

SHINING LIFE CHILDREN'S TRUST

(A company limited by guarantee)

**Report and financial statements
for the year ended 31 October 2015**

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

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

**Financial statements
for the year ended 31 October 2015**

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Shining Life Children's Trust
Report of the Trustees for the year ended 31 October 2015

The Trustees present their report and financial statements for the year ended 31 October 2015

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

J Newall, Treasurer

J Slocombe

B Rattigan (appointed December 2015)

G Oni (appointed December 2015)

J Hemaratne (resigned December 2015)

L Howgate (resigned December 2015)

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 2015.

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 one continuing project during the period, Galewala Livelihood, and a new project, the Pupuressa sewing project.

Galewala Livelihood is a development project in central Sri Lanka, north of Kandy. It 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 the project to become self-sustaining through our contract with the implementing organisation (the Human Development Foundation, HDF), so that we can withdraw and the implemented programmes continue successfully, without additional external support.

The main achievements for this project in this financial year are as follows. During the course of the year, the Charity received a mid-term report monitoring how the project was progressing towards its objectives.

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.

Pupuressa Sewing Project. This was initiated in September 2015 as a small six month project in the same community that Shining Life Children's Trust and the Women's Development Centre collaborated on the Pupuressa Tea Estate in the Kandy Communities project from 2010 to 2013.

The aim of this project is to increase the capability of women on the estate to earn money via an alternative means to daily wage labour. The project offers sewing lessons and equipment to these women. They are taught how to sew clothes and sanitary napkins. The women will also be given the opportunity to create self-help finance groups and be offered training on group savings and credit management as well entrepreneurship skills.

Plans for future periods

Pupuressa Sewing Project. This continued and was completed in the first half of 2016. A sustainability report is now being drafted and is due in mid 2016. Initial findings indicate that the objectives of the project have been achieved.

Galewala Livelihood: the main 30-month project came to an end in March 2016. The Charity received a sustainability report in the first half of 2016. The report showed that most objectives had been met, with particular success in regard to women's societies and children's clubs and their engagement with external stakeholders.

The HDF project director is confident that the three communities are now in a position where they are able to solve their problems on their own through the capacities and networks developed during the project.

New project: the Charity started a new project in January 2016 with the Women's Development Centre on the Kirimetiawatte Tea Estate near Kandy. The main features of the project are similar Galewala Livelihood. Sufficient funds are available for an additional new project and several proposals are being considered.

Financial review

The Charity had a net outflow of funds of £1,570 (2014: net inflow of £6,395). Overall income was down to £21,304 (2014: £30,519). This was mainly due to a decline in one-off donations, partly because there was a single donation of £5,000 in 2014, but also because of the delay in starting a new project which made it more difficult to solicit extra one-off donations.

Regular donations were down slightly at £10,519 (2014: £10,722). This is the preferred form of fundraising as it facilitates forward planning.

Total expenses were down slightly at £22,874 (2014: £24,124). Total volunteer travel and expenses increased to £7,980 (2014: £5,823). This was due to several factors. In 2014–15, inflation was particularly high in Colombo which affected a lot of the Field Director's living costs. The current Field Director has also been very keen to learn Sinhala and Tamil, which the Charity funds. In addition, the figure for 2014 was £1,000 lower than would otherwise have been expected due to a gap of two months between the outgoing and incoming field directors. The Trustees are monitoring the situation with regard to these expenses.

The exchange rate decreased for a substantial part of the year. It started at £1 = Lkr 209, decreased to £1 = Lkr 195 and then increased to £1 = Lkr 217 at the end of the year. Since the end of the financial year, the exchange rate has dropped to £1 = Lkr 200, but has then fluctuated between this and £1 = Lkr 216. As already stated, the inflation rate in Sri Lanka continues to be

much higher than in the UK. Inflation risk is managed by holding funds in Sterling.

There were no Trustee visits during this period.

Since the Charity's inception in 1997, it has raised a total of over £410,000 for its projects in Sri Lanka.

Fundraising

The Charity had a sponsored cycle ride in east Kent in June 2015. The event raised £4,000 net of expenses.

The Charity held a sponsored cycle ride around the Solent in June 2016 which was expected to raise £6,000 net of expenses.

The Charity continued the sale of Christmas cards and gifts for Christmas 2014. Sales of Christmas cards and gifts were down from 2013. 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 £25,050 (2014: £28,010) and the actual reserves at 31 October 2015 were £30,145 (2014: £31,715).

The objective of having the reserves match the average of the last three years' expenditure was maintained. 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 Charity maintained the incumbent Field Director for the duration of this financial period.

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 two new Trustees were appointed during the course of the year, and two trustees 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.

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 2015 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

Even though an Independent Examination is not required as the gross income of the Charity is less than £25,000, the Trustees consider it to be good practice to continue to do so. John Meadowcroft was appointed as the Independent Examiner during the course of the year.

Approved by the Trustees on 5 July 2016 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 10 to 14

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). Whilst gross income for the financial year was less than £25,000 and an independent examination is therefore not mandatory, the Trustees consider it to be appropriate.

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
- 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
Member of the Institute of Chartered Accountants in England and Wales
2 Bailey Close
High Wycombe
Buckinghamshire, HP13 6QA

26 July 2016

Shining Life Children's Trust

Statement of financial activities including Income and Expenditure Account (unrestricted funds) for the year ended 31 October 2015

	Notes	2015 £	2014 Restated £
Incoming resources			
Donations	2	11,745	20,641
Fundraising events	3	7,682	7,356
Sale of gifts and Christmas cards	4	1,830	1,624
Grants		–	865
Income from investments	5	47	33
		<hr/>	<hr/>
Total incoming resources		21,304	30,519
Resources expended			
Grants payable	6	(9,521)	(13,433)
Rent, rates and service charge		(3,120)	(2,700)
Volunteer travel and expenses		(7,980)	(5,823)
Trustee visit		–	(59)
UK governance		(13)	(15)
Fundraising expenditure	7	(2,096)	(1,968)
Interest and bank charges		(144)	(126)
		<hr/>	<hr/>
Total resources expended		(22,874)	(24,124)
		<hr/>	<hr/>
Net movement in funds		(1,570)	6,395
Total funds brought forward		31,715	25,320
		<hr/>	<hr/>
Total funds carried forward		30,145	31,715

Shining Life Children's Trust

Balance sheet as at 31 October 2015

	Notes	2015 £	£	2014 £	£
Current assets					
Stock		500		850	
Debtors	10	3,622		2,518	
Cash at bank and in hand		26,161		28,378	
			30,283		31,746
Creditors: amounts falling due within one year:					
Accruals			(138)		(31)
Net assets			30,145		31,715
Unrestricted Funds			30,145		31,715

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 2015 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 5 July 2016 and signed on its behalf by

J Newall
Trustee

Notes to the financial statements for the year ended 31 October 2015 (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. Prior period reclassification of income items

The Charity has revised the way it reports Gift Aid in order to reflect the fact that increasingly Gift Aid is collected on the Charity's behalf by organisations through which the Charity receives donations, such as BTMyDonate, rather than reclaimed by the Charity directly. Instead of reporting it as a separate line in the accounts, the Gift Aid reclaimed is now assigned to its source (donations, fundraising events, etc.). 2014 income has been restated to be on a consistent basis. There is no net effect on the overall income of the charity. £2,518 of Gift Aid previously recognised as a separate item has been reclassified to the following lines in the income statement as follows:

	2014 As originally reported	Reclassification	2014 Restated
	£	£	£
Donations	18,617	2,024	20,641
Fundraising events	6,919	437	7,356
Sale of gifts and Christmas cards	1,567	57	1,624
Gift Aid	2,518	(2,518)	–
Grants	865	–	865
Income from Investments	33	–	33
Total Incoming Resources	30,519	–	30,519

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.

1.3. 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

	2015	2014
	£	Restated
		£
Income – one-off donations	1,226	9,919
Income – regular donations	10,519	10,722
	<hr/> 11,745	<hr/> 20,641

3. Fundraising events

	2015	2014
	£	Restated
		£
East Kent 100 km cycle ride, June 2015	4,658	–
Kat Lyle Memorial Tournament	1,277	–
Other fundraising events	1,747	–
Brownies fundraiser, November 2013	–	701
New Forest 50 and 100 km cycle ride, June 2014	–	6,655
	<hr/> 7,682	<hr/> 7,356

4. Sale of gifts and Christmas cards

	2015	2014
	£	Restated
		£
Gifts	190	377
Christmas cards	1,640	1,247
	<hr/> 1,830	<hr/> 1,624

5. Investment income

	2015	2014
	£	£
Income – Interest receivable	47	33
	<hr/> 47	<hr/> 33

6. Direct charitable expenditure

	2015	2014
	£	£
Grants payable		
Galewala Livelihood	7,643	13,433
Pupuressa Sewing Project	1,878	–
	<u>9,521</u>	<u>13,433</u>

7. Fundraising expenditure

	2015	2014
	£	£
Events	674	1,219
Printing, postage and stationery	70	170
Christmas cards for resale etc.	1,214	513
General expenses	138	66
	<u>2,096</u>	<u>1,968</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

	2015	2014
	£	£
Three month's deposit on flat in Colombo	750	–
Advance to Field Director	500	–
Gift Aid receivable direct from HMRC		
Donations	1,955	2,024
Fundraising events	359	437
Other income	58	57
	<u>3,622</u>	<u>2,518</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.