

THE HOLY CROSS CHILDREN'S TRUST

(Registered Number 1095593)

TRUSTEES' ANNUAL REPORT & ACCOUNTS

for the year ended

31 MARCH 2006

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

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THE HOLY CROSS CHILDREN'S TRUST

THE TRUST AND TRUSTEE DETAILS

1. Registered Address

Kingscote, Binfield Road, Wokingham, Berkshire RG40 5PP, United Kingdom.

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)

7. Website

www.holycrosschildrenstrust.org

THE 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.

The Trustees may make grants - primarily to the Holy Cross Hospice, Emoyeni, 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.”

THE HOLY CROSS CHILDREN'S TRUST
TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST
FOR THE YEAR ENDED
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1. The Trust's Objectives for the year under review.

The primary objectives of the Trust for the year ended March 2006 were

- to provide, as requested by the Holy Cross Hospice (HCH), essentials to the children under the care of the HCH;
- to provide ongoing financial support to the Caregivers who are employed at the HCH;

with the overall aim being the welfare of the orphaned children and child headed families 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 so that sufficient funds would be available to disburse not less than £30,000 per annum for the foreseeable future to achieve the above objectives and to fund one-off capital projects.

3. The Holy Cross Hospice

(a) Background and Issues

In The Trustees report for the year ended 31st March 2005, the issues facing the Holy Cross Hospice were set out in full. In the year under review, those issues remained basically unchanged: the HIV/AIDS incidence rate in the area surrounding the HCH remains one of the highest in South Africa (35%-40%) ; the area is designated an AIDS Pandemic Disaster Zone by the South African government and the number of orphans and child headed families continues to increase. In addition, as this is a deeply rural and impoverished region of Kwazulu Natal, the difficulty in delivering an effective health care and social welfare service is profound and the need is great.

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TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST
FOR THE YEAR ENDED
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(b) The Holy Cross Hospice

The HCH is situated near Emoyeni, some 120 kilometres north east of Durban, in Kwazulu Natal, South Africa. The HCH is, however, not merely a hospice. It consists of a "complex" that incorporates a 40-bed hospice, a day care centre/crèche, the local district clinic, a training centre for Caregivers, offices for the HCH, a stall for the community to sell herbs, produce and wares and a garden that grows medicinal herbs. The "complex" is situated adjacent to the local Catholic Church and convent and to a primary and secondary school.

The HCH is run by Sister Priscilla Dhlamini, a Benedictine nun who was brought to the HCH in 2000 by Bishop Biyase, the Catholic bishop who was responsible for the Eshowe diocese. At that time, the HCH only consisted of a clinic and all of the facilities that are now at the HCH were developed by Sister Priscilla, having been funded by various donors. The HCH is also the only institution in the surrounding area that provides care for 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 care to those that are terminally ill, primarily with HIV/AIDS.

(c) Home Based Care Programme

Sister Priscilla founded the Home Based Care Programme (HBCB) early in 2002. The aim was to provide support to families - especially the child headed families – and to HIV/AIDS terminally ill, orphaned and vulnerable children in this severely disadvantaged community. Caregivers, who go out in to the community on a house-to-house basis provide this support and, where necessary, also help feed the children. The Caregivers are paid a monthly allowance by The Trust

At the time The Trust became involved with the HCH in late 2002, 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 identified. By the end of the year under review, there were 596 child headed families and 1,486 orphaned children under the care of the HBCP. The number of orphaned children will continue to increase in the years ahead.

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TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST FOR THE YEAR ENDED 31 MARCH 2006 (CONTINUED)

(c) Home Based Care Programme (continued)

The Caregivers receive training from Sister Priscilla and outside agencies covering many aspects such as primary health care, AIDS treatment, 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.
- Distribution of food parcels 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.

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TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST FOR THE YEAR ENDED 31 MARCH 2006 (CONTINUED)

(c) Home Based Care Programme (continued)

In essence, the Caregivers act as “surrogate parents” for these children. During the year, the Caregivers made 5,357 household visits. The HBCP remains one of the biggest projects of its kind in Kwazulu Natal.

The HCH commenced a project in 2004 with a Holland based donor, The Homeplan Foundation, to provide pre-fabricated houses for child headed families. The ultimate aim is to build over 200 houses by the end of 2007. The progress of the project, however, was suffering from a lack of transport to ferry the building materials out to the sites in the surrounding areas. The Trust decided to facilitate this by providing, in September 2005, a 1.3 ton truck. By the end of the current year end, 79 houses had been erected to house some 250 children and the programme is back on track.

(d) Crèche

In the previous year's report, mention was made of a plan by the HCH to utilise funds raised from other donors to build a crèche that could cater for up to 150 mainly orphaned children between the ages of 2-6 years to replace the rudimentary Day Care Centre at the HCH that could only house 24 children.

In August 2004, a crèche, which was funded by donations from others, was opened by Bishop Biyase and began accepting children. By the end of March 2006, some 90 children were enrolled at the crèche and staffed by four teachers. The crèche has 4 classrooms, a central service area and is fully equipped with a playground adjacent.

One of the challenges, however, is to provide transport for the children in this deeply rural area where there is no public transport and the very young children would otherwise need to walk long distances to attend the crèche. Currently, another donor has made funds available for transporting, from four sites, those children currently enrolled. In the year ahead, The Trust is likely to begin to fund some of the transport costs from additional sites. In time, the 1.3 ton truck which was purchased this year by The Trust, will also be utilized to ferry children to and from the crèche.

The primary purpose of having the children at the crèche is to allow them to play, be children and thus allow them to escape from the predicament they face as orphans and members of a child headed family. In addition, the children receive 3 meals a day at the crèche thereby improving their health significantly. The plan is for The Trust to partly fund this feeding scheme at the crèche in the period ahead and to pay the wage of a cook/cleaner and a remedial teacher.

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TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST FOR THE YEAR ENDED 31 MARCH 2005 (CONTINUED)

(e) Satellite facilities

The area that is covered by the Caregivers is a 50 square kilometres deeply rural area with no/limited transport. In order to access orphaned children in the more remote areas, Sister Priscilla has established 2 satellite sites which consist of pre-fabricated buildings supplied by the Homeplan Foundation and staffed by the Caregivers who live in these remote areas. From these sites it is more practical to access the children and provide them with nurturing, care and meals. The satellites currently care for 68 children and The Trust pays the wages of a cook and the allowances for those Caregivers in the area and, in the year ahead, will begin funding part of the cost of the food provided to the children.

(f) 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 a trained nurse and periodically by Caregivers.

3. The Trust's Projects

In the year under review, The Trust's ongoing cash outlays were mainly the payment of allowances for Caregivers. During the year, 23 Caregivers (2004/5: 18 Caregivers), on average, received a monthly allowance of between ZAR500 - ZAR 720 each (£45 - £65). Total disbursements for Caregivers allowances and unemployment insurance amounted to £17,979 in the year under review (2004/5: £14,005).

As set out above, a 1.3 ton KIA truck with demountable cab was acquired in September 2005 for £11,927.

4. Funding of The Trust

Funds for The Trust emanated from the following sources in the year under review:

- *Private donors*; friends and/or business colleagues of the Trustees. (see note 1. to the Financial Statements)

- *Fund raising event*; a reception at the Royal Academy on 21st April 2005, in conjunction with the London Original Print Fair, was held to raise funds for the Trust. The event was attended by nearly 700 people and raised some £41,400 after all direct expenses. See note 2. to the Financial Statements).

THE HOLY CROSS CHILDREN'S TRUST

TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST FOR THE YEAR ENDED 31 MARCH 2006 (CONTINUED)

5. Financial Overview

For the year ended 31st March 2006, the Trust received £65,763 (2004: £23,020) from which £32,561 was outlaid (2005: £14,752) leaving a cash surplus for the year of £33,202 (2005: £8,268). All administration costs of operating The Trust, as well as the services of the Trustees, are provided free of charge.

The total net assets of the Trust at 31 March 2005 amounted to £68,022 (2005: £26,040) and were represented by £54,274 (2005: £21,072) in funds deposited with banks and motor vehicles with a written down book value of £13,748 (2004: £4,968).

The Trustees consider that the cash reserves of £54,274 are adequate and not excessive given the ongoing commitments of The Trust.

6. Governance

The Trustees served for the full period under review. The Trustees meet as and when necessary. During the year, the Trustees met formally three times in the year (2004: four) and at all such meetings the Chairman and a majority of Trustees were present.

The Chairman of The Trust met with members of the Board of Trustees of the HCH on one occasion during the period. The Trustees are in contact with Sister Priscilla three to four times a week to monitor progress and deal with any issues affecting The Trust's interests. During the period, the Chairman of The Trust and other Trustees visited the HCH in South Africa on four occasions to review activities and to participate in several of Sister Priscilla's programmes.

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.

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TRUSTEES' REPORT ON ACTIVITIES OF THE TRUST
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7. Risk Management

Major risks to which the Charity is exposed relate to its ability to fund on-going commitments; the disbursement of allowances to Caregivers and the administration of the financial affairs of The Trust. The Trustees believe that the processes and systems that are in place mitigate the risks identified.

8. Website

The Trust maintains a website (www.holycrosschildrenstrust.org) that provides information on the The Trust and links to an on-line charitable donations service, Justgiving. This link was also used to receive donations and issue tickets for the fundraising event at the Royal Academy in April 2005.

The website was set up in 2003 and is currently being updated and refreshed for release By October 2006.

Signed on behalf of the Trustees this day of 2006

D H Millard – Chairman of Trustees & Settler of Trust

B Fisher – Trustee & Secretary

THE HOLY CROSS CHILDREN'S TRUST

**STATEMENT OF CASH RECEIPTS AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2006**

		General Unrestricted - Income Funds -	
	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		<u>£</u>	<u>£</u>
<u>CASH RECEIPTS</u>			
Donations	1.	27, 262	16,747
Fund Raising Event	2.	36, 567	4,659
Gift Aid Relief	3.	-	1,204
Interest Received		1, 934	410
TOTAL RECEIPTS		<u>65, 763</u>	<u>23,020</u>
<u>CASH EXPENDITURE</u>			
CHARITABLE PAYMENTS			
Bequests to Holy Cross Hospice			
- Allowances to Caregivers	4.	17, 152	14,005
- Unemployment Insurance	5.	827	-
- Motor Vehicle Insurance		562	432
		<u>18, 541</u>	<u>14,437</u>
Motor Vehicle for Holy Cross Hospice	6.	11, 927	-
Bank charges and website	7.	624	315
Audit Fees	8.	1, 469	-
TOTAL CASH OUTLAID		<u>32, 561</u>	<u>14,752</u>
<u>NET CASH SURPLUS FOR THE PERIOD</u>		<u>33, 202</u>	<u>8,268</u>

THE HOLY CROSS CHILDREN'S TRUST

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006**

1. Donations

The following donations were received in the period:

	Notes	2006	2005
		£	£
Trustees		-	1,990
Private Individuals	1.	21,923	4,424
Elton John AIDS Foundation		-	8,333
Church and Charitable Trusts		500	2,000
Sponsorship	2.	4,339	-
		27,262	16,747

1. This consisted of 12 individual donations [2004/5: 9] two of which amounted to £18,000).

2. A supporter of The Trust who resides in Singapore and who learned of The Trust's activities via the website, ran the Gobi Desert Marathon and raised £4,339 by way of pledges from friends via the website's link to the Justgiving website.

2. Fund Raising Event

The Trust held a fund raising event at the Royal Academy, London in association with The London Original Print Fair on 21st April 2005. The event raised £41,226 net of direct expenses. Of this amount, £4,659 was raised in 2004/5.

The net amount raised is made up of the following:

	£000's
Sponsors (Banks and private individuals)	23.0
Ticket sales and Donations	30.1
Merchandising	0.7
Gross Receipts	53.8
Less: Catering	11.2
Website set up and fees	0.8
Printing, advertising, equipment hire	0.6
Net Receipts	41.2

The intention is to hold a similar function in March/April 2007.

THE HOLY CROSS CHILDREN'S TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

2. Caregivers Allowances

The average number of Caregivers that were employed for the period was 23.0 (2005:17.8) and, by the end of the year, there were 24 Caregivers. The allowances ranged from ZAR500 – ZAR720 per month (£45 - £65). A merit bonus of ZAR 400(£32) was paid to 7 caregivers in December 2005.

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

3. Gift Aid Relief

No payment for Gift Aid Relief was received in the year under review.

The Inland Revenue made a payment of £1,109 plus interest of £23 to the Trust in 2005 in respect a claim for repayment of tax under the Gift Aid scheme for the period ended 31st March 2004. A claim for Gift Aid relief for the years ended 31st March 2005 and 2006 is in the process of being submitted.

4. Motor Vehicles

(a) A second hand Toyota Corolla 1.6 litre motor vehicle was acquired by The Trust in March 2004 for £6,624 and registered in the name of the HCH for the use by Sister Priscilla or designated employees of the HCH. The vehicle is being depreciated on a straight line basis at 25% per annum and the net book value at year end was £3,312 (2005: £4,968).

(b) In September 2005, a new 1.3 ton KIA K2700 truck was acquired for £11,927 for the use by Sister Priscilla or designated employee of the HCH. The vehicle is being depreciated on a straight line basis at 25% per annum and the net book value at year end was £10,436.

In the event that Sister Priscilla is removed from the HCH against her will, the HCH is obliged, if requested by The Trust, to transfer ownership of the vehicles back to The Trust. The Trust is responsible for the insurance of the vehicles but not for their running costs.

THE HOLY CROSS CHILDREN'S TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

5. Standard Bank of SA Limited – Durban

In order to pay the Caregivers' allowances and other periodic bequests to the HCH, and to minimise bank charges, The Trust maintains a South African Rand denominated bank account with the Non-Resident's Durban branch of the Standard Bank of SA Ltd. However, under current 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 to facilitate the aforementioned payments. The Trust is, however, the sole beneficiary of this bank account.

The sterling rates of exchange used for the period were:

- Average : ZAR 11.26 (2005: £11.23)
- At 31 March 2006: ZAR 10.60 (2005: £11.19)

6. 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.

7. 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 THE YEAR ENDED 31 MARCH 2006

I report on the accounts of the Trust for the year ended 31 March 2006 which are set out on pages 2 to 15.

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