

THE HOLY CROSS CHILDREN'S TRUST

(Registered Number 1095593)

TRUSTEES' REPORT & ACCOUNTS

For the period

20 NOVEMBER 2002 to 31 MARCH 2004

THE HOLY CROSS CHILDREN’S TRUST (“TRUST”)

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HOLY CROSS CHILDREN'S TRUST

TRUST AND TRUSTEE DETAILS

1. Registered Address

Kingscote, Binfield Road, Wokingham, Berkshire RG40 5PP, U.K.

2. Bank Details

Account Name: The Holy Cross Children's Trust

Account Number: 02988101

Address: Nedbank Limited, 1st Floor, Old Mutual Place, 2 Lambeth Hill,
London EC4V 4GG

Bank Sort Code: 30-15-61

3. Independent Examiners

Villars Hayward

Chartered Accountants, Registered

Auditors and Chartered Tax Advisers

Henley

Berkshire

4. Lawyers

Linklaters

1 Silk Street,

London EC2Y 8HQ

5. Charity Registration

Holy Cross Children's Trust

Registered Charity Number: 1095593

Registered by: The Charity Commission for England and Wales

6. Trustees

Mrs. E Bellm; Mrs. M Brenninkmeyer; Mrs B Fisher (Secretary); Mr. D H Millard (Chairman & Settlor); Mrs. P Millard; Mr S P Millard (Treasurer)

HOLY CROSS CHILDREN'S TRUST

STATEMENT OF THE CHARITABLE OBJECTS OF THE HOLY CROSS CHILDREN'S TRUST

The following Charitable Objects are extracted from the Trust Deed dated 20 November 2002:

“The Trustees shall hold the Trust Fund and its income upon trust to apply both income and capital for the relief of financial distress and suffering of children in Kwazulu Natal who:

- have been orphaned as a result of Acquired Immune Deficiency Syndrome (AIDS) or Human Immune Deficiency Virus (HIV); or
- are suffering with AIDS or HIV

and the Trustees may make grants primarily to the Holy Cross Hospice, Gingindlovu, Kwazulu Natal for the provision of food, clothing, bedding, medical treatment, and counselling to such children and the provision of any other benefits or services in furtherance of the objects of the Charity.”

HOLY CROSS CHILDREN'S TRUST

TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004

1. Formation of Trust.

The Trust was incorporated by Deed of Trust on 20th November 2002 and was registered with the Charities Commission for England and Wales thereafter.

2. The Trust's Objectives for period under review.

The primary objectives of the Trust for the period ended March 2004 were

- to provide food, clothing and essentials to the children under the care of the Holy Cross Hospice (HCH);
- to provide ongoing financial support for the Caregivers who are employed at the HCH;
- to fund specific capital projects that will facilitate the efficient running of the HCH,

with the overall aim being the welfare of the children in the 50 square kilometre area surrounding the HCH.

In order to fund the above, the aim of the Trustees was to raise money by way of donations, pledges and fund raising events. The target for the initial period was to raise not less than £25,000 to initiate the above programmes and thereafter to ensure a similar amount is available annually.

3. The Holy Cross Hospice

(a) Background and Issues

The HCH is situated in the Umlalazi Municipality near Gingindlovu, Kwazulu Natal, South Africa under the control of Chief T. Nzuzi. The HCH serves a 50 square kilometer area governed by 4 chiefs, Inkosi Nzuzi, Mathaba, Zulu and Mzimela. This is a deeply rural and impoverished area and has been designated an AIDS Pandemic Disaster Zone by the South African government.

Of the total population in the area, 82% live in rural areas and 70% are under the age of 30 years. Given that the population in general is rural and impoverished, there are profound implications on the delivery of an effective health care and social welfare service.

The HIV/AIDS prevalence rate in KZN was estimated at 36% in 2000; there are no indications that this rate has changed positively since then. Of grave concern is that the prevalence rate amongst pregnant women in their twenties was estimated at 31%, effectively condemning many unborn children to a "death sentence" at birth. There is no direct information available in respect of prevalence rates among newly pregnant women, men, unborn babies and children.

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TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST (CONTINUED) FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004

There is also no data on the prevalence of HIV/AIDS in Umlalazi Municipality. However, extrapolating the Kwazulu Natal rate to the Umlalazi area's population of 231 000, would indicate that more than 84 000 people are infected with HIV/AIDS in the region.

This is the scale of the problem that the HCH is seeking to address with limited resources and minimal support from the State.

(b) The Holy Cross Hospice

The HCH consists of a 40-bed hospice, a day care centre and the local district clinic. These are adjacent to the local Catholic church and to a primary and secondary school.

The HCH is run by Sister Priscilla Dlamini, a Benedictine nun who was brought to the HCH in 2000 by Bishop Biyase, the Catholic bishop responsible for the surrounding area. Sister Priscilla converted derelict stables into a 40 bed hospice and a small day care centre - funded by private donations - and established the community support and child care programmes currently in operation.

The HCH is the main institution in the Umlalazi Municipality providing care for the children who are affected by and/or infected with HIV/AIDS. The HCH is a non-state, charitable organisation whose main aim is to provide palliative care to those that are terminally ill with HIV/AIDS.

There are a number of challenges faced in providing palliative care in a community where health care is chronically under-funded or even non-existent and where there is a poor communications, little or no public transport, no telephones, shops, health care services, no clean water and poor sanitation. State provision appears to be mainly confined to those who are within the reach of urban areas. Resources are severely limited for those who are affected by and/or infected with HIV/AIDS and often they have to/can only rely on charitable sources.

(c) Home Based Care Programme

Sister Priscilla founded the Home Based Care Programme (HBCB) in 2002. The aim was to provide support to families - especially the child-headed families - HIV/AIDS terminally ill, orphaned and vulnerable children - this severely disadvantaged community. The programme is staffed by Caregivers, who were initially volunteers drawn from the local community. The Caregivers go out into the community and provide this service on a house-to-house basis and, where necessary, also help feed the children.

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TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST (CONTINUED) FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004

At the time the Holy Cross Children's Trust became involved with the HCH, there were some 300 child headed families and 1,000 orphaned children in the surrounding area and, as the Caregivers began to reach out deeper in to the community, more orphaned and HIV infected children were being identified daily.

The Caregivers are trained by Sister Priscilla covering many aspects like primary health care, AIDS, Child and bereavement counselling, personal growth, rape crisis, yoga, palliative care, AIDS awareness and prevention and Natural Family Planning.

The activities carried out by the Caregivers who provide support to the child headed families and orphans are as follows:

- Visits every week to the homes of the children who are heading the families.
- Food parcels given to the children once a month.
- Ensuring that the children who are the head of the families and were sent to schools, remain there; some refuse to go back to school as they feel that they are "adults" having played the adult role for so long.
- Preparing "memory boxes" for each child headed family, thereby keeping mementos and family documents in safe keeping; the former to maintain a link to their family and the latter being critical to ultimately provide proof that they are orphans and hopefully qualify for State support.
- Writing letters to school headmasters to request them to admit the orphans in to their schools; not all orphans are accepted for free as schools have budgetary constraints and are invariably reluctant or unable to accommodate non-fee paying children.
- Supplying, where possible, the orphans with uniforms, stationery, blankets in winter and paying their school fees or "negotiating" with the authorities to have the fees waived.
- Arranging for houses to be built for the child headed families whose parents have died and left them without any shelter.
- Supplying children with clothing and any basic needs.
- Encouraging the children to set up home and maintain vegetable gardens in order to get nourishing foods.
- Helping orphaned children get their birth certificates and the death certificates of their parents which is necessary to enable children to apply for State grants. The Caregivers arrange for the orphaned children to be screened and referred to Department of Social Welfare so that they can obtain the grants.

In essence, the Caregivers act as "surrogate parents" for these children.

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TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST (CONTINUED)
FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004**

The Caregivers were initially volunteers drawn from the community. Sister Priscilla would devote much time and effort to train the Caregivers but staff turnover was high as the Caregivers could often ill-afford the time to carry out their jobs fully, having to eke out a living themselves in this severely disadvantaged area. By the end of 2002, the programme was in danger of collapsing.

The Trustees, in consultation with Sister Priscilla, therefore initiated a programme in January 2003 to begin to pay each Caregiver a monthly allowance for their work. This had a dramatic effect and has provided the HBCP with a stable and well trained workforce. The HBCP is now one of the biggest projects of its kind in Kwazulu Natal.

(d) Day Care Centre.

The Day Care Centre is fairly rudimentary and limited to 24 children and the plan is to utilise funds raised from other donors to build a crèche that could house up to 150 orphaned children between the ages 2-6 years.

(e) The Hospice

The 40 bed hospice provides a sanctuary for the terminally ill members of the community and a place where they can die with dignity. There are no other similar facilities in the area. The hospice is staffed by trained nurses and periodically by Caregivers.

3. The Trust's Projects

In the period under review, the Trust funded the following:

- monthly allowances for Caregivers; during the period, some 16 Caregivers received a monthly allowance of ZAR 650 each (£55) and, by the end of the period, there were 17 Caregivers in the HBCP being funded by the Trust.
- food parcels for orphans; parcels to supplement those of other donors and local government were provided via an exclusive arrangement with a trading group, Tradestar, who would supply the HCH in bulk. The food was then distributed by Caregivers to the child headed families.
- Stationery for the day Care Centre; a one-off stock of pencils, crayons, etc was provided at the commencement of the 2004 academic year.
- A second hand vehicle for the Holy Cross Hospice; this was acquired by the Trust from the proceeds of a direct donation and is mainly for the use of Sister Priscilla. The vehicle replaces that which had broken down and was unable to be repaired having over 300,000 kilometres on the clock.

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TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST (CONTINUED) FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004

In addition, the Trust launched a programme to collect second hand children's clothes, shoes, books and blankets from six schools in the Berkshire area. The programme was very successful and some six tons of items were collected and packed in to a 40 foot container. The container was shipped out to the HCH in July 2003, the costs of which were borne directly by a donor. On arrival in Durban, however, the South African Customs refused to allow the container to be cleared. The Trustees were ultimately successful in having all of the contents of the container, excluding the clothes, cleared duty free in October 2003 after much negotiation with the authorities.

After, further negotiations and representations, including direct contact with the State President of South Africa, the clothes were ultimately released in January 2005 at no cost to the Trust.

4. Fundraising

Funds raised by the Trust emanated from the following sources in the period under review:

- *Trustees*; including the Settlor's initial contribution to set up the Trust
- *Private donors*; mainly from friends and/or business colleagues of the Trustees
- *Businesses*; primarily those with whom the chairman of Trustees does business. Sister Priscilla met with the charity co-ordinators of a number of these businesses to provide first hand background to the HCH.
- *Elton John AIDS Foundation*; This resulted from an application in July 2003 for funding to support the HBCP, cover the costs of the Caregivers allowances and further develop the programme. This followed on from a meeting between Sister Priscilla, the Trust and the Foundation's Director. The application was approved in January 2004.

5. Financial Overview

For the period 20 November 2002 until 31 March 2004, the Trust received donations and interest income totalling £36,655 from which £16,751 was outlaid for bequests, £6,624 to purchase a second hand vehicle for the HCH and £477 for bank charges, leaving a surplus of £12,803. All administration and the other costs of operating the Trust, as well as the services of the Trustees, is provided free of charge.

The total net assets of the Trust at 31 March 2004 amounted to £19,428 represented by £12,804 in funds deposited with banks and a motor vehicle with a book value of £6,624.

The Trustees consider that the reserves of £19,428 are adequate and not excessive.

HOLY CROSS CHILDREN'S TRUST

TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST (CONTINUED) FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004

6. Governance

The Trustees served for the full period under review, save that Mrs. D Simond was appointed in April, 2003 following the resignation of Mrs. L Roberts. A list of Trustees is set out in this report. The Trustees meet as and when necessary. During the year, the Trustees met formally on 10 occasions and, at all such meetings, the Chairman and a majority of Trustees was present.

The Trust has set up a system to ensure that the allowances for the Caregivers are paid directly to each individual Caregiver and that payment is acknowledged by the intended recipients. All other disbursements are controlled appropriately. All donations and bequests are acknowledged.

The activities of the HCH are directed and controlled by an independent Board of Trustees, made up of local leaders in the community, that meets monthly and to whom Sister Priscilla is responsible for the management of the HCH.

The Trust met with the Board of Trustees of the HCH on two occasions in South Africa during the period. The Trust is in weekly contact with Sister Priscilla to monitor progress and deal with any issues affecting the Trust's interests. During the period, the chairman of the Trust and other Trustees also visited the HCH in South Africa on 5 occasions to review activities and to participate in several of Sister Priscilla's programmes.

7. Risk Management

Major risks to which the Charity is exposed have been identified. The process of identification and review will continue over the next twelve months.

Signed on behalf of the Trustees this day of

**D H Millard – Chairman of Trustees &
Settlor of Trust**

S P Millard – Trustee

HOLY CROSS CHILDREN'S TRUST

STATEMENT OF CASH RECEIPTS AND EXPENDITURE FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004 AND STATEMENT OF ASSETS AS AT 31 MARCH 2004

	<u>Notes</u>	<u>General Unrestricted Income Fund</u> £'s
<u>CASH RECEIPTS</u>		
Donations	1.	36, 529
Interest Received		126
TOTAL RECEIPTS		<u>36, 655</u>
<u>CASH EXPENDITURE</u>		
CHARITABLE PAYMENTS		
Bequest to Holy Cross Hospice		
- Allowances to Caregivers	2.	13, 055
- Food parcels		3, 320
- Stationery for day Care Centre		376
		<u>16, 751</u>
Motor Vehicle for Holy Cross Hospice	3.	6, 624
Bank charges		477
TOTAL CASH OUTLAID		<u>23, 852</u>
<u>NET CASH SURPLUS FOR THE PERIOD</u>		<u>12, 803</u>
STATEMENT OF ASSETS AS AT 31 MARCH 2004		
MONETARY ASSETS		
Amounts on deposit with banks		
- Nedbank Bank Limited: London		12, 277
- Standard Bank of SA Limited: Durban	4.	527
		<u>12, 804</u>
OTHER ASSETS		
Motor Vehicle	3.	6, 624
<u>TOTAL NET ASSETS AT 31 MARCH 2004</u>		<u>19, 428</u>

Signed on behalf of the Trustees this day of

D H Millard – Chairman of Trustees &
Settlor of Trust

S P Millard – Trustee

HOLY CROSS CHILDREN'S TRUST

NOTES TO THE ACCOUNTS FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004

1. Donations

The following donations were received in the period:

	£
Trustees	2,100
Businesses	8,100
Private Individuals*	14,488
School Fund Raising – Lambrook Haileybury	3,533
Elton John AIDS Foundation	8,308
	<u>36,529</u>

* (Consisted of 25 individual donations of which one donor donated £10,000 to mainly fund the purchase of a motor vehicle for the HCH)

2. Caregivers Allowances

The payment of allowances amounting to ZAR 650 (£55) per month commenced in February 2003 to 13 Caregivers. The average number of Caregivers that were employed for the period was 16.2 and, by the end of the period, there were 17 Caregivers. A Christmas bonus of ZAR 350 (£32) was paid to each Caregiver in December 2003.

The Caregivers' allowances are paid via direct debit from Standard Bank of South Africa, Durban branch in to each Caregiver's individual bank account.

3. Motor Vehicle

A Toyota Corolla 1.6 litre motor vehicle, registration ND 439 081 was acquired by the Trust in March 2004 and registered in the name of the HCH for the use by Sister Priscilla or designated employees of the HCH. In the event that Sister Priscilla is removed from the HCH against her will, the HCH will transfer ownership of the vehicle back to the Trust. The Trust will be responsible for the insurance of the vehicle but not for its running costs.

4. Standard Bank of SA Limited – Durban

In order to facilitate the payment of allowances to Caregivers and minimise bank charges, an account was opened with the Standard Bank of SA Ltd. However, under South African Exchange Control Regulations a non-South African Trust cannot operate a bank account. As a consequence, an account in the name of one of the Trustees, Mrs P Millard was opened for the sole benefit of the Trust.

The sterling rates of exchange used for the period were:

- average : ZAR 11.79
- at 31 March 2004: ZAR 12.51

HOLY CROSS CHILDREN'S TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004

5. Basis of Accounting

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000 and applicable accounting standards.

6. Taxation

The Trust is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

HOLY CROSS CHILDREN'S TRUST

REPORT BY THE INDEPENDENT EXAMINER FOR PERIOD 20 NOVEMBER 2002 TO 31 MARCH 2004

I report on the accounts of the Trust for the period to 31 March 2004 which are set out on pages two to twelve.

Respective Responsibilities of Trustees and Examiner

As the charity's trustees you are responsible for the preparation of the accounts; you consider that the audit requirement of section 43(2) of the Charities Act 1993 (the Act) does not apply and that an independent examination is needed. It is my responsibility to examine the accounts under section 43(3)(a) of the Act and to state, on the basis of procedures specified in the General Directions given by the Charity Commissioners under section 43(7)(b) of the Act, 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 Commissioners. 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 I do not express an audit opinion on the view given by the accounts.

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 41 of the Act; and
 - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the Act.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.

N M Smith ACA, CTA
Villars Hayward
Chartered Accountants
Boston House
Henley-on-Thames
RG9 1DY

Date: 2005