

DARJEELING CHILDREN'S TRUST

FINANCIAL REPORT 2016, (including ANNUAL ACCOUNTS)

Summary

The Trust has had another successful year, carrying out a wide range of activities in Darjeeling. A major fundraising event during 2016, on behalf of the Kripasaran Buddhist Mission orphanage redevelopment, allowed the Trust to continue to support the project through funding and technical advice. Income for general activities proved buoyant but cost pressures from inflation in India and adverse exchange rate movements have require an increase in fundraising targets. The Trust's forecasts suggest however that it will be able to continue its current level of activity.

The Year in Figures

Total receipts in the year were £130,972. This is substantially higher than 2015, due to the major fundraising event held during the year, and to increased receipts for the child sponsorship scheme. Receipts for general activities were £53,500, about 50% higher than the previous year, while the orphanage Appeal received £77,472. At the end of 2016 the Trust had collected £486,000 since its foundation in 2008.

Payments out of the Trust's bank accounts were £95,475. Of this

- £39,891 was spent on the Trust's general activities in Darjeeling, and
- £55,584 was applied to the Appeal, to fund phase 2 of the orphanage redevelopment or to meet the costs of the 2016 fundraising event on behalf of this project.

Total payments since 2008 in support of the children and young people of Darjeeling are £392,000.

The difference between this sum and total receipts is represented largely by the Trust's current cash balances. These balances increased substantially during the year, to £104,037, of which the Appeal fund accounts for £60,081. These Appeal funds will be transferred to the Mission for the construction of phase 2 of the orphanage during 2017. The remainder, £43,956, is held in the UK or in Darjeeling and will be spent on the Trust's general (unrestricted) activities during 2017, or held as reserves.

The Trust operates two bank accounts. An account at the Co-operative bank holds funds for the Trust's general activities in Darjeeling while an account at the Charities Aid Foundation collects for the orphanage Appeal. The year-end cash balance of £104,037 was made up of:

The Co-operative bank	£36,279
Charities Aid Foundation	£60,081
Cash held in Darjeeling	£7,677 (unrestricted activities)

Year-end balances are higher than usual but the Trust is aware of cost pressures that have already affected its spending power and will continue to do so. One is significant cost inflation in Darjeeling and another is the exchange rate.

Trust forecasts are currently based on an exchange rate assumption of Rupees 83 = £1. This is substantially lower than the rate reported at the end of 2015, (98 rupees = £1). The great majority of the Trust's expenditure is made in rupees in Darjeeling. The effect of the lower rate is to reduce the Trust's spending power, by about 15%. Action has been taken to increase income streams in 2017 to offset this loss. The position will be monitored closely.

Another extraneous factor to affect costs in 2016 has been the Indian government's decision to "demonetise" 86% by value of the country's banknotes. This has had no direct effect on the Trust's ability to fund activities but makes it harder for the Darjeeling trustees to carry out their functions.

Despite these pressures, the Trust's forecasts show that the Trust will be able to continue its current level of general activities and its financial support to the orphanage redevelopment. General reserves held in the UK should remain at or above the Trust's recommended minimum level, £7,500, revised from £5,000 in March 2016.

Further details of the Trust's finances are given in the attached Receipts and Payments and Assets and Liabilities statements, and their notes, and the Trustees' report. These statements will when approved be submitted to the Charity Commission during 2017.

Restricted funds

The Trust operated two restricted funds during 2016:

The Orphanage Appeal

The Trust has been the major funder for the rebuilding of the Kripasaran Buddhist Mission since 2013. Phase 1, the boys' section, was opened in November 2014. Phase 2, the girls' section plus service buildings, has substantially higher costs. The Trust is committed to supporting the project to completion.

Nursing training

A donation of £316 from Pontefract Rotary Club was restricted to the college costs of a young woman sponsored by the Trust.

Receipts

Child sponsorship

Child sponsorship receipts in 2016 were £26,545, a considerable rise over the previous year. This increase is due to one-off donations in support of the scheme. There has also been an increase in the number of sponsors, in response to new children joining the scheme in 2016. Supporters were invited during the year to increase their scheme payments.

Fundraising targets

The Trust's revised target, set in October 2016, is to raise £16,000 a year for general funds from ad hoc donations and from fundraising events (previously £12,000). This was in fact achieved within the year.

Income for the orphanage Appeal comes mainly from fundraising events, particularly from major events in London. The next major fundraising event is planned for 2018.

Gift aid

At the time of writing all gift aid claims were up-to-date. The claim for 2016-17 will be made during 2017.

Payments

General activities

The Receipts and Payments statement analyses the £95,475 spent during the year. All the general activities from 2015 continued into 2016.

The principal change in level of expenditure between 2015 and 2016 was in child sponsorship. A higher number of children, plus cost inflation in Darjeeling, has led to a 45% increase in costs. As above, the Trust has taken action to increase its income to the scheme to minimise the deficit that is likely to arise in future years.

Other activities include: the travelling library (a literacy scheme); learning through music (music literacy); healthcare and other support to the children at the existing orphanage.

Trust running costs

These are analysed in the notes to the R&P statement. Running costs in 2016 were 1.9% of total expenditure. Over the last three years running costs have averaged 1.8% of total expenditure. The costs of major fundraising events, e.g. the hire of venues and the provision of catering, are shown separately in the Receipts and Payments statement.

The Trust is keen to ensure that its running costs are at least matched by the income it receives from gift aid, allowing it to say that all donations received from supporters are spent on beneficiaries in

Darjeeling. At the end of 2016 cumulative gift aid receipts were substantially greater than cumulative running costs.

Independent examination

The approved accounts for 2015 were independently examined during 2016. They were approved without qualification. The accounts and other required documents were submitted to the Charity Commission by the due date (October 2016).

Recommendation

The Trust is recommended to approve the attached statements Receipts and Payments 2016, and Assets and Liabilities at 31.12.2016, and the Trustees' Report, as the Trust's financial summary for 2016.

Approved 11th March 2017