

SHINING LIFE CHILDREN'S TRUST

(A company limited by guarantee)

**Report and financial statements
for the year ended 31 October 2014**

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

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

**Financial statements
for the year ended 31 October 2014**

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Shining Life Children's Trust
Report of the Trustees for the year ended 31 October 2014

The Trustees present their report and financial statements for the year ended 31 October 2014

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 Dean

R Gaut (appointed September 2014)

J Hemaratne

J Hockley (resigned December 2014)

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. The Trustees refer to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aim and objectives and in planning future activities.

The Charity's operating model of a Field Director working directly with a few small projects means it is able to impart skills and expertise easily, developing its partners beyond that which a financial partnership offers. In addition the Charity ensures that the benefit of being a small, nimble charity is maximised by being able to review and refocus its resource to maximum benefit within the communities with which it is working.

In addition, the Trust's low overheads means that a much higher percentage of its funds go directly to its work in Sri Lanka than it does for a large charity.

This review looks at the achievements and outcomes of the Charity's work in the year to 31 October 2014.

How the Charity's activities deliver public benefit

The main activities and the charity's beneficiaries are described below. All charitable activities focus on community development and empowerment and are undertaken to further our charitable purposes for the public benefit.

Achievements and performance

The Charity had two continuing projects during the period:

- Kandy communities: a development project with vulnerable and disadvantaged children in three villages in the Kandy District.
- Galewala Livelihood: a development project in central Sri Lanka, north of Kandy.

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.

Kandy communities: The main 30-month period of the project finished at the end of December 2013. The project ran in three distinct areas: the Kadugannawa Tamil School area, the Pupuressa Levollon Tea Estate, Ulapane School and Denmark village. The main features of the project included:

- 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.

At the end of a project, the Charity commissions a sustainability report which was received in early 2014. This demonstrated the significant improvements achieved with the communities through the project from development of school buildings through to training community members in a wide range of skills to diversify their income generating abilities. There was a favourable impact on all aspects of community life that will lead to sustainable improvement in the communities.

The main achievements of the project were:

- **Capacity building** Four women's societies and children's clubs are operating successfully in the three project areas. Substantial work has been invested in ensuring the sustainability of Women's Societies with community engagement activities and training sessions for members of the Women's Societies.
- **Children's welfare** The support available to young people in early years and special needs education has been improved. Repairs and improvements to crèche facilities on Pupuressa Estate have been completed.
- **Access to education** Significant investment has been made in the buildings and learning resources available within schools in the project areas. Library books have been provided to all schools in the project areas and work to improve the environment in Kadugannawa Tamil School has been completed. Effective student counselling programmes have been put into operation in Kadugannawa and Ulapane Schools.
- **Finance and employment** Savings training programmes, home management and skills development training programmes have been delivered in all project areas. Income generating and vocational training programmes have also been delivered in all project areas. Denmark village is running a successful micro credit scheme.
- **Health** Programmes to ensure the nutritional health and the well being of infants, young people and the wider communities have been delivered in all project areas as planned. Other activities have included programmes on sexual health, drug and alcohol misuse and sanitary health.
- **Environment** Through the implementation of community and school environmental awareness programmes, activities focusing on home and school gardens and planned management of soil and water tables have been central to community activities over the course of the project.

Galewala Livelihood: This project started in October 2013. The aims of the project are:

- improve the cultural, social and economic outcomes for women and young people in the villages of Yatigalpotha, Silvathgama and Nuwanpura in the rural district of Galewela
- build the capacity of the women's societies, children's clubs and divisional staff to support and impact positively and more effectively on their communities
- promote programmes in child rights and child protection, health and nutrition, children's welfare, access to education, finance and employment, and the environment
- build the capacity of preschools, schools, women's societies and children's clubs.

The mid-term report on the project indicated that all the key objectives are on track to be achieved by the end of the project with one already achieved.

Examples of achievements to date include:

- Mothers are now supplementing their income by selling products made as a result of the training received on sewing and making leather goods.
- Children from the villages participated in an educational trip where they saw areas outside of the ones they are familiar with.
- Health and nutrition programmes have helped to reduce the incidence of illness from dirty water and dengue fever.

Third project: the Charity was aiming to start a new project during this period. The Charity initially identified two potential new partner organisations and projects. However, further research highlighted that neither was suitable and so the Charity did not go ahead with either project..

Plans for future periods

Galewala Livelihood: the main 30-month project will continue. The Charity is scheduled to receive a mid-term report in early 2015. Any issues arising from the mid-term report will be dealt during the course of the rest of the project.

New project: the Charity will aim to start a new project. Sufficient funds are available for a new project and several proposals are being considered. In addition, a small additional sewing project on the Pupuresa tea estate is scheduled to take place.

Financial review

The Charity had a net inflow of funds of £6,409 (2013: net inflow of £2,201). This was mainly due to a 14% decrease in expenditure to £24,124 (2013: £28,152). Most of the decrease was attributable to not starting a new project during the year. Overall income was almost the same at £30,533 (2013: £30,356).

Although there was a 41% increase in one-off donations to £9,880, the Trustees do not expect to see this repeated because there was a single donation of £5,000. Regular donations were up slightly at £8,737 (2013: £8,605). This is the preferred form of fundraising as it facilitates forward planning.

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

Total volunteer travel and expenses were similar to last year. The Charity recognises that this is a larger proportion of the grants awarded, but this will decrease with a new project.

The exchange rate varied slightly during the year. It started at £1 = Lkr 210, increased to £1 = Lkr 220 and then decreased to £1 = Lkr 204 at the end of the year. Since the end of the financial year, the exchange rate has stayed at approximately £1 = Lkr 200. 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 visited Kandy Communities and Galewala Livelihood projects in November 2013. It is anticipated that there will be further trustee visits in the next period. The total cost to the Charity was £60 as the Trustees funded the visit themselves.

Since the Charity's inception in 1997, it has raised a total of £390,000 for its projects in Sri Lanka.

Fundraising

The Charity had a sponsored cycle ride in the New Forest in June 2014. The event was budgeted to raise £5,000 net of expenses. The event achieved this budget.

The Charity will hold a further fundraising event in 2015.

The Charity continued the sale of Christmas cards and gifts for Christmas 2013. Sales of Christmas cards and gifts were down from 2012. This was partly a result of having less stock than in previous years. The sale of Christmas cards also leads to additional donations from purchasers. Donations received as a result of selling Christmas cards and gifts are also included in this figure. The sale of gifts is especially profitable for the Charity.

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 £28,010 (2013: £29,976) and the actual reserves at 31 October 2014 were £31,729 (2013: £25,320).

The objective of having the reserves match the average of the last three years' expenditure by the end of this financial period was achieved. As a result of the surplus this year, the reserves are now slightly higher than the average expenditure. The fundraising strategy put in place in previous years will continue to be followed. The Charity anticipates expenditure continuing at approximately £30,000 per year.

Field director

The field director left Sri Lanka in July 2014, as expected. A new Field Director was recruited and went out to Sri Lanka as soon as the necessary visa was obtained in early October 2014. The Charity had aimed to have a handover in Sri Lanka between the outgoing and incoming Field Directors. This proved not to be possible, mainly because of the increasing length of time needed to obtain a visa. The Charity starts recruitment earlier each time, but each time the visa process seems to take longer.

The Field Director is a volunteer, with living expenses paid. The Field Director works directly with the project partners and communities, imparting their skills and experience to advance the work of the project as well as managing and monitoring progress. These expenses are therefore classified as direct, project expenditure.

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 one new Trustee was appointed during the course of the year, and one trustee resigned, the Trustees consider only two Trustees need to retire to meet the above requirement. J Slocombe and L Howgate 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.

The Trustees appointed one new Trustee during the course of the year. The new Trustee was a Trustee for several years after the founding of the Charity. The Trustees were delighted to welcome him back.

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. The current security policy includes 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 2014 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 20 January 2015 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 which are set out on pages 11 to 15

Respective responsibilities of the Trustees and Independent Examiner

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

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 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 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 130 of the 2011 Act; and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act

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

20 January 2015

Shining Life Children's Trust

Statement of financial activities including Income and Expenditure Account (unrestricted funds) for the year ended 31 October 2014

	Notes	2014 £	2013 £
Incoming resources			
Donations	2	18,617	15,573
Fundraising events	3	6,919	9,670
Sale of gifts and Christmas cards	4	1,567	2,177
Grants		865	500
Income from investments	5	33	21
Gift aid tax reclaims		2,518	2,415
Total incoming resources		30,519	30,356
Resources expended			
Grants payable	6	(13,433)	(17,507)
Rent, rates and service charge		(2,700)	(2,700)
Volunteer travel and expenses		(5,823)	(5,540)
Trustee visit		(59)	–
UK governance		(15)	(16)
Fundraising expenditure	7	(1,968)	(2,207)
Interest and bank charges		(126)	(183)
Total resources expended		(24,124)	(28,153)
Net movement in funds			
		6,395	2,203
Total funds brought forward		25,320	23,117
Total funds carried forward		31,715	25,320

Shining Life Children's Trust

Balance sheet as at 31 October 2014

	Notes	2014 £	£	2013 £	£
Current assets					
Stock		850		550	
Debtors	10	2,518		6,428	
Cash at bank and in hand		28,378		20,343	
			31,746		27,321
Creditors: amounts falling due within one year:					
Accruals			(31)		(2,001)
Net assets			31,715		25,320
Unrestricted Funds			31,715		25,320

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 13 to 15 form an integral part of these financial statements.

For the year ending 31 October 2014 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 20 January 2015 and signed on its behalf by

J Newall
Trustee

Notes to the financial statements for the year ended 31 October 2014 (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. It also includes the cost of Christmas cards and of running the website.

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

	2014	2013
	£	£
Income – one-off donations	9,880	6,968
Income – regular donations	8,737	8,605
	<u>18,617</u>	<u>15,573</u>

3. Fundraising events

	2014	2013
	£	£
Brownies fundraiser, November 2013	701	
New Forest 50 and 100 km cycle ride, June 2014	6,218	–
Isle of Wight 110 km cycle ride, May 2013	–	9,670
	<u>6,919</u>	<u>9,670</u>

4. Sale of gifts and Christmas cards

	2014	2013
	£	£
Gifts	320	330
Christmas cards	1,247	1,847
	<u>1,567</u>	<u>2,177</u>

5. Investment income

	2014	2013
	£	£
Income – Interest receivable	32	21
	<u>32</u>	<u>21</u>

6. Direct charitable expenditure

	2014	2013
	£	£
Grants payable		
Galewala Livelihood	13,433	7,763
Rikillagaskada		2,511
Kandy communities		7,233
	<u>13,433</u>	<u>17,507</u>

7. Fundraising expenditure

	2014	2013
	£	£
Events	1,218	1,420
Printing, postage and stationery	170	123
Christmas cards for resale etc.	513	571
General expenses	66	93
	<u>1,967</u>	<u>2,207</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

	2014	2013
	£	£
Gift Aid receivable	2,518	2,415
Donations received being processed by CAF	–	4,000
Prepayments	–	13
	<u>2,518</u>	<u>6,428</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 seven members.