Trustee visit		(220)	–
UK governance		(15)	(15)
Fundraising expenditure	7	(2,143)	(1,627)
Interest and bank charges		(214)	(180)
Total resources expended		(40,513)	(25,709)
Net movement in funds		(17,553)	(5,146)
Total funds brought forward		53,219	58,365
Total funds carried forward		35,666	53,219

Shining Life Children's Trust

Balance sheet as at 31 October 2010

	Notes	2010 £	£	2009* Restated (note 1) £	£
Current assets					
Stock		936		970	
Debtors	10	6,383		4,402	
Cash at bank and in hand		28,821		47,847	
			36,140		53,219
Creditors: amounts falling due within one year:					
Accruals			(474)		-
Net assets			<u>35,666</u>		<u>53,219</u>
Unrestricted Funds	11		<u>35,666</u>		<u>53,219</u>

There are no restricted funds. The purpose of the unrestricted fund is to provide relief to children in Sri Lanka in line with the Charity's objects.

The notes on pages 11 to 13 form an integral part of these financial statements.

For the year ending 31 October 2010 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts
- these accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board on 28 June 2011 and signed on its behalf by

J Newall
Trustee

Notes to the financial statements for the year ended 31 October 2010 (unrestricted funds)

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed assets at market value, in accordance with the Companies Act 2006 and follow the recommendations in 'Accounting and Reporting by Charities: Statement of Recommended Practice' issued in April 2005. The Charity has taken advantage of the exemption in FRS1 from the requirement to produce a cash flow statement because it is a small charity.

1.2. Prior period adjustment, accruals accounting

The Charity has adopted accruals accounting for the first time in these financial statements for the year ended 31 October 2010. Comparative information has been restated to reflect accruals and prepayments required at 1 November 2008 and at 31 October 2009. The impact is to recognise a prepayment for rent of £782 at 1 November 2008 and a rent prepayment of £910 at 31 October 2009 and stocks of Christmas Cards of £810 and £970 respectively. Gift Aid is claimed by the Charity after the end of the year based on donations received during the year. Adjustments for amounts receivable of £9,859 and £3,492 have been recorded at 1 November 2008 and 31 October 2009 respectively. The impact of the adjustments is to increase reported funds by £11,451 at 1 November 2008 and by £4,402 at 31 October 2009.

1.3. Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income.

- Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when received.
- Gifts donated for resale are included as income when they are sold.
- Donated assets are included at the value to the Charity where this can be quantified and a third party is bearing the cost.
- The value of services provided by volunteers has not been included.
- Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.
- Income from investments is included in the year in which it is receivable.

1.4. Resources expended

Resources expended are recognised on an accrual basis in the year in which they are incurred. Expenditure included any VAT which cannot be recovered and is reported as part of the expenditure to which it relates.

Fundraising costs are those incurred in getting regular donors and one-off donations.

Direct charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

UK governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

2. Donations

	2010	2009
	£	£
Income – one-off donations	4,420	4,278
Income – regular donations	9,080	9,320
	<u>13,500</u>	<u>13,598</u>

3. Fundraising events

	2010	2009
	£	£
Fundraising event: Six Ferries Challenge 2008	–	766
10th anniversary events *	–	479
Fundraising event: Lunch, April 2010	742	–
Fundraising event: Fran's Big Adventure	3,599	–
	<u>4,341</u>	<u>1,245</u>

*This was incorrectly assigned to Christmas cards in the last annual report

4. Sale of gifts and Christmas cards

	2010	2009
	£	£
Gifts	690	–
Christmas cards	1,412	1,397
	<u>2,102</u>	<u>1,397</u>

5. Investment income

	2010	2009
	£	£
Income – Interest receivable	83	711
	<u>83</u>	<u>711</u>

6. Direct charitable expenditure

	2010	2009
	£	£
Grants payable		
Galewala	15,605	4,979
Kalpitiya	2,376	2,649
Rikillagaskada	10,240	7,419
WDC	404	–
	<u>28,625</u>	<u>15,047</u>

7. Fundraising expenditure

	2010	2009
	£	£
Events	440	67
Printing, postage and stationery	417	424
Christmas cards for resale etc.	1,049	810
General expenses	237	326
	<u>2,143</u>	<u>1,627</u>

8. Trustees' emoluments

The Charity had no employees during the year. The Trustees received no emoluments.

9. Taxation

As a charity, Shining Life Children's Trust is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 236 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

10. Other debtors and prepayments

	2010	2009
	£	£
Gift Aid receivable	2,934	3,492
Fundraising events	3,449	–
Prepayments	–	910
	<u>6,383</u>	<u>4,402</u>

11. Reconciliation of Unrestricted Funds

	£
Unrestricted funds at 1 November 2008 as previously reported	46,914
Prior year adjustment (note 1)	11,451
Unrestricted funds at 1 November 2008 (restated)	<u>58,365</u>
Net movement in funds for the year ended 31 October 2009 (restated)	<u>(5,146)</u>
Unrestricted funds at 31 October 2009 (restated)	53,219
Net movement in funds for the year ended 31 October 2010	<u>(17,553)</u>
Unrestricted funds at 31 October 2010	<u>35,666</u>

12. Share capital

The Company is limited by guarantee and therefore has no share capital. However every member of the company undertakes to contribute to the assets of the Charity in the event of the same being wound up whilst he is a member, or within one year after he ceases to be a member. This contribution is in respect of payment of debts and liabilities of the Charity contracted before he ceases to be a member. The liability should extend to the costs, charges and expenses of winding up, and for the adjustment of rights of the contributories amongst themselves. The amount of contribution that may be required will not exceed £10. The company has six members.