

SHINING LIFE CHILDREN'S TRUST

(A company limited by guarantee)

**Report and financial statements
for the year ended 31 October 2011**

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

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

**Financial statements
for the year ended 31 October 2011**

Contents

	Page
Legal and administrative information	3
Trustees' report	4
Reporting accountant's report	9
Statement of financial activities	10
Balance sheet	11
Notes to the financial statements	12

Shining Life Children's Trust
Report of the Trustees for the year ended 31 October 2011

The Trustees present their report and financial statements for the year ended 31 October 2011

Legal and administrative information

Charity name: Shining Life Children's Trust

Charity registration number: 1068123

Company registration number: 3459486

Registered office: 1 Chestnut Lane
Amersham
Buckinghamshire
HP6 6EN

Trustees

J Brown, Secretary

J Bailey, resigned July 2011

S Coulden

R Dasgupta, resigned June 2011

J Hockley

L Howgate, appointed July 2011

J Newall, Treasurer

J Slocombe, appointed October 2011

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 2011.

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
- Kandy communities: a development project with vulnerable and disadvantaged children in three villages in the Kandy District.

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.

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

Rikillagaskada: the project was due for completion at the end of June 2011. As part of the Charity's standard practice, a sustainability report was produced towards the end of the contracted project period. The review highlighted the significant progress made in the communities as a result of the project. Achievements include:

- the capacity of the women involved has improved and they are also developing strong leadership skills – they have used these skills to organise local festivals and campaign for services such as bus services
- children's clubs and children's club libraries have been successful with over 50% of children attending regularly
- nutrition of children under five has improved
- knowledge of health issues has significantly improved.

The report also highlighted a few areas that needed further work to ensure sustainability before the Charity could withdraw. These include:

- improving the provision of microfinance
- undertaking repairs to creches and preschools on the estate.

However, before these could be fully implemented, our partner agency had a misunderstanding with the outgoing superintendent of the tea estate and this led to the project work being suspended. A new superintendent was appointed in late 2011. The Charity has worked with our partner agency to facilitate improved relations. The extension project to address the outstanding development issues started in early 2012 and will complete during 2012.

Galewala: The main project will run until January 2012. A mid-term report was produced to ensure

that progress was in line with the intended development objectives. This highlighted that the majority of the planned activities had taken place and were having the intended impact. Some of the achievements are:

- improved pre-school and library facilities
- trained teachers and library staff
- raised healthcare and dental hygiene awareness
- ability to improve nutrition through local crop growing and animal husbandry.

The report also highlighted a few areas that needed attention. As a result some changes were implemented including:

- addition of several income generation training programmes, such as dress-making and sewing
- improve the capacity of the partner agency through provision of better IT facilities.

A sustainability report was commissioned towards the end of the financial year to assess whether any further work would be needed before the project is complete and the Charity can withdraw. This report was due at the end of 2011.

Kandy communities: the initial 6-month project was carried out successfully, starting in November 2010. From this, the main 30-month project was produced, which started in July 2011. The project is running in three distinct areas: the Kadugannawa Tamil School area, the Pupuressa Levollon Tea Estate and the Ulupane School area. The main features of the project include:

- capacity building of women in the project areas
- improve the welfare of children
- improve the women's diversity of income
- increase awareness of health issues.

Plans for future periods

Rikillagaskada: the main project is now scheduled for completion during the summer of 2012.

Galewala: the Charity will consider the sustainability report that has been commissioned. It will then consider any further work that is needed to ensure that the project is sustainable. When completed, the Charity will also consider running a second project in the Galewala area with other local villages.

Kandy communities: the main project, which started in July 2011, will continue. The project is scheduled to run until December 2013.

Financial review

The charity has not escaped the financial problems affecting the UK economy. This year saw a 9% decrease in regular donations to £8,251. However, this was offset by a 28% increase in one-off donations to £5,655, which meant that total donation income was slightly up on 2010. The Trustees do consider the decrease in regular donations to be significant and will be taking action to secure further sources of funding in the next financial year.

The Charity was successful in obtaining a grant from Leek Rotary Club of £1,660 towards the Galewala and Kandy District projects.

All Gift-Aid claims have been made and the cash has been received.

The Charity had an outflow of funds of £3,189 (2010: net outflow of £17,553). This reduction was mainly due to expenditure on projects decreasing from £28,625 to £19,178. This decrease was anticipated.

Total volunteer travel and expenses were similar to last year. The Trustees decided in April 2011 to

move the Charity's base in Dehiwala in the south of Colombo to a location in central Colombo. This action was taken to reduce the Field Director's travelling time by about 1 hour each way, because of having to travel through central Colombo to get to the projects. To achieve this, the Charity has had to pay an increase in rent of nearly 50%. This was considered carefully and on balance agreed to be a good investment.

As planned, the Field Director is staying for 2 years, so no recruitment was necessary this year. However, the Charity has had to spend more money than before for the Field Director to obtain a work permit.

The exchange rate varied during the year between £1 = Lkr 170 and £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. Since the end of the financial year, the exchange rate has changed to approximately £1 = Lkr 200, which means that the charity will benefit from lower costs in sterling.

There were no Trustee visits this year.

Fundraising

The Charity held a fundraising event in June 2011 – a 100 km bike ride round North Norfolk. Some funds raised had not been received by the year end, but have now been received. The event raised just over £4000 in total.

A friend ran the London Marathon in April 2011 partly for the Charity and raised £426.

The Charity continued the sale of Christmas cards and gifts for Christmas 2010. Sales of Christmas cards were similar to 2009, but sales of gifts were down. The sale of Gifts is highly profitable for the Charity and will be a focus of fundraising in 2011-12.

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 £10 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 £32,080 and the actual reserves at 31 October 2011 were £32,476.

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. As two trustees resigned and were replaced

by two new trustees, the Trustees consider that this requirement has been met.

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 2011 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 10 July 2012 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

10 July 2012

Shining Life Children's Trust

Statement of financial activities including Income and Expenditure Account (unrestricted funds) for the year ended 31 October 2011

	Notes	2011 £	2010 £
Incoming resources			
Donations	2	13,906	13,500
Fundraising events	3	6,104	4,341
Sale of gifts and Christmas cards	4	1,826	2,102
Grants		1,660	–
Income from investments	5	48	83
Gift aid tax reclaim		3,286	2,934
Total incoming resources		26,830	22,960
Resources expended			
Grants payable	6	(19,178)	(28,625)
Rent, rates and service charge		(2,282)	(1,677)
Volunteer travel and expenses		(6,169)	(7,619)
Trustee visit		–	(220)
UK governance		(57)	(15)
Fundraising expenditure	7	(2,200)	(2,143)
Interest and bank charges		(134)	(214)
Total resources expended		(30,020)	(40,513)
Net movement in funds		(3,190)	(17,553)
Total funds brought forward		35,666	53,219
Total funds carried forward		32,476	35,666

Shining Life Children's Trust

Balance sheet as at 31 October 2011

	Notes	2010 £	£	2009 £	£
Current assets					
Stock		250		936	
Debtors	10	5,397		6,383	
Cash at bank and in hand		27,012		28,821	
			32,659		36,140
Creditors: amounts falling due within one year:					
Accruals			(183)		(474)
Net assets			32,476		35,666
Unrestricted Funds	11		32,476		35,666

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 12 to 14 form an integral part of these financial statements.

For the year ending 31 October 2011 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 10 July 2012 and signed on its behalf by

J Newall
Trustee

Notes to the financial statements for the year ended 31 October 2011 (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 on an accruals basis 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. 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.

1.3. 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

	2011	2010
	£	£
Income – one-off donations	5,655	4,420
Income – regular donations	8,251	9,080
	<u>13,906</u>	<u>13,500</u>

3. Fundraising events

	2011	2010
	£	£
North Norfolk 100 km cycle ride, June 2011	3,975	–
London Marathon, April 2011	426	
Brownies fundraiser	636	
Lunch, April 2010	–	742
Fran's Big Adventure	1,067	3,599
	<u>6,104</u>	<u>4,341</u>

4. Sale of gifts and Christmas cards

	2011	2010
	£	£
Gifts	395	690
Christmas cards	1,431	1,412
	<u>1,826</u>	<u>2,102</u>

5. Investment income

	2011	2010
	£	£
Income – Interest receivable	48	83
	<u>48</u>	<u>83</u>

6. Direct charitable expenditure

	2011	2010
	£	£
Grants payable		
Galewala	7,750	15,605
Kalpitiya	–	2,376
Rikillagaskada	4,069	10,240
Kandy communities	7,359	404
	<u>19,178</u>	<u>28,625</u>

7. Fundraising expenditure

	2011	2010
	£	£
Events	1,195	440
Printing, postage and stationery	45	417
Christmas cards for resale etc.	751	1,049
General expenses	209	237
	<u>2,200</u>	<u>2,143</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

	2011	2010
	£	£
Gift Aid receivable	2,898	2,934
Fundraising events	1,122	3,449
Prepayments	1,377	–
	<u>5,397</u>	<u>6,383</u>

11. 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.