

Childrens Hope Foundation Statutory Information

REGISTERED OFFICE

Childrens Hope Foundation
No 15, 1st Floor
Princeton Mews
167-169 London Road
Kingston upon Thames
Surrey, KT2 6PT

REGISTERED CHARITY NUMBER

1060409

REGISTERED COMPANY NUMBER

3295669

TRUSTEES

Mr Brian Dodds JP
Mrs Zarina Kheraj MBE
Mrs Sylvia Dodds
Cllr. Mrs Seema Kumar

COMPANY SECRETARY

Cllr. Mrs Seema Kumar

REGISTERED AUDITORS

McAk & Co
No15, 1st Floor
Princeton Mews
167-169 London Road
Kingston upon Thames
Surrey, KT2 6PT

Bankers

Barclays Bank Plc
1 North End
Croydon
Surrey
CR9 1RN

REPORT OF THE TRUSTEES OF CHILDRENS HOPE FOUNDATION

Trustees of Childrens Hope Foundation have pleasure in presenting their report and financial statements for the year ended 31 March 2007.

Objects of the Charity

Childrens Hope Foundation is a national charity which was established in December 1996 to provide equipment, facilities and grants for children who were disadvantaged by disability, illness or extreme circumstances and for the relief of poverty and advancement of education.

CHF's mission is to improve the quality of life of children and young people affected by their illness, disability or poverty, in a responsive and age appropriate manner by responding in a practical way to the needs of the children hardest hit by their situation.

Structure Governance and Management

Childrens Hope Foundation is a registered charity (no:1060409) and a company limited by guarantee, governed by its Memorandum and Articles of Association. The trust deed provides for a minimum of 3 and a maximum of 12 trustees and the board currently consists of 4 trustees who manage the business of Childrens Hope Foundation. The trustees receive no remuneration for their services to Childrens Hope Foundation.

To further develop and strengthen the mix of skills on the board, it is hoped that we can recruit and appoint new trustees, with appropriate experience, including legal, personnel, advertising and media/PR. The chair of trustees along with the Chief Executive will be responsible for the induction, of any new trustee, which would include awareness of a trustee's responsibilities, the governing document, administrative procedures and history and mission of the charity. New trustees would also receive copies of the previous year's annual report and accounts and a copy of the Charity Commission leaflet 'The Essential Trustee; What You Need to Know'.

Risk Management

In the opinion of the trustees and with the benefit of experience, there are adequate internal controls in place to cover any significant risks to the Charity. In particular at the General Meeting held on 24 January 2007, the following procedure for the management of events was adopted;

- A full profit and loss forecast must be accurately prepared for all future events and presented to the Chief Executive and the Board for discussion and approval.
- Planning or promotion of any such events will not take place until approval has been given by the Board.
- Further, any event with a projected income in excess of £15,000 may only, if approved by the Board, be undertaken by a trading subsidiary of the charity.

Notwithstanding the above the Trustees will however, continue to monitor and review the risk assessment process on an ongoing basis.

Activities and Achievements

During the year Childrens Hope Foundation has continued to support individuals and institutions in 3 main areas, equipment, education and welfare. As planned, the Trustees have established relationships with several equipment suppliers which now enables applicants to select the equipment best suited to the child, either on-line or through a local store, with delivery made direct to the beneficiary and invoices sent to and settled directly by the charity.

In the area of equipment the charity have continued to support children with disability with the provision of equipment to help or improve their mobility. The requests have been varied and have ranged from specially adapted car seats to disabled trikes and small wheelchairs.

In the area of education the charity has focused on the provision of computer equipment for children missing their education through illness or disability and this year we have been able to help 10 children with computers or other computer equipment. Through the provision of books and equipment for schools where sufficient resources do not exist, many in the third world, we have been able to assist in many case enabling more than 500 children to benefit immediately although those benefits will continue for many years ahead. Educational visits have again helped more than 100 children enjoy extra curricular activities. Within the 'Think Twice' project we have been able to provide further packages consisting of 30 realistic babies to youth centres helping to educate young people on the dangers of drug and alcohol abuse as well as the risks of underage pregnancy and the spread of STD's.

In the area of welfare, assistance has been mainly for household items or for holidays/days out and in the past year the charity has been able to help in more than 20 individual cases as well as enabling schools, with tremendous support from the business community, to attend extra curricular activities including museum trips and pantomime visits.

Financial Review, Policy and Reserves

The attached financial statements have been prepared to comply with the requirements of the Statement of Recommended Practice (the SORP) issued in March 2005.

Total incoming resources of £212,372 is substantially reduced from last year although the board is confident that recovery is underway and will be greatly improved in the coming year. Growth of the charity's fundraising strategy continues strongly and a number of new areas opened, will help the charity build its incoming resources and maintain its future development.

Fund-raising costs of £75,166 achieved a fund-raising ratio of 35 pence spent on fund-raising per pound raised which the trustees feel is too high and must be dramatically reduced in the coming year and certainly to less than 20 pence within two years. Expenditure on equipment, education and welfare was slightly reduced at £62,908. The Trustees are confident that with a broader fundraising strategy the ratio of fundraising costs to direct charitable expenditure will show significant improvement in the coming year towards the two year goal mentioned above.

Childrens Hope Foundation is still fully committed to the following;

- Raising adequate unrestricted funds, which will enable it to fulfil the need of a disadvantaged child within 3 months of a request being received.
- Continuing to broaden the funding mix, which will increase its voluntary income and enable it to reduce the waiting time to within 1 month of a request being made?

Childrens Hope Foundation aims to build a reserve equivalent to a minimum of six months expenditure, thus always being able to fulfil any request promised, irrespective of income at any particular moment in time. Unfortunately, after a difficult trading year, the Trustees are aware that the level of reserves at 31 March 2007 is inadequate and will aim to build reserves in the coming year until sufficient level is reached. Notwithstanding the above policy the Trustees will always, as a matter of priority, apply reserves for the benefit of children and young persons disadvantaged by illness, disability or poverty whilst maintaining an appropriate level of reserves at any given point in time.

Principal Funding sources

In the past year the charity's main funding has been from street collections as well as voluntary donations made direct to the charity. Several functions and events have been held throughout the year, unfortunately though one event (Linden's Bigge Week-end) was entirely unsuccessful resulting in a substantial loss. From this experience however, strict policies on the holding and management of functions and events have been introduced, which will prevent this ever being repeated. A more detailed report on this event is set out as an addendum to this report. The charity also further developed its' partnership with commercial participators and this is resulting in an increasing level of income, which it is hoped will continue to build in the coming year. Trust fundraising also, has developed well and is expected to continue to develop in the coming year. Since these areas are growing well, we feel it is appropriate to further expand the funding mix and over the next two years intend to develop legacy fundraising as part of our long term funding strategy.

Employees and Volunteers

The charity employs 4 full time staff. Each member of staff undertakes more than one area of activity and costs apportioned on the basis of an estimate of the proportion of time spent by staff on those activities. The allocation has been based on the Trustees' judgement as to the nature of the expenditure and the level of activity carried out in each area. In addition the charity is supported by 4 volunteers in the area of fund-raising who receive no remuneration. The value of this support has not been included in these financial statements.

Future Plans

The Trustees intend to continue to provide support in a similar way to the recent past continuing the emphasis on three areas of giving but retaining flexibility as to the timing and scale of support. The Trustees also intend to continue to raise funds, in support of its objectives, in the same manner in the future. However, the development of Trust fund-raising and commercial partnerships will continue during 2007/8 whilst the planning and introduction of legacy fundraising will also commence during that time. It is also hoped that the board will have more success in the recruitment of Trustees with skills relevant to the operation and development of the charity.

Statement of Trustee's Responsibilities

Charity Law requires the Trustees to prepare financial statements for each financial year which show a true and fair view of the state of affairs of the charity and its financial activities for that period. In preparing those financial statements, the Trustees are required to;

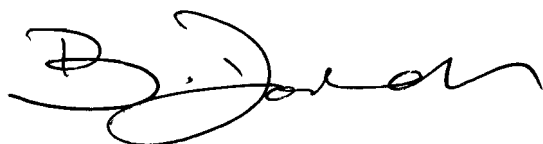
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operational existence.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993. They 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.

Independent Examiner

The Trustees intend to ask the existing auditors to undertake the independent examination of the charity in the following year.

Approved by the Board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'B Dodds', written in a cursive style.

B Dodds
Chairman
18 January 2008

ADDENDUM

Linden's Bigge Weekend

This event was initially introduced in the North East regional newsletter in January 2006. At that time it was planned as a low key event with lower revenue and costs. The regional executive had successfully conducted 2 to 3 events per year since 1998 and it was felt that this new event would be equally successful. However, between January and April 2006 the regional executive received advice from suppliers to the event that with the inclusion of a 'star' performer the revenue from the event could increase dramatically providing the charity with a substantial profit. Based on this advice the regional executive prepared a break-even forecast and sponsorship package which was presented to the board at a general meeting on April 26, 2006 and authority given to proceed. We acknowledge that advice on the organisation and management of such events was not sought at this stage as the sponsorship in place was substantial and more than met the break-even figure for the event.

Between April and July 2006, the chief executive became increasingly concerned that the level of income did not appear to be achieving the levels that had been forecast. Since much of the ticket sales were being carried out by outside ticket agencies, he demanded information from the regional executive as to the income being generated by those companies. The information received indicated that in excess of £55,000 was being held by 'Ticketmaster'. Despite this substantial amount, the chief executive was still uneasy since invoices for the event were being received demanding payment more than one month before the date of the event. For this, along with other concerns, he visited the Charity Commission website and found guidance on the management of events and immediately communicated this to the Chairman of trustees, who along with another trustee was on the event organising committee. Whilst the chief executive acknowledged that it may have been too late, it may in fact have been possible at this stage to cancel the event and refund all ticket sales. This however, did not happen and ticket sales continued while the committee continued with the planning of the event.

On the 18th August, the North East suffered extreme weather as a result of which and on the advice of health and safety, day one of the weekend event was cancelled. It was believed that sufficient insurance was in place to cover this. As the event finally got under way on Sunday 20th August, the chief executive again became concerned that the numbers attending appeared to be quite low and sought advice from the attending police and health & safety officials as to the attendance. This information suggested that the numbers attending were sufficient to generate a small profit. However, subsequent calculation of direct ticket sales and sales via the agencies clearly showed that the income did not match the estimated attendance at the event.

Shortly after the event, payment was received from the ticket agencies and although the regional executive had reported in excess of £55,000 being held by 'Ticketmaster' some six weeks before the event, we in fact received a little over £41,000 with some £2,000 from the other agencies. When questioned by the chief executive, staff at 'Ticketmaster' confirmed that they would not have advised the regional executive of an incorrect amount. In addition to this it became clear that our insurance cover was inadequate, as costs had been grossly underestimated, which would result in a much lower insurance payment which would not cover the remaining costs of the event. Although disciplinary action was commenced against the regional executive, this action was stopped when her employment ended. Consequently,

these issues together with several other concerns could not be addressed and cannot therefore be commented on other than to state the facts.

In summary there are several reasons as to the loss incurred from the failure of this event;

- The initial euphoria of the chief executive and board at the prospect of huge profits for the charity which clouded their judgement in not seeking professional advice on the organisation and management of such events.
- Cancellation of day one of the weekend which resulted in lost income.
- The inaccuracy of the break-even costs of the event and the exaggeration of the sponsorship package presented to the board by the regional executive.
- Inadequate insurance resulting in the charity receiving only 68% of the value of the claim from the cancelled day of the event.
- Inaccurate reporting of the ticket sales, either by error or design, which exaggerated the income by some £14,000 some six weeks before the event.
- A failure to examine the possibility and consequences of cancelling the event in July 2006 following the concerns raised and the guidance obtained by the chief executive and communicated to the chairman of trustees.