

DARJEELING CHILDREN'S TRUST

FINANCIAL REPORT 2017, (including ANNUAL ACCOUNTS)

Summary

2017 was a difficult year for Darjeeling. Political disturbance closed down all services, (including financial), between June and October. This included all schools so the children supported by the Trust suffered a significant break in their education. There was however no serious effect on the Trust's finances as funds had been transferred to Darjeeling earlier in the year. The Kripasaran Buddhist Mission orphanage project was largely dormant in 2017, due to a temporary curtailment of its permission to receive foreign donations. This permission was restored in December and work re-started.

The Trust continues to have excellent working relationships with its partners in Darjeeling and expects to be able to continue its current activities.

The Year in Figures

Total receipts in the year were £47,354. This is substantially lower than 2016, due to there having been no major orphanage project fundraising event during the year. Receipts for general activities were £45,311 while the orphanage Appeal received £2,043. During 2017 the Trust passed the milestone of £ half million raised since its foundation in 2008.

Payments out of the Trust's bank accounts were £55,545. Of this

- £51,297 was spent on the Trust's general activities in Darjeeling, and
- £4,248 was applied to the Appeal, to pay for professional fees incurred up to the cessation of work at the end of 2016.

Total payments since 2008 in support of the children and young people of Darjeeling are £443,000.

The difference between this sum and total receipts is represented largely by the Trust's current cash balances. At the end of 2017 these balances were £95,846, of which the Appeal fund accounted for £57,876. These Appeal funds will be transferred to the Mission for the construction of phase 2 of the orphanage during 2018 and later years. The remainder, £37,970, is held in the UK or in Darjeeling and will be spent on the Trust's general activities, 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 £95,846 was made up of:

The Co-operative bank	£34,012
Charities Aid Foundation	£57,876
Cash held in Darjeeling	£3,958

Trust forecasts are currently based on an exchange rate assumption of Rupees 85 = £1. The exchange rate has been at roughly this level throughout 2017. The great majority of the Trust's expenditure is made in rupees in Darjeeling so its finances are sensitive to this factor. Any future major deterioration in the exchange rate would be offset by action by the Trust to increase income streams.

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.

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 2018.

Restricted funds

The Trust operated two restricted funds during 2017:

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

Donations of £1,100 were restricted to the costs of nursing training.

Reserves

Reserves levels at the end of 2017 were appropriate to the type and volumes of activity they refer to:

Orphanage Appeal - £57,876

The Trust has already invested £105,000 in the project. Current reserves, supplemented by fundraising, are expected to make a substantial contribution to the completion of the project.

General activities - £34,012 in UK, £3,958 in Darjeeling

The Trust's reserves policy is to hold reserves (balances) at the Co-operative Bank at a minimum of £7,500 throughout the year. The year-end balance comfortably exceeds this. Balances will be reduced during the early part of 2018 to pay for the additional costs of school and college fees but are forecast to remain well above the reserves policy level. A decision will be taken later in the year with regard to the use of any reserves considered additional to the requirements for general activities. This will take into account any prospects for the adverse effects of inflation and the exchange rate.

Receipts

Receipts for unrestricted activities were lower in 2017 (£44,211) than in 2016 (£53,184) due to:

- child sponsorship receipts in 2016 were boosted by significant one-off donations;
- the gift aid claim for 2016-17 will be made in 2018.

On a year-on-year basis the Trust's receipts remain at a reasonably constant level, and are generally predictable.

Fundraising targets

The Trust's 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 achieved within the year, (£17,845).

Income for the orphanage Appeal comes mainly from fundraising events, particularly from major events in London. The next major fundraising event will take place in April 2018.

Payments

General activities

The Receipts and Payments statement analyses the £55,545 spent during the year. All the general activities from 2016 continued into 2017.

The principal changes in level of expenditure between 2016 and 2017 were:

- child sponsorship – annual levels of these costs are heavily dependent on phasing. Costs charged to 2017 include not only that year's full costs but also £7,250 transferred to Darjeeling to cover preparations for 2018;
- school improvements – comparatively buoyant income in 2016 and 2017 has allowed the Trust to fund works at a school it is associated with. These works improved safety and security by stabilising a bank and preventing encroachment.

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. In 2017 this also included welfare support to children, during the disturbance, through the provision of emergency rations.

Trust running costs

These are analysed in the notes to the R&P statement. Running costs in 2017 were 3.4% of total expenditure. Over the last three years running costs have averaged 2.5% of total expenditure. The costs of major fundraising events 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 2017 cumulative gift aid receipts were substantially greater than cumulative running costs.

Independent examination

The approved accounts for 2016 were independently examined during 2017. They were approved without qualification. The accounts and other required documents were submitted to the Charity Commission by the due date (October 2017).

Recommendation

The Trust is recommended to approve the attached statements Receipts and Payments 2017, and Assets and Liabilities at 31.12.2017, and the Trustees' Report, as the Trust's financial summary for 2017.

Approved 3rd March 2018