

CHILDREN IN CROSSFIRE

(Incorporated Under Guarantee)

Combined Management Accounts
(Northern Ireland, Republic of Ireland & Tanzania)

for the year ended 31st March 2014

Children In Crossfire

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General Information

INCORPORATED	Northern Ireland 26th February 2005	Republic of Ireland 25th May 2005	Tanzania 6th February 2009
COMPANY NUMBER	NI 54061	343615	69692
DIRECTORS/TRUSTEES	M O'Neill (Chairperson) D McLeish J Murray R Kelly S Farrell D Fitzpatrick F McKinney Dr J McGuinness A Duffy H Henderson A Young S Coyle	M O'Neill (Chairperson) D McLeish J Murray R Kelly S Farrell D Fitzpatrick F McKinney Fr O McCrossan Dr J McGuinness A Duffy H Henderson A Young S Coyle	M O'Neill (Chairperson) D McLeish J Murray M O'Neill S Farrell D Fitzpatrick F McKinney A Young Dr J McGuinness A Duffy S Shayo Fr W Maningi
SECRETARY	U Moore	U Moore	R Moore
REGISTERED OFFICES	2 St Joseph's Avenue Abercorn Road Derry BT48 6TH	Carraig Rua Lower Drumaweir GREENCASTLE Co Donegal	Plot No 95, Block G Regent Estate PO Box 23204 Dar es Salaam
BANKERS	Northern Bank Shipquay Place Derry BT48 6DF	Bank of Ireland BUNCRANA Co Donegal	Barclays (Tanzania) Barclays House PO Box 5137 Dar es Salaam
ACCOUNTANTS	Moore Stephens Bradley McDaid 21-23 Clarendon Street Derry N Ireland BT48 7EP		Mekonsult Harbour View Towers Samora Ave PO Box 14950 Dar es Salaam

**Trustees' Report for year ended
31st March 2014**

The Trustees are pleased to present their report together with the financial statements for the year ended 31 March 2014.

OBJECTIVES AND ACTIVITIES

Purposes & Aims

Children in Crossfire believes that despite the challenges associated with poverty and the underlying causes of global injustice, children everywhere have the right to develop to their full potential and live a happy life.

We seek to impact through an integrated approach to early childhood development in targeted countries believing that through working together with a variety of partners, civil society organisations, technical experts and supporters we can deliver on our promise for the future – the wellbeing of young children.

Ensuring our work delivers our aims

The Organisational Strategic Plan 2011-2015 (next planning cycle currently under review) remains the foundation of our work. During 2013 we continued to embed results-based management (RBM) systems across the organisation to ensure resources are aligned and applied efficiently and effectively to focus on results that contribute towards the overall outcomes and objectives of the organisation.

We adopt a programmatic approach supporting a range of mutually supportive initiatives with cross-cutting thematic areas, promoting inclusive and gender sensitive initiatives to meet the needs and protect the rights of young children in developing countries.

The focus of our work

The focus on early childhood development with a strategic approach of targeted geographic interventions and advocacy at the local and national level remain at the core of our international programmes. We continue to support partnerships with local organisations and experts in the developing world to build their capacity to deliver services to young children and engage with local and national governments on their behalf.

In the UK/Ireland our development education programme engages the public to increase understanding of and take action to change the underlying causes of global justice issues that have given rise to our international programmes.

How our activities deliver public benefit

As an international non-governmental organisation (INGO) our activities are primarily focused on benefitting the lives of young children in our target countries directly by improving access to quality services in nutrition, stimulation, care and protection through an integrated approach.

At the national level in Tanzania we have been a significant player in the campaign advocating for both recognition and more investment in the rights of young children which has seen greater funding in pre-primary education and development of national child protection systems in Tanzania.

In the UK/Ireland Children in Crossfire benefits the public through providing education on global citizenship issues and creating the opportunities for people to take action that will lead to change.

ACHIEVEMENTS AND PERFORMANCE

The third year of this strategic cycle has seen some major progress across the range of activities in which Children in Crossfire is engaged, building on the foundations laid in earlier years, further increasing the coherency of our approach across all functions, cementing the relationships built with implementing partners, and beginning to realize the impact of our interventions.

International programmes have expanded with a number of significant new donor commitments, both in Tanzania and Ethiopia for our Early Childhood Development (ECD) programme with marked improvements in all of the four key components of health, education, care and protection including:-

- a 21% increase in access to early childhood education in our Impact districts in Tanzania;
- an expanding National Nutrition Strategy, improved funding of pre-primary education and an expansion of the national child protection system in Tanzania;
- the opening of a state-of-the-art Paediatric Oncology ward in Tanzania and the establishment of the first ever Masters programme for Tanzanian Doctors in Paediatric Oncology;
- a 30% reduction in child mortality resulting from severe acute malnutrition in Wolisso region of Ethiopia due to improved referral (150 trained Health Extension Workers), detection and treatment (12 student nurses trained and graduating in 2013) at St Luke's Hospital;

**Trustees' Report for year ended
31st March 2014 (cont'd)**

- a new kindergarten and clinical facility providing health, nutrition and pre-primary education for 130 young children of the displaced community recently rehoused in Addis Adaba, Ethiopia;
- the successful completion of a project in The Gambia to integrate 521 visually-impaired neglected children into mainstream education.

Development Education programme has continued to engage with the Irish public, developing appropriate indicators to establish and measure links between engagement and behavioural change. This year we delivered education interventions directly to 215 teachers and youth, and community workers, resulting in up to 5000 young people benefitting through follow-up programmes conducted by the participants. Our analysis reports high levels of increased understanding of development education and global justice issues, whilst we have also affected policy developments around global citizenship.

At corporate level systems and resources that facilitate our programmes of work both nationally and internationally continue to be developed. Children in Crossfire is currently engaged in a strategic review process to realign and refocus its strategic direction over the next five years. Results-based management (RBM) systems have been more extensively adopted as a means of performance measurement throughout the organisation. Fundraising plans aimed at developing sustainable income streams are being rolled out including the expansion of our network of support groups that will widen support beyond our traditional base.

FINANCIAL REVIEW

Total incoming resources for the year were £2,533,688 (a 53% increase on 2013) of which 77% is from Restricted grant-awarding sources (Institutional and Trust funding) and 23% from Unrestricted sources (voluntary income). The largest single donor accounted for approximately 20% of income (2013 - 26%), as the Charity continues to manage its risk of exposure by diversifying its income sources. We also continue to work within limited investment resources to develop sustainable future voluntary income streams against the backdrop of a difficult fundraising climate.

Total resources expended were £2,152,425. Approximately 86% (2013 - 80%) of this was expended on direct charitable activities, 13% (2013 - 19%) on generating funds and less than 1% (2013 - 1%) on governance costs as we pursue our policy of ensuring that our core running costs are maintained at below inflation levels.

The Balance Sheet is significantly impacted by restricted funds received before year-end to be expended in the coming year against specific designated programme activities. The underlying picture is one comparable to last year.

Principal Funding Sources

Restricted income from government and institutional sources has grown steadily over the last three years. In the last financial year Children in Crossfire has secured a further major 4 year funding programme in Tanzania which now means that no more than a quarter of our income comes from any single source.

Reserves Policy

Free Reserves are defined by the Trustees as those funds freely available for use as the organisation so determines and thereby excludes any restricted or designated funds. Specifically, the Reserves are required to:

- maintain the equivalent of three months' running costs in case of any unforeseen or statutory commitments;
- have a reasonable level of bridge funding to support cash-flow for projects or programmes where donor funding may be delayed or funded in arrears;
- have a level of contingency funds to protect against any shortfall in expected donor funding.

The Finance and General Purposes Committee (F&GPC), which monitors Reserves on behalf of the Trustees, have acknowledged that Reserves have more than halved over the last three years to significantly below the 12½% of income target. However while the F&GPC recognises that the downward trend is not sustainable it recognises that the budget 2014-5 outlines a plan for initially stabilising before rebuilding Reserves and will continue to review this position in the coming year.

**Trustees' Report for year ended
31st March 2012 (cont'd)**

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing Document

The organisation comprises three companies limited by guarantee and established under a Memorandum and Articles of Association where the objects and powers of the organisation and its directors are defined. The directors of the company are also charity trustees for the purposes of charity law.

Organisational Structure

The business of the Charity, comprising the three legal entities in UK, Ireland and Tanzania, is directed by what is effectively the same Board of Trustees. The Board, which meets 4 times per year, aims to have a minimum of 10 members with a variety of experience and skill-sets to help define and implement the strategic direction of the Charity. The Board is further supported by a number of sub committees such as Finance & General Purposes (FGPC) and International Programme (IPC). These committees comprise both Board and relevant staff representatives and provide a mechanism for more effective governance and input of the Board on executive matters. Furthermore the Annual Strategic Review, attended by board members and management, provides the forum to share results and track progress towards the organisation's long term goals and objectives.

Management

A scheme of delegation is in place and operational responsibility has been assigned to the Executive Director, appointed by but not a member of the Board, who is supported by a team of department managers. The management team meets monthly and the Executive Director also meets with each department manager quarterly to review performance based on RBM management tools. A number of working groups of staff drawn from different functions, such as Communications & Messages, also exist to provide specific guidance and enhance cohesion across the Charity. Collectively these measures enable a clearer focus on results throughout the organisation and wider understanding of how the organisation works together towards overall Outcomes and Impact.

Associations

Additionally, the Charity is an active member of a number of relevant sector networks including Institute of Fundraising (IoF), Community Association for Development Action (CADA) and Dochas, the Irish Association of Non-Governmental Development Organisations. The Charity uses these associations to both develop and benchmark its governance activities against peer organisations.

Risk Management

A comprehensive risk management programme, overseen by the Finance and General Purposes Committee, continues to monitor, evaluate and implement mitigating actions where necessary to manage risks in the areas of governance, operational, financial and regulatory matters. In the past 12 months a specific risk register for our Tanzanian programme has also been developed.

Statement of Financial Activities
(Incorporating the Income and Expenditure Account)
for the year ended 31st March 2014

	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
Incoming Resources				
<i>Income from Charitable Activities</i>				
Grants and Project Income	-	1,955,081	1,955,081	1,108,392
<i>Activities for Generating Funds</i>				
Fundraising Donations Received	570,971	6,826	577,797	541,730
<i>Investment Income</i>				
Bank Interest	810	-	810	3,118
	<u>571,781</u>	<u>1,961,907</u>	<u>2,533,688</u>	<u>1,653,240</u>
	3			
Resources Expended:				
<i>Direct Charitable Expenditure</i>	273,828	1,586,917	1,860,745	1,257,577
<i>Cost of Generating Funds</i>	268,983	-	268,983	290,417
<i>Governance Costs</i>	16,384	6,313	22,697	14,996
	<u>559,195</u>	<u>1,593,230</u>	<u>2,152,425</u>	<u>1,562,990</u>
	4			
Net incoming resources for the year	5	12,586	368,677	381,263
		<u>12,586</u>	<u>368,677</u>	<u>381,263</u>
Net Movement in Funds			381,263	90,250
Balance at 1st April 2013		116,512	221,465	337,977
Balance at 31st March 2014		<u>129,098</u>	<u>590,142</u>	<u>719,240</u>
			<u>719,240</u>	<u>386,448</u>

These accounts have been prepared for internal purposes only to show the total incoming resources and resources expended by Children in Crossfire NI, Children in Crossfire ROI and Children in Crossfire Tanzania.

These combined accounts have not been audited although the individual statutory accounts have been audited in full in compliance with legislative requirements.

The notes on pages 7 to 10 form part of these accounts.

**Children In Crossfire
Balance Sheet
as at 31st March 2014**

	Note	2014		2013	
		£	£	£	£
Fixed Assets					
Tangible Assets			2,841		4,553
Current Assets					
Debtors and Prepayments	5	52,403		93,482	
Cash at Bank and on Hand		427,541		375,651	
Net Current Assets		<u>479,944</u>		<u>469,133</u>	
Creditors: Amounts Falling Due Within One Year	6	<u>(334,531)</u>		<u>(185,888)</u>	
			145,413		283,245
Total Assets less Current Liabilities			<u>148,254</u>		<u>287,798</u>
Funds					
Unrestricted	7		129,098		199,297
Designated			-		0
Restricted	8		590,142		48,430
			<u>719,240</u>		<u>247,727</u>

The notes on pages 7 to 10 form part of these accounts.

**Notes to the Financial Statements for the Year Ended
31st March 2014**

1. Nature of the Company

All three charities are companies limited by guarantee and do not have a share capital.

2. Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charity's financial statements.

2.1 Basis of Preparation

These accounts are prepared for management information purposes only and are not statutory financial statements.

They represent the combined statement of financial activities and balance sheets of three companies, Children in Crossfire (incorporated in Northern Ireland), Children in Crossfire (incorporated in Republic of Ireland) and Children in Crossfire (incorporated in Tanzania).

Statutory financial statements are prepared and filed separately for these companies. The results are then combined within these management accounts, in order to allow Trustees to review and assess the overall performance of the companies in just one currency.

2.2 Incoming Resources

All incoming resources are included in the statement of financial activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

(i) Income from Charitable Activities

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

(ii) Activities for Generating Funds

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the Charity, are recognised when the charity becomes unconditionally entitled to the grant.

(iii) Investment Income

Investment income is included when receivable.

2.3 Resources Expended**(i) Direct Charitable Expenditure**

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services to its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

(ii) Cost of Generating Funds

Costs of generating funds comprise the costs associated with attracting voluntary/fundraising income.

(iii) Governance Costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the charity.

**Notes to the Financial Statements for the Year Ended
31st March 2014**

2.4 Taxation

As a Charity, Children in Crossfire is not liable to Corporation Tax.

2.5 Fund Accounting

The Charity has various types of funds for which it is responsible and which require separate disclosure. These are as follows:

(i) Restricted Funds

Represents funds received which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation.

(ii) Unrestricted Funds

Represents funds which are expendable at the discretion of the Trustees in furtherance of the objectives of the Charity. In addition funds may be held in order to finance capital investments and working capital.

3. Incoming Resources

	Unrestricted Funds £	Restricted Funds £	Total Funds 2014 £	Total Funds 2013 £
(a) Income from Charitable Activities - Grant Aid				
Irish Aid	-	460,066	460,066	433,069
Dubai Cares	-	501,761	501,761	-
DFID	-	115,464	115,464	114,297
Elma	-	93,750	93,750	109,376
Apex/N&W Housing	-	-	-	40,000
GMB Union	-	63,570	63,570	1,005
KinkerKanderfonds	-	53,262	53,262	49,007
UBS	-	46,000	46,000	83,765
Resolute	-	109,088	109,088	6,400
Other	-	512,120	512,120	250,061
	<u>-</u>	<u>1,955,081</u>	<u>1,955,081</u>	<u>1,086,980</u>
(b) Activities for Generating Funds - Fundraising Donations				
Direct Marketing	170,172	1,826	171,998	193,588
Events	212,779	-	212,779	221,736
Community	55,597	-	55,597	71,739
Schools	15,126	-	15,126	14,239
General	80,470	-	80,470	23,942
Corporate	16,132	5,000	21,132	16,486
Other	4,372	-	4,372	0
	<u>554,648</u>	<u>6,826</u>	<u>561,474</u>	<u>541,730</u>
(c) Investment Income - Bank Interest				
	810	-	810	3,118
Total Incoming Resources	<u>555,458</u>	<u>1,961,907</u>	<u>2,517,365</u>	<u>1,631,828</u>
Income released in current year	16,323	0	16,323	188,323
Income deferred in current year	0	0	0	(166,911)
	<u>571,781</u>	<u>1,961,907</u>	<u>2,533,688</u>	<u>1,653,240</u>

**Notes to the Financial Statements for the Year Ended
31st March 2014**

4. Resources Expended

	Staff costs £	Support costs £	Other Direct Costs £	Total 2014 £	Total 2013 £
(a) By Fund					
Restricted Funds					
Direct Charitable Expenditure	127,252	133,624	1,326,041	1,586,917	951,920
Cost of Generating Funds	-	-	-	-	-
Governance Costs	-	6,313	-	6,313	86
Totals	<u>127,252</u>	<u>139,937</u>	<u>1,326,041</u>	<u>1,593,230</u>	<u>952,006</u>
Unrestricted Funds					
Direct Charitable Expenditure	179,185	85,968	8,675	273,828	305,657
Cost of Generating Funds	108,244	26,820	133,919	268,983	290,417
Governance Costs	2,513	6,071	7,800	16,384	14,909
Totals	<u>289,942</u>	<u>118,859</u>	<u>150,394</u>	<u>559,195</u>	<u>610,984</u>
Total Expenditure	<u>417,194</u>	<u>258,796</u>	<u>1,476,435</u>	<u>2,152,425</u>	<u>1,562,990</u>
(b) By Expenditure Type					
Direct Charitable Expenditure					
Health and Education	273,570	219,592	1,320,701	1,813,863	1,203,665
Development, Education and Awareness	32,867	-	14,015	46,882	53,912
	<u>306,437</u>	<u>219,592</u>	<u>1,334,716</u>	<u>1,860,745</u>	<u>1,257,577</u>
Cost of Generating Funds					
Fundraising Costs	108,244	26,820	133,919	268,983	290,417
Governance Costs					
Audit Fee	-	-	7,800	7,800	7,800
Trustee Costs	-	10,400	-	10,400	1,781
Legal and Professional Fees	2,513	1,984	-	4,497	5,414
	<u>2,513</u>	<u>12,384</u>	<u>7,800</u>	<u>22,697</u>	<u>14,995</u>
Total Expenditure	<u>417,194</u>	<u>258,796</u>	<u>1,476,435</u>	<u>2,152,425</u>	<u>1,562,989</u>

**Notes to the Financial Statements for the Year Ended
31st March 2014**

5. Debtors and Prepayments

	2014	2013
	£	£
Grant Income Receivable	34,421	70,790
Fundraising Income Receivable		3,012
Prepayments	17,982	19,680
	<u>52,403</u>	<u>93,482</u>

6. Creditors: Amounts Falling Due Within One Year

	2014	2013
	£	£
Accruals	34,949	18,867
Deferred Income	299,582	167,021
	<u>334,531</u>	<u>185,888</u>

7. Unrestricted Funds

	2014	2013
	£	£
Opening Balance	116,512	199,297
Net Movement in funds for the Year	12,586	(82,785)
Closing Balance	<u>129,098</u>	<u>116,512</u>

8. Restricted Funds

	1 April 2013	Incoming Resources	Outgoing Resources	31 March 2014
Irish Aid	14,009	460,066	460,066	14,009
Dubai Cares	-	501,761	259,887	241,874
DFID	-	115,464	115,464	0
Elma	-	93,750	78,055	15,695
GMB	-	63,570	63,570	0
Resolute	-	109,088	23,457	85,631
Other Restricted Grants/Donations	207,456	618,208	592,731	232,933
	<u>221,465</u>	<u>1,961,907</u>	<u>1,593,230</u>	<u>590,142</u>