

SHINING LIFE CHILDREN'S TRUST

(A company limited by guarantee)

**Report and financial statements
for the year ended 31 October 2021**

**Charity number: 1068123
Company number: 03459486**

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

**Annual Report & Financial statements
for the year ended 31 October 2021**

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Shining Life Children's Trust
Report of the Trustees for the year ended 31 October 2021

The Trustees present their report and financial statements for the year ended 31 October 2021.

Legal and administrative information

Charity name: Shining Life Children's Trust

Charity registration number: 1068123

Company registration number: 03459486

Registered office: 1 Chestnut Lane
Amersham
Buckinghamshire
HP6 6EN

Trustees

J Brown, Secretary

J Dean (resigned March 2022)

J Newall, Treasurer

B Rattigan (resigned January 2020)

S Bayjoo

V Beersboom (appointed July 2022)

Bankers

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

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

Trustee's report

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.

Since the Charity's inception in 1997, it has raised a total of over £560,000.

This review looks at the achievements and outcomes of the Charity's work in the year to 31 October 2021.

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 three continuing projects during the period, in Kirimetiawatte, Angunochchiya and Telwatte. The Charity delivers these projects in partnership with local organisations (the Human Development Foundation, HDF, for Angunochchiya and Telwatte, and the Women's Development Centre, WDC, for Kirimetiawatte). The Charity's aim is for these projects to become self-sustaining through its contracts with the implementing organisations, so that the programmes can continue successfully without additional external support at the end of the project.

Current situation in Sri Lanka

Sri Lanka is undergoing the worst political and economic crisis since independence. In June 2022 inflation was 54.6% with food inflation reaching 80.1% compared with a year ago. Mis-management of the economy, tax cuts and the impact of COVID have all contributed to the crisis which has led to food, gas and petrol shortages. The shortages have increased to the point that even essential services (including public transport and healthcare) have halted and schools have closed. Since March 2022 public resentment has risen resulting in widespread protesting and calls for the President and Prime Minister to resign and a new all party government be formed to see the country through the crisis. In April 2022 the Prime Minister resigned and in July 2022 the President fled to Singapore before tendering his resignation too. A new government is being formed and talks with multilaterals including the IMF and the World Bank are underway.

Project activities

Child-Focused Community Development – Implemented by WDC

In Kirimetiya, Ambalanmanam and Sriyagama we distributed food parcels to over 260 families with dry rations as part of WDC's COVID-19 relief efforts.

The pre-school in Kirimetiya continues to offer strength and support to the community too. It has gained recognition as the only Tamil medium preschool in the GB division and 8 children were enrolled in classes in 2021. While schools in other areas were forced to close due to COVID-19, the preschool in Kirimetiya was able to continue to operate, while adhering to strict social distancing and public health measures. A small garden was planted next to the school with support of the community and parents and the preschool children help to maintain the plants, while learning to respect the environment.

Youth clubs were also established and WDC staff were able to maintain contact with the young people using social media and online communications while travel restrictions were in place. Two youths from the youth club were able to secure good jobs as an accountant and debt collector with local companies. Previously the majority of young people were employed in manual labour and farming so this marks a very positive change and these young people are role models and positive examples for their peers. WDC have delivered training in listening skills and counselling for the teachers and youth club members. Since the training participants have reporting using the skills they developed to tackle community issues.

WDC used digital communication to maintain contact during the COVID-19 restrictions and lockdowns. WhatsApp groups were established for the youth clubs and women's societies which allowed WDC to continue to support the groups and develop their skills. In Ambalanmanam the community participated in a talent show/cultural programme with the children demonstrating their skills in song and dance over Zoom. WDC have noted an increase in participation and enthusiasm in programmes like these in Ambalanmanam.

A parent teacher association was formed in Kirimetiya and the parents and teachers have been meeting regularly to discuss the impact of COVID-19 on the children's education and to plan a WhatsApp group and online classes for the children. This year there was an improvement in the test scores of children sitting the Grade 5 scholarship exams with an increase from 50 to 80 out of 200. Education will continue to be a focus of the project and these scores demonstrate an improvement in the level and quality of education experienced by children in the community.

Self-help groups have also been established in each village. The groups have a combined membership of 92 women from low income backgrounds and savings of Lkr 9028. These groups provide additional strength and security to rural women and encourage women in leadership in the community. In Kirimetya the women's group was established earlier and they have a combined savings of Lkr 150,000 from which loans can be taken by members. The groups conduct regular meetings and ensure activities and initiatives are conducted systematically and that all processes are structured to ensure accountability. The groups in the new villages are following a similar path and hope to offer loans to their member in the future.

Awareness programmes on child rights and early childhood development have been conducted with similar programmed planned for the near future. When new members joined the children's club, the group requested the child rights programme be conducted again so the new members could also benefit, demonstrating the value of the programme.

Safety net programmes were held in Sriyagama and Ambalanmanam with participants given information on the importance of such groups, their functioning and the relevant stakeholders who should participate. Community members were also made aware of the roles and responsibilities of

government officers and the services provided by the DS office. Some issues were identified including boys and men consuming alcohol on school premises in Ambalamanam. The community, together with the local police and DS office will work together to address these.

WDC are in the midst of preparing a mid-term review of the project which will inform the priorities and activities in the next year. Education will continue to be a focus, as will supporting the women's groups, youth clubs and safety net groups to grow their membership and capacities.

AGSD Project – Implemented by HDF

The AGSD project officially finished but we have continued to support some activities to achieve the final objectives of the project. Community run tuition classes continued throughout the year. These were able to function throughout the lockdowns and the almost 18-month period that the schools were closed. The parents and students have expressed great appreciation for these classes. Classes are available for English, Maths and Science.

The revolving fund is also functioning well and loans have been taken out by members to invest in home-gardening, cultivation and dress making. The groups are well organised with loans being repaid on time and details records kept. The group members are unable to access loans from commercial banks and without the revolving fund would have no other legitimate option. The groups have requested some additional funds for the revolving fund to allow them to make larger loans in the next year.

In Maligaswewa a preschool was opened by the community in the Temple space. Three local women, all members of the welfare society are training for their teaching qualifications while running the classes Monday-Friday. The local DS office is supporting the preschool and ensuring the teachers' meet all regulations. The preschool demonstrates the increased capacity of the community to identify a need and find a solution and to operate independently.

To support the community during the COVID-19 pandemic Shining Life funded food ration packs for 325 families in Angunochchiya and 100 in Thelwatte.

Telwatte Project – Implemented by HDF

This project has also officially finished, but we have continued to monitor the community to check on progress.

Plans for future periods

The Charity will continue to monitor all three projects, particularly in the light of the political situation in Sri Lanka. Over the coming months, the Charity will consider how it can best respond to the changing needs of the communities it has been supported to ensure that the development can be sustained.

Financial review

At 31 October 2021 the Charity had funds of £32,564 (2020: £22,516), an increase of £10,048 (2020: increase of £5,688), reflecting a decrease in expenditure of £4,722. Total incoming resources were £27,848 (2020: £28,210).

Regular donations are the preferred form of fundraising as they facilitate forward planning. The donations were up significantly to £17,134 (2019: £13,071). This was due to an increase in regular monthly donations during the course of the year. One of the regular donations (£500 per month) has continued to donate at this level.

The Charity had a decrease in income from fundraising events (£1,106; 2020: £6,835), mainly because the Charity did not have a major fundraising event this year.

Total expenses were lower at £17,800 (2020: £22,522), mainly because the Charity did not have a Field Director in Sri Lanka from March 2021 onwards. Total payments to projects were £13,441 (2020: £13,735). Volunteer travel and expenses decreased to £3,635 (2021: £7,869), mainly because of the Field Director returning to the UK in March 2021 and not being replaced due to COVID-19 restrictions.

The exchange rate continued to vary throughout the year. On 1 November 2020, it was £1 = Lkr 238. The rate reached a high of £1 = Lkr 282 in May. It had dropped back slightly to £1 = Lkr 276 by the end of October 2021. At the beginning of July 2022, the rate was £1 = Lkr 430. The charity is benefiting from the increase in the exchange rate which helps to mitigate the fact that the inflation rate in Sri Lanka continues to be much higher than in the UK. Inflation risk is managed by holding funds in Sterling.

Fundraising

The Charity did not organise any fundraising events this year.

The Charity continued the sale of Christmas cards and gifts for Christmas 2020. Sales of Christmas gifts were slightly down on 2019, but sales of Christmas cards have remained buoyant, despite recent trends for a reduction of Christmas cards sent in the UK. The Charity also benefitted from being able to buy cards more cheaply, so generating a higher profit per pack sold. 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.

Gift aid

The amount of tax reclaimed directly from HMRC by the Charity continues to decline as more of the Charity's income is received via fundraising websites such as Virgin Money Giving and the Charities Trust which reclaim tax on donations made through them on the Charity's behalf. This reclaimed Gift Aid is therefore included in the fundraising totals.

Investment policy

The Charity's cash balances 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, but decreased this financial year to 0.01%. The income received on the cash balances is now significantly less than £1 per quarter.

Bank charges

The Charity's main banker, CAF Bank continues to impose a monthly charge (£5) because of the continuing low interest rates. This charge increased to £8 per month in January 2021. The Trustees have considered whether it is worth moving the account. The Trustees decided that it was not worth moving the account because of potential disruption and also because competitor banks do not offer such a secure system for online banking where two signatories are required.

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. Regular donations to the Charity have remained relatively stable over recent years and the financial risk of reduced donations is lower than originally anticipated. The Trustees agreed that the reserves policy should be the total of the last three years' expenditure divided by 6 (i.e. an average of 6 months' expenditure). This gives a reserves figure of £11,525 (2020: £13,040). The actual reserves at 31 October 2021 were £32,564 (2020: £22,516).

Field Director

The Field Director returned to the UK in March 2021. Since that time, visa restrictions mean it has not been possible to recruit a new Field Director to travel out from the UK and be based in Sri Lanka. The charity continues to maintain close relationships with project partners, using technology to work with them directly from the UK.

The Field Director was a volunteer, with living expenses paid. The Field Director worked 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. Any expenses relating to the Field Director 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 and members 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 a new Trustee was appointed during the year, the Trustees agreed that only one Trustee needs to retire by rotation 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 Trustee 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, which 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.

During the COVID-19 outbreak, the Trustees acted on the security policy. The Trustees maintained regular communication with the Field Director and ensured that the Field Director's safety was paramount.

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 2021 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 29 July 2022 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 for the year ended 31 October 2021 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). As gross income for the financial year was greater than £25,000, an independent examination is mandatory.

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 statement

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

29 July 2022

Shining Life Children's Trust

Statement of financial activities including Income and Expenditure Account (unrestricted funds) for the year ended 31 October 2021

	Notes	2021 £	2020 £
Incoming resources			
Donations	2	25,874	20,328
Fundraising events	3	1,106	6,835
Sale of gifts and Christmas cards	4	867	1,039
Income from investments	5	1	8
		<hr/>	<hr/>
Total incoming resources		27,848	28,210
Resources expended			
Grants payable	6	(13,441)	(13,735)
Rent, rates and service charge		(1,785)	(3,169)
Volunteer travel and expenses		(1,850)	(4,700)
UK governance		(13)	(13)
Fundraising expenditure	7	(447)	(647)
Interest and bank charges		(264)	(258)
		<hr/>	<hr/>
Total resources expended		(17,800)	(22,522)
		<hr/>	<hr/>
Net movement in funds		10,048	5,688
Total funds brought forward		<hr/> 22,516	<hr/> 16,828
Total funds carried forward		32,564	22,516

Shining Life Children's Trust

Balance sheet as at 31 October 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Stock		–		50	
Debtors	10	1,830		3,631	
Cash at bank and in hand		31,087		22,262	
			<u>32,917</u>		<u>25,943</u>
Creditors: amounts falling due within one year:	11		(353)		(3,427)
Net assets			<u>32,564</u>		<u>22,516</u>
Unrestricted Funds			<u>32,564</u>		<u>22,516</u>

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

The trustees (who are also the directors of the company for the purposes of company law) confirm that for the year ended 31 October 2021:

- the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies, and
- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

Directors' responsibilities:

- 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 notes on pages 13 to 15 form an integral part of these financial statements.

The financial statements were approved by the Board on 29 July 2022 and signed on its behalf by

J Newall
Trustee

Notes to the financial statements for the year ended 31 October 2021 (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

	2021	2020
	£	£
Income – one-off donations	8,740	7,257
Income – regular donations	17,134	13,071
	<u>25,874</u>	<u>20,328</u>

3. Fundraising events

	2021	2020
	£	£
Fundraising events, September 2020	866	4,962
Dorset cycle ride, June 2019	–	785
Other fundraising events	240	1,088
	<hr/>	<hr/>
	1,106	6,835

4. Sale of gifts and Christmas cards

	2021	2020
	£	£
Gifts	80	100
Christmas cards	787	939
	<hr/>	<hr/>
	867	1,039

5. Investment income

	2021	2020
	£	£
Income – Interest receivable	1	8
	<hr/>	<hr/>
	1	8

6. Direct charitable expenditure

	2021	2020
	£	£
Grants payable		
Kirimetiyawatte	4,952	7,826
Angunochchiya	3,021	5,909
HDF Covid relief	5,468	–
	<hr/>	<hr/>
	13,441	13,735

7. Fundraising expenditure

	2021	2020
	£	£
Events	–	–
Printing, postage and stationery	73	10
Christmas cards for resale etc.	140	403
General expenses	234	234
	<hr/>	<hr/>
	447	647

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

	2021	2010
	£	£
Three month's deposit on flat in Colombo	–	882
Advance to Field Director	–	500
Gift Aid receivable direct from HMRC		
Donations	1,792	1,858
Fundraising events	–	379
Other income	38	12
	<hr/>	<hr/>
	1,830	3,631

11. Creditors: amounts falling due within one year

	2021	2020
	£	£
Project expenditure	–	2,457
WDC		
Fundraising expenditure	353	632
Fundraising event	–	299
Governance	–	39
	<hr/>	<hr/>
	353	3,427

12. Share capital

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