

SHINING LIFE CHILDREN'S TRUST

(A company limited by guarantee)

**Report and financial statements
for the year ended 31 October 2012**

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

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

**Financial statements
for the year ended 31 October 2012**

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Shining Life Children's Trust
Report of the Trustees for the year ended 31 October 2012

The Trustees present their report and financial statements for the year ended 31 October 2012

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

S Coulden, resigned November 2011

J Hockley

L Howgate

J Newall, Treasurer

J Slocombe

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 2012.

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.

In addition, the Charity started work on a second project in the Galewala area that would build on the success of its first project.

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 implemented programmes continue successfully, without additional external support.

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

Rikillagaskada: a six-month extension project to help ensure that the project was self-sustaining before the Charity could withdraw was completed. The main areas of the extension project included:

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

The Charity had commissioned, and was awaiting, a further report on the success of this extension project at the end of the financial period.

Galewala: The main project was completed successfully in January 2012. The sustainability report that was commissioned towards the end of the previous financial year was received at the end of 2011. It highlighted that all of the project's main objectives had been achieved with the exception of the provision of IT facilities.

Achievements include:

- 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.
- Training in vocational skills, to widen sources of family income.

For example, the loan and self-employment training had enabled women in the three villages to gain skills, such as dress-making, to help them generate more income. The loan schemes have a low default rate.

The objective to provide access for youths and children to computer facilities and IT training was not completed. After a full feasibility evaluation, the Trustees decided that this element was not fundamental to the community's requirement and that the charity was not the right organisation to deliver this element.

The Trustees were delighted that the sustainability report highlighted that the activities implemented were fully sustainable without the need for a project extension. This was in part due to the commissioning of a mid-term review in late 2010 and making changes to the implementation of the project as a result of this review.

Kandy communities: The main 30-month project continued to run in three distinct areas: the Kadugannawa Tamil School area, the Pupuressa Levollon Tea Estate and the Ulapane School area. The main features of the project include:

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

The charity commissioned a mid-term report which is due to be delivered in the next financial period. The mid-term report will evaluate progress to date indicating where it is in line with the intended development objectives and identifying any areas of concern that can be addressed to ensure that the project is completed successfully.

Second project in Galewala area: The Charity commissioned participatory rural appraisal (PRA) in three new communities in the Galewala area to research the needs of these three communities. The report from the PRA was received and this will be used to produce a 6-month development project with these communities.

Plans for future periods

Rikillagaskada: a final sustainability report is expected to be delivered in early 2013.

Second project in Galewala area: the Charity is aiming to carry out a 6-month development project in the next financial period, which will then provide the basis of a full 30-month project. The proposal for the 6-month project is due in early 2013.

Kandy communities: the main project, which started in July 2011, will continue. The mid-term report is scheduled to be received in early 2013. The project is scheduled to run until December 2013.

Financial review

The Charity had an outflow of funds of £9,359 (2011: net outflow of £3,189). This was due to a predicted increase of about 12% in expenditure on projects to £21,425 (2011: £19,178), and a 17% drop in income from to £22,396 (2011: £26,830).

Regular donations were consistent with 2011 at £8,142. There was a 44% increase in one-off donations to £8,134. which meant that total donation income was significantly up on 2011. The increase in one-off donations was due to an appeal in the early part of 2012. The Trustees were pleased to maintain the level of regular donations.

The overall reduction was due to a decrease in income from fundraising events.

The Trustees have put a fundraising strategy in place to increase the Charity's income in the next financial year.

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

Total volunteer travel and expenses were similar to last year. The Trustees decided in October 2012 to keep the Charity's base in a location in central Colombo. The move from Dehiwala south of Colombo had resulted in a significant reduction in the Field Director's travelling time. It also means that the Field Director is much closer to Government Departments as he is having to spend an increased amount of time dealing with organisations such as the NGO Secretariat and more complex processes in obtaining visas.

The exchange rate varied during the year. It started at £1 = Lkr 180, dropped to £1 = Lkr 170 and then increased to £1 = Lkr 210 at the end of the year. Since the end of the financial year, the exchange rate has changed to approximately £1 = Lkr 190. The inflation rate in Sri Lanka continues to be much higher than in the UK. Inflation risk is managed by holding funds in Sterling, which means that the charity will benefit from lower costs in sterling.

There were no Trustee visits this year.

Fundraising

The Charity did not hold any fundraising events this year. However, some late monies from the fundraising event in June 2011 meant that the event raised over £5600 in total. The Charity will be holding a fundraising event in the financial year ending 31 October 2013.

The Charity continued the sale of Christmas cards and gifts for Christmas 2011. Sales of Christmas cards and gifts were similar to 2010. The sale of Gifts is highly profitable for the Charity. The Trustees consider that the sale of Christmas cards is worth continuing because of the extra donations it brings in.

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 £33,789 and the actual reserves at 31 October 2012 were £23,117.

The Trustees have put in place a fundraising strategy to address this shortfall in the reserves. However, it is also anticipated that the reserves required by this policy will decrease as the expenditure for financial year ending 31 October 2010 was £10,000 higher than in the following financial years, and the Charity anticipates expenditure continuing at this lower level of less than £30,000 per year.

In addition, the Charity has now reverted to its original intention of supporting two projects at any one time. This was temporarily increased to three projects from 2005 until 2011 to make best use of additional donations that were received as a result of the Boxing Day Tsunami in 2004.

A fundraising event was held in May 2013 which raised almost £8000 for the charity, including Gift Aid.

Field Director

As planned, the Field Director's term came to an end and the Charity successfully recruited a replacement Field Director with a contract to stay in Sri Lanka for 2 years. Unfortunately, there was not time for a handover between the new and old Field Directors in Sri Lanka, because of the amount of time it took to secure a visa for the new Field Director. In the end, the handover took place in London.

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 S Coulden resigned, the Trustees consider only one Trustee needs to retire to meet the above requirement. J Brown retires by rotation and, being eligible, offers herself 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.

The Trustees are seeking to appoint a sixth trustee who will be able to concentrate on fundraising.

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. A risk log has been compiled and is reviewed at each meeting. 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 (FCO) 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 was modified during the year to include guidance given by the equivalent of the FCO from the Field Director's country if the Field Director is not a British National. This was changed because the current Field Director is a National of Eire, and so we now follow the guidance given by the FCO's Irish equivalent in addition to the guidance provided by the FCO. The Trustees continue to monitor this advice and discuss the implications of it at each Trustee meeting. The security policy is also formally reviewed annually.

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 2012 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 9 July 2013 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

9 July 2013

Shining Life Children's Trust

Statement of financial activities including Income and Expenditure Account (unrestricted funds) for the year ended 31 October 2012

	Notes	2012 £	2011 £
Incoming resources			
Donations	2	16,276	13,906
Fundraising events	3	1,691	6,104
Sale of gifts and Christmas cards	4	1,709	1,826
Grants		–	1,660
Income from investments	5	37	48
Gift aid tax reclaims		2,683	3,286
Total incoming resources		22,396	26,830
Resources expended			
Grants payable	6	(21,425)	(19,178)
Rent, rates and service charge		(2,577)	(2,282)
Volunteer travel and expenses		(6,582)	(6,169)
UK governance		(14)	(57)
Fundraising expenditure	7	(988)	(2,200)
Interest and bank charges		(169)	(134)
Total resources expended		(31,755)	(30,020)
Net movement in funds		(9,359)	(3,190)
Total funds brought forward		32,476	35,666
Total funds carried forward		23,117	32,476

Shining Life Children's Trust

Balance sheet as at 31 October 2012

	Notes	2012 £	£	2011 £	£
Current assets					
Stock		650		250	
Debtors	10	2,751		5,397	
Cash at bank and in hand		19,779		27,012	
			23,180		32,659
Creditors: amounts falling due within one year:					
Accruals			(63)		(183)
Net assets			23,117		32,476
Unrestricted Funds	11		23,117		32,476

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 2012 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 9 July 2013 and signed on its behalf by

J Newall
Trustee

Notes to the financial statements for the year ended 31 October 2012 (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

	2012	2011
	£	£
Income – one-off donations	8,134	5,655
Income – regular donations	8,142	8,251
	<u>16,275</u>	<u>13,906</u>

3. Fundraising events

	2012	2011
	£	£
North Norfolk 100 km cycle ride, June 2011	1,691	3,975
London Marathon, April 2011	–	426
Brownies fundraiser	–	636
Fran's Big Adventure	–	1,067
	<u>1,691</u>	<u>6,104</u>

4. Sale of gifts and Christmas cards

	2012	2011
	£	£
Gifts	481	395
Christmas cards	1,228	1,431
	<u>1,709</u>	<u>1,826</u>

5. Investment income

	2012	2011
	£	£
Income – Interest receivable	37	48
	<u>37</u>	<u>48</u>

6. Direct charitable expenditure

	2012	2011
	£	£
Grants payable		
Galewala	3,163	7,750
Galewala 2nd project	1,919	
Rikillagaskada	2,339	4,069
Kandy communities	14,004	7,359
	<u>21,425</u>	<u>19,178</u>

7. Fundraising expenditure

	2012	2011
	£	£
Events	–	1,195
Printing, postage and stationery	200	45
Christmas cards for resale etc.	608	751
General expenses	180	209
	<u>988</u>	<u>2,200</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

	2012	2011
	£	£
Gift Aid receivable	2,649	2,898
Fundraising events	–	1,122
Prepayments	102	1,377
	<u>2,751</u>	<u>5,397</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.