

Registered Company Number 4193179  
Registered Charity Number 1089490

## **HOPE AND HOMES FOR CHILDREN**

### **TRUSTEES' REPORT and CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 DECEMBER 2009**

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## HOPE AND HOMES FOR CHILDREN

### LEGAL AND ADMINISTRATIVE INFORMATION for the year ended 31 December 2009

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#### Constitution

Hope and Homes for Children is a registered charity (No 1089490) and a company limited by guarantee (No 4193179)

#### Trustees and Directors

The trustees constitute directors of the charitable company for the purposes of the Companies Act 2006 and trustees of the charity for the purposes of the Charities Act 1993. As set out in the Articles of Association, the Board comprises a minimum of three trustees. New trustees are appointed at duly convened meetings for a period of three years after which they are eligible for re-election for a further three years. The trustees meet five times a year when they consider the strategic direction and governance of Hope and Homes for Children. New trustees are recruited to the Board using a range of recruitment methods to meet specific skills gaps in the existing group. New trustees are inducted through a combination of visits to the office and projects as well as briefing papers on topics specific to the charity and the sector.

The trustees serving during the year and since the year end were as follows

Ms Natalie Acton		(appointed 16 July 2009)
Mr Matthew Bell	Chairman (until 15 September 2009)	(retired 15 September 2009)
Dr Julie Carter		
Ms Bridget Cluley		
Mr James Garvey		
Mr Alan Gosschalk	*	
Mr Jim Rice	*	
Mr Tim Richards	Chairman (from 15 September 2009)	(appointed 16 July 2009)
Sir Richard Storey Bt, CBE		(retired 16 July 2009)
Mr Tony Swayne	Treasurer	*
Professor Tunde Zack-Williams		

\* = member of the Audit and Governance Committee

#### Senior Management Team

Chief Executive	Mr Rick Foulsham CMG
Director of Fundraising and Communications	Mrs Ann Tate (from 28 September 2009)
Director of Programmes	Dr Delia Pop
Company Secretary and Director of Resources	Mrs Sue Rooke

#### Registered Office

East Clyffe, Salisbury, Wiltshire SP3 4LZ

#### Website

More information about the charity can be found at [www.hopeandhomes.org](http://www.hopeandhomes.org)

#### Auditor

Baker Tilly UK Audit LLP, Registered Auditor, Hartwell House, 55-61 Victoria Street, Bristol BS1 6AD

#### Bankers

Royal Bank of Scotland plc, 48 Blue Boar Row, Salisbury, Wiltshire, SP1 1DF

## **HOPE AND HOMES FOR CHILDREN**

### **TRUSTEES' REPORT**

for the year ended 31 December 2009

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## **OBJECTS AND PRINCIPAL ACTIVITIES OF HOPE AND HOMES FOR CHILDREN**

### **Objects**

The relief of need and suffering amongst children worldwide (without discrimination on the grounds of sex, race, colour, creed, religious or medical status) and in particular to provide children, with nowhere to live due to war or disaster, with loving family homes and to promote best practice of persons in any part of the world professionally concerned with the care of children and in particular the care of children with nowhere to live due to war or disaster

### **Vision**

Our vision is of a world in which every child feels loved

### **Mission**

Our mission is to give hope to the poorest children in the world – those who are orphaned, abandoned or vulnerable – by enabling them to grow up within the love of a family and the security of a home, so that they can fulfil their potential

### **Organisational Principles**

Hope and Homes for Children is an organisation with

- An unshakeable commitment to placing children first, providing them with family care and emotional stability
- A universally shared clarity of purpose
- A focus on the impact and outcomes of our programmes
- The structure, policies and procedures which will enable us to achieve our mission and fulfil our objectives
- Sound governance
- Effective planning systems to manage our resources so as to realise their maximum potential
- Accountability to our supporters and to the general public, which is both transparent and understandable
- An entrepreneurial, opportunistic, innovative and flexible approach

### **Principal Activities**

Hope and Homes for Children supports vulnerable children and their families across Africa and Central and Eastern Europe. In Africa, using an implementation model known as ACTIVE Family Support, we enable vulnerable children and their families to become self-sufficient, valued members of their communities. In Central and Eastern Europe, we work in partnership with local professionals to close large institutions and move children into family based care.

Our organisational strategic goals for 2010 to 2015 are as follows

- Children in Care – drive the reform of institution-based childcare by contributing to the shift from institutional care to family-based care
- Children and Families – drive the development of sustainable family support services in countries where orphan and vulnerable children do not have access to basic protection and care services
- Advocating for Children – advocate for the development of family-based childcare systems free of institutions and focussed on preventing children from being separated from their parents and carers
- Raising our Profile – raise the profile of Hope and Homes for Children, in the UK and internationally in order to increase the understanding of the importance of the work we do

## **HOPE AND HOMES FOR CHILDREN**

### **TRUSTEES' REPORT (continued) for the year ended 31 December 2009**

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#### **ORGANISATIONAL STRUCTURE**

Our operations stem from offices in Salisbury, England where a team of professional staff manages the work in Africa and Central and Eastern Europe. Policy is devised and implemented in conjunction with the Country Director and staff in each country of operation. This office is also the base from which we raise funds, primarily from a variety of non-governmental sources.

Our programmes are operated either through directly managed organisations or through independent partners. In both instances annual plans of activity and associated budgets are agreed and funding is remitted directly to our own operations or by a grant to partners. In Bosnia, Romania and South Africa we operate through wholly owned subsidiary companies, all of whom use the Hope and Homes for Children name and brand.

We are managed on a day-to-day basis by our professional senior management team under the leadership of the Chief Executive who is responsible to the Board.

#### **STAFF**

We consider the staff of Hope and Homes for Children to be a network of passionate experts. Employees are kept informed about organisational activity at staff meetings and are involved in the details of team activities through regular meetings. There is also access to documents and policies through our IT network. Hope and Homes for Children supports equal opportunities and is in the process of formalising a wide range of policies and procedures to ensure an effective and safe workplace. We use our annual appraisal and regular supervision processes which includes individual training plans aimed at developing employees' skills.

#### **OPERATIONAL REVIEW**

Our plans for 2009 were to

- Work directly on services associated with de-institutionalisation projects in Romania, Belarus, Moldova, Ukraine and Sudan
- Support and train government and other agencies to undertake their own closure projects
- Promote and train professional staff to use the family support model
- Regularly monitor the financial stability of the charity in the challenging economic circumstances, taking any actions necessary to respond to changing circumstances

As the impact of the global recession spread we, like most charities, had to take a cautious approach to our commitments for 2009. Not only did we face uncertain income levels but, in the countries in which we operate, we saw serious economic decline which increased the demand and need of our beneficiaries while the purchasing power of our UK raised funds declined. We responded by reinforcing our day to day work with contingency plans but also taking the opportunity to find ever more creative solutions to sustain the normal levels of operation.

This careful planning paid off as, overall in 2009 we supported a total of 7,136 children and families with specifically tailored solutions to meet their individual needs. During the year we were directly involved in 13 institution closure projects, of which the Sacel institution in Romania and the Cupcui institution in Moldova were finally closed during the summer. We provided support to 260 authorities as they progress their plans to transform childcare service and to manage their own closure projects. We trained 1,951 childcare professionals who will be able to apply their newly acquired skills to support many thousands more beneficiaries.

In the UK, we appointed a new Chair of Trustees. Tim Richards succeeds Matthew Bell who stepped down after seven years in the post and to whom we are grateful for the leadership he provided to the Board and charity.

## **HOPE AND HOMES FOR CHILDREN**

### **TRUSTEES' REPORT (continued) for the year ended 31 December 2009**

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#### **OPERATIONAL REVIEW (continued)**

Our major achievements, in more detail, in 2009 included

##### **In Africa**

**Rwanda** – In January we finalised the details of a partnership with the Ministry of Gender and Family Promotion which was an important milestone for ensuring national endorsement of our processes. In this context, we then undertook a number of capacity building initiatives during the rest of the year, including mapping children's needs and planning resources such as volunteer networks, community hubs and training packages. We also started work on minimum care standards for adoption across Rwanda.

We continued to be involved with 821 children and families through ACTIVE Family Support projects although the focus moved on to use the model as a means of setting up the necessary infrastructure to enable us to move children out of institutions and return them to their communities. The team in Rwanda was awarded a grant by UNICEF, to train 50 childcare workers from 25 centres for unaccompanied street children. The sessions increased the capacity of local professionals to support children and introduced use of the ACTIVE Family Support model.

We also submitted a Memorandum of Understanding to District Authorities for the expansion of the project in Bugesera, through the development of three new Community Hubs which will form a significant part of our 2010 plans.

**Sierra Leone** – the year started with a study visit by Soroptimist International who is supporting our work in Sierra Leone over a four year period. Their project, implemented by our partner agency, Help a Needy Child in Sierra Leone (HANCi), particularly targets vulnerable, single young mothers who are living alone and helps to prevent them being separated from their babies and aims to reintegrate them with their families. The students of Wellington College were also actively involved with this country programme during 2009. They embarked on a series of challenging ways to raise funds for Sierra Leone during their 150<sup>th</sup> anniversary celebrations. Overall 1,331 children and families benefited from these initiatives in 2009.

**South Africa** – during 2009, we built on the success of the ACTIVE Family Support model by refining the way we work with current partners in the Moretele Sunrise Hospice and the Sinomhawu Aids Project in Malenge and supported over 1,000 children and involved 53 active volunteers. We further developed the monitoring and evaluation and the training tools to ensure consistent reporting of the development of Community Hubs, volunteer networks, youth programmes and other integrated services.

Over the summer, we formalised a partnership with two South African companies who have agreed to fund a project which we will implement directly. The work focuses on strengthening communities in distress due to extreme poverty. The first phase started in the Witbank area in August and has assessed the needs of families across the province in order that future phases of the project will be able to develop and deliver the required support services.

Administratively, we changed the status of our organisation by forming a Section 21 company registered as a non profit organisation. It has local and international Board members who are able to work with the staff team to define roles, strategy and vision.

**Sudan** – in March, we completed a four year, Department for International Development funded project relating to child participation in rebuilding Sudanese communities affected by war. The staff team have developed follow on project work which builds on these experiences as well as having been involved in ongoing work to close the Maygoma orphanage in Khartoum. Progress has been hampered by political unrest during the year but despite this 859 children and families have been benefited from our projects during 2009.

## **HOPE AND HOMES FOR CHILDREN**

### **TRUSTEES' REPORT (continued) for the year ended 31 December 2009**

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#### **OPERATIONAL REVIEW (continued)**

##### **In Europe**

**Belarus** – our main operational focus in 2009 was on a project to close the first baby home in the Gomel region. However, obtaining all the required authorisations required determination and took longer than anticipated. Meanwhile we worked along side local authorities to close a second institution in the same area. During the year we trained 237 professionals including a workshop held in September that drew on successes of our team in Ukraine at preventing baby abandonment. The workshop was the first opportunity for childcare professionals from different disciplines to work together and underpinned initiatives to develop family and community based services to complement the closure of the Gomel baby home.

**Bosnia and Herzegovina** – During the year the team in Bosnia worked with 553 children and families. A UNICEF commissioned project targeting the monitoring and evaluation of the national childcare system started in August. This project allowed us to develop a national plan for the closure of all remaining institutions. Staff also participated in working groups for the development of standards in child care in the Federation of Bosnia and Herzegovina. This work was done in partnership with representatives from local and federal governments and childcare social workers. Later on in the year, the team in Bosnia and Herzegovina received approval from the Ministry of Education to develop the school based family support programme into 20 schools across the Sarajevo canton. This project aims to demonstrate that early intervention in crises will help prevent family breakdown and child abandonment.

**Moldova and Transdnistria** – in June 2009, we completed our first institution closure project in Moldova. The Cupcui institution was in one of the poorest regions of Moldova. When we started the project in May 2008 there were 59 children living there and we are pleased that all of them are now in family-based alternatives. We continued to work with this group by recruiting and training two teams of childcare professionals whose role it is to ensure that they are able to stay together for the longer term, as well as ensuring no more children are sent to institutions. We are thrilled that our partner agency, CCF Moldova was awarded a national prize for Human Rights promotion and innovative initiatives in de-institutionalisation.

**Romania** – Over 1,400 children and families were involved in the Romania programme during the year. Much of the focus of the team in Romania in 2009 was on the implementation of a 30 month project in collaboration with Absolute Return for Kids. Together we are aiming to complete the childcare reform process in Maramures county and to accelerate the process in Bacau county. Following on from the assessment and service design work that took place last year we have, in 2009, moved on to establishing the infrastructure needed for the new services. This involved the acquisition and refurbishment of nine small family homes as well as training staff to work in the new services.

In July 2009, two small family homes were opened in Hunedoara, as a result of the closure of the Sacel Institution. The culmination of two years work, this was a life changing experience for the 12 children and young adults who moved into the homes.

We continued to advocate for fundamental change at a national level in meetings with the Secretary of State of the National Authority for the Protection of Children's Rights, gaining agreement to collaborate on developing a plan to close all remaining institutions in Romania. The training and technical assistance team delivered courses to 914 participants during the year and have started discussions with the Open University regarding potential collaboration.

**Ukraine** – As reported last year the main focus of our work in Ukraine is to upgrade and reform the standard of social services in Makariv by developing new specialised family based services for children and families at risk through the creation of the Ray of Hope Social Services Centre, a small group home and by strengthening prevention work to break the cycle of institutionalisation. We are very grateful that one of our corporate partners, St James's Place Partnership, are committed to funding this work enabling us to assign the resources to this major piece of work. We have made steady progress during the year but have had to put immense effort into obtaining building permits in a bureaucratic system.

## **HOPE AND HOMES FOR CHILDREN**

### **TRUSTEES' REPORT (continued) for the year ended 31 December 2009**

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#### **FUTURE ACTIVITIES**

Our business plan for 2010 is based on the strategic aims for 2010 to 2015 set out on page 3 and includes

- Children in Care – To complete the closure of 8 institutions, including the first institution closure project in Rwanda and focussing on stopping institutionalisation of children under the age of five across all our country programmes. We will continue to support the Romanian government to plan for the closure of all remaining institutions before the end of the decade using European and international funding
- Children and Families – To support 3,000 children and families and prevent their separation through supporting carers, facilitating access to existing services, developing community hubs and developing networks of community volunteers
- Advocating for Children – To advocate for reform of foster care legislation, prioritising issues in South Africa, Ukraine, Sierra Leone and Rwanda and for the reform of financial regulations supporting large state institutions in countries where the need arises
- Raising our Profile - To restructure our resources to give greater priority to national media and PR work

To support the above, we also aim

- Set up a team of childcare professionals able to provide training and mentoring nationally and internationally and lead on new work
- Develop an integrated monitoring, evaluation and reporting system to enable us to measure performance
- Deliver a Fundraising Strategy to raise the funds needed for the 2010-2015 Programmes Strategy

#### **FINANCIAL REVIEW**

We are pleased to report the financial situation of the charity improved substantially during 2009. Our income reached a record level at £7,474,851 (2008 £5,363,010). The main reasons are

- we entered the principle phase of a 30 month partnership agreement with Absolute Return for Kids (2009 £1,571,425 compared to 2008 £215,240)
- we were the beneficiary of a record number and value of bequests in wills (2009 £1,000,026 compared to 2008 £186,563)

Thousands of individuals continued to support our work by donating £1.27 million through their one-off gifts and regular donations. Our income from trusts, foundations and companies has increased this year. Amounting to over £2.3 million in total, these major partnership arrangements have helped us to achieve our goals in the projects with which they are involved. We received the further donations from Project Sierra, the Soroptimist International Quadrennial project which aims to raise £1 million for our work in Sierra Leone by 2011. Although our voluntary donations held up very well in the current economic circumstances, our activities for generating funds, particularly Support Group activity, was less buoyant falling by almost £200,000.

Excluding funding from Absolute Return for Kids and legacies, we generated £4.04 for every £1 spent on fundraising (2008 £3.47). We have over the last two years been investing in our fundraising capacity and we are now starting to see an improvement in this performance indicator.

We spent £1.6 million in Africa and £2.9 million in Central and Eastern Europe in relation to ongoing direct charitable expenditure. We also invested £1.2 million in property in Romania bringing total expenditure on our projects to £5.7 million.

## **HOPE AND HOMES FOR CHILDREN**

### **TRUSTEES' REPORT (continued) for the year ended 31 December 2009**

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#### **RESERVES POLICY**

Hope and Homes for Children needs reserves to ensure the charity can meet its objectives, both its current commitments and its longer term sustainability. We have determined that the reserve needs to be in a range, calculated with reference to the risk assessment of

- The viability of income streams
- Opportunities to invest in new projects prior to securing funding
- Cash flow requirements

We have further determined that we need to hold the equivalent of approximately two months total expenditure as reserves of which at least one month's essential core expenditure should be held as an unrestricted cash reserve

As at 31 December 2009, these measures indicate a required cash reserve of between £1,000,000 and £1,100,000, including an unrestricted cash reserve of £400,000. The reserve policy was met at the year end.

#### **INVESTMENT POLICY**

Our Memorandum and Articles of Association provide us with the powers to make investments as we see fit. The policy we have set aims to invest half the base reserve in low risk, pooled investment vehicles. The other half will be held in fixed term cash deposits to generate income. All other cash balances will be held to ensure funds are available to meet day to day commitments with any funds that are not instantly needed being placed on term deposits until needed.

#### **INTERNAL CONTROL AND RISK MANAGEMENT**

The Board has overall responsibility for the Charity's system of internal control and for monitoring its effectiveness. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Charity's systems are designed to provide the trustees with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. We have established an ongoing process for identifying, evaluating and managing risks faced by the Charity. This process has been in place during the year and up to the date the financial statements were approved.

The Senior Management Team reviews risk management activities within the Charity, so that the significant risks facing the Charity can be reported to the Audit and Governance Committee and the Board. The risk assessment process includes a review that covers all controls, including financial, operational and compliance controls and risk management. The report to the Audit and Governance Committee also provides information on the monitoring and control of significant risks and monitors compliance with the Charity's risk management policy. The Charity has an established organisational structure with clearly defined lines of authority, responsibility and accountability which is reviewed regularly. Internal audits are carried out at overseas operations on a rolling basis.

#### **GOING CONCERN**

Hope and Homes for Children is funded by voluntary donations and, as such, can only operate to the extent that these donations allow. There is, however, a degree of probability regarding some future donations. The Charity has in place certain contingency plans should donations fall materially. We consider that Hope and Homes for Children has adequate resources to continue in operational existence for the foreseeable future and therefore it is appropriate to adopt the going concern basis in preparing the accounts on pages 11 to 24.



## HOPE AND HOMES FOR CHILDREN

### TRUSTEES' REPORT (continued) for the year ended 31 December 2009

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#### DONORS AND VOLUNTEERS

We are very grateful to the many thousands of people who have given and continue to give us their support either financially or in terms of time and effort. Both the staff and directors of several companies have entered into corporate partnerships with us to raise valuable funds for our work. Many people continue to provide loyal support through groups such as Rotary, Inner Wheel, Soroptimists, churches and schools, as well as our own Support Groups. Finally there are a vast number of dedicated individuals who have provided financial support.

Our achievements are greatly accelerated by the time given freely by many people both in the UK and internationally.

#### PUBLIC BENEFIT

The aims and benefits of Hope and Homes for Children are contained within the main body of the Trustees' Report under Objects and Principal Activities on page 3 and the Operational Review on pages 4 to 6. We have considered the key principles of the Charity Commission's general guidance about public benefit and have concluded that Hope and Homes for Children meets all the requirements.

#### AUDITOR

We will put a resolution to the Annual General Meeting proposing that Baker Tilly UK Audit LLP be re-appointed as auditor.

#### TRUSTEES' RESPONSIBILITIES

We are responsible for preparing this report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires us to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including income and expenditure, of the charitable group for that period. In preparing these consolidated financial statements, we have:

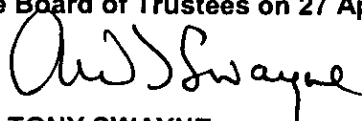
- selected suitable accounting policies and then applied them consistently
- observed the methods and principles in the Charities SORP
- made judgements and estimates that are reasonable and prudent
- stated that applicable UK Accounting Standards have been followed
- prepared the financial statements on the going concern basis

We have been responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time the financial position of the charity and which have enabled us to ensure that the financial statements comply with the requirements of the Companies Act 2006. We have been responsible for safeguarding Hope and Homes for Children's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities. We have also been responsible for the maintenance and integrity of organisational and financial information included on the charity's website. We are aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all of steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved and signed on behalf of the Board of Trustees on 27 April 2010 by:

  
TIM RICHARDS  
Trustee and Chairman

  
TONY SWAYNE  
Trustee and Treasurer

## HOPE AND HOMES FOR CHILDREN

### REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HOPE AND HOMES FOR CHILDREN

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We have audited the financial statements of Hope and Homes for Children on pages 11 to 24

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of the charitable company for the purposes of company law) responsibilities for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been properly prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the Trustees' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Report is consistent with the financial statements

Baker Tilly UK audit LLP

Heather Wheelhouse (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Registered Auditor

Chartered Accountants

Hartwell House, 55-61 Victoria Street

Bristol BS1 6AD

Date 30 June 2010 .

# HOPE AND HOMES FOR CHILDREN

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account) for the year ended 31 December 2009

	Notes	Unrestricted Funds	Restricted Funds	Year to 31 December 2009	Year to 31 December 2008
		£	£	£	£
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income					
Donations and legacies	2	2,176,646	4,558,264	6,734,910	4,431,220
Activities for generating funds	3,4	387,689	5,405	393,094	601,425
Investment income	5	6,211	-	6,211	21,321
Incoming resources from charitable activity					
Grants (Department for International Development)		-	44,016	44,016	112,679
Overseas programme income		-	296,620	296,620	196,365
<b>Total incoming resources</b>		<b>2,570,546</b>	<b>4,904,305</b>	<b>7,474,851</b>	<b>5,363,010</b>
<b>Costs of generating funds</b>					
Fund-raising and marketing costs	6	655,082	558,832	1,213,914	1,429,460
<b>Net incoming resources available for charitable purposes</b>		<b>1,915,464</b>	<b>4,345,473</b>	<b>6,260,937</b>	<b>3,933,550</b>
<b>Charitable expenditure</b>					
Working to enable children to grow up in a secure, family home	6	1,294,226	3,166,716	4,460,942	4,225,216
<b>Governance costs</b>	6	35,997	-	35,997	42,220
<b>Total resources expended</b>		<b>1,985,305</b>	<b>3,725,548</b>	<b>5,710,853</b>	<b>5,696,896</b>
<b>Net movement in funds</b> (Net income/(expenditure))		<b>585,241</b>	<b>1,178,757</b>	<b>1,763,998</b>	<b>(333,886)</b>
Funds brought forward at 1 January	12	284,447	2,709,480	2,993,927	3,327,813
<b>Funds carried forward at 31 December</b>	<b>12</b>	<b>869,688</b>	<b>3,888,237</b>	<b>4,757,925</b>	<b>2,993,927</b>

- \* All incoming resources and resources expended derive from continuing activities
- \* The Statement of Financial Activities includes all gains and losses recognised in the year
- \* The notes on pages 15 to 24 form part of these financial statements

**HOPE AND HOMES FOR CHILDREN**

**CONSOLIDATED BALANCE SHEET  
as at 31 December 2009**

Registered Company Number 4193179  
Registered Charity Number 1089490

	Notes	Group December 2009 £	Group December 2008 £
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>	9	<b>3,262,652</b>	<b>2,425,895</b>
<b>Current assets</b>			
Debtors and prepayments	10	85,324	118,108
Short-term bank deposits and cash		1,509,522	615,887
		<b>1,594,846</b>	<b>733,995</b>
Creditors amounts falling due within one year	11	99,573	165,963
<b>Net current assets</b>		<b>1,495,273</b>	<b>568,032</b>
<b>Net assets</b>		<b>4,757,925</b>	<b>2,993,927</b>
<b>Accumulated funds</b>			
Restricted income funds	12	3,888,237	2,709,480
Unrestricted income funds			
Designated funds	12	175,925	210,337
General funds	12	693,763	74,110
<b>Total funds</b>		<b>4,757,925</b>	<b>2,993,927</b>

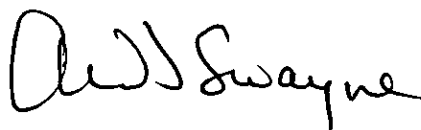
- \* The balance sheet of the parent company is shown on page 13
- \* The notes on pages 15 to 24 form part of these financial statements

**The financial statements on pages 11 to 24 were approved and authorised for issue by the Board of Trustees on 27 April 2010**

**Signed on behalf of the Board of Trustees by:**



**TIM RICHARDS**  
Trustee and Chairman



**TONY SWAYNE**  
Trustee and Treasurer

# HOPE AND HOMES FOR CHILDREN

## PARENT COMPANY BALANCE SHEET as at 31 December 2009

Registered Company Number 4193179  
Registered Charity Number 1089490

	Notes	Parent Company December 2009 £	Parent Company December 2008 £
<b>Fixed assets</b>			
<b>Tangible fixed assets</b>	9	82,437	150,316
<b>Current assets</b>			
Debtors and prepayments	10	85,324	118,108
Short-term bank deposits and cash		1,421,129	610,446
		1,506,453	728,554
Creditors amounts falling due within one year	11	99,573	165,963
<b>Net current assets</b>		1,406,880	562,591
<b>Net assets</b>		1,489,317	712,907
<b>Accumulated funds</b>			
Restricted income funds	12	789,260	541,772
Unrestricted income funds			
Designated funds	12	82,437	102,466
General funds	12	617,620	68,669
<b>Total funds</b>		1,489,317	712,907

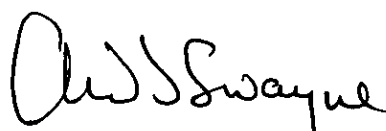
- \* The balance sheet of the group is shown on page 12
- \* The notes on pages 15 to 24 form part of these financial statements

The financial statements on pages 11 to 24 were approved and authorised for issue by the Board of Trustees on 27 April 2010

Signed on behalf of the Board of Trustees by



**TIM RICHARDS**  
Trustee and Chairman



**TONY SWAYNE**  
Trustee and Treasurer

**HOPE AND HOMES FOR CHILDREN**

**CONSOLIDATED CASH FLOW STATEMENT**  
for the year ended 31 December 2009

	Notes	Year to 31 December 2009 £	Year to 31 December 2008 £
<b>Net cash inflow/(outflow) from operating activities</b>	<b>16</b>	<b>2,112,247</b>	<b>(12,476)</b>
<b>Return on investments</b>			
Interest received		6,211	21,321
<b>Capital expenditure and financial investment</b>			
Purchase of property		(1,187,873)	(397,551)
Purchase of other fixed assets		(16,950)	(3,496)
<b>Sale of assets</b>			
Proceeds from sale of fixed assets		-	43,890
<b>Net cash inflow/ (outflow) before financing</b>		<b>918,635</b>	<b>(348,312)</b>
<b>Loan financing</b>			
Loans received		-	70,000
Repayment of loans		(20,000)	(50,000)
<b>Net cash inflow/ (outflow)</b>		<b>898,635</b>	<b>(328,312)</b>
Cash resources at 1 January		615,887	944,199
<b>Cash resources at 31 December</b>		<b>1,509,522</b>	<b>615,887</b>

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2009

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#### 1 ACCOUNTING POLICIES

The following are the principal accounting policies

**(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention. They accord with applicable accounting and financial reporting standards, and with the Statement of Recommended Practice ("SORP") – Accounting and Reporting by Charities issued in March 2005.

**(b) Consolidated financial statements**

The Statement of Financial Activity ("SOFA") and Balance Sheet consolidate the financial statements of the charity and its subsidiaries (Hope and Homes for Children – Bosnia, Hope and Homes for Children – Romania and Hope and Homes for Children – South Africa) on a line by line basis. A separate SOFA (including an income and expenditure account) for the charity alone is not presented because the charity has taken advantage of the exemptions permitted in section 408 of the Companies Act 2006 and paragraph 397 of SORP.

**(c) Company status**

The charity is a company limited by guarantee and has no share capital. The members of the company are the Trustees named on page 2. In the event of the company being wound up, the liability in respect of the guarantee for each member is limited to £10. At the balance sheet date there were nine members.

**(d) Fund accounting**

*Restricted funds* are funds that can only be used in accordance with specific restrictions imposed by the donors or that have been raised by the charity for particular purposes. The costs of administering the restricted funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 12.

*Designated funds* are funds that have been set aside by the Trustees out of unrestricted general funds for specific purposes. The aim and use of each designated fund is set out in note 12.

*General funds* are unrestricted funds that can be used at the discretion of the Trustees to further the charitable objectives.

**(e) Incoming resources**

Incoming resources are recognised in the SOFA in the year in which the charity becomes legally entitled to the income and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

For legacies, entitlement is either when the charity is notified of an impending distribution or when the legacy is received.

Grants receivable do not relate to the performance of a service or the production of charitable goods and so are classified as voluntary income. They are credited to income in the SOFA, with unspent balances being carried forward to subsequent years within the relevant fund.

**(f) Resources expended**

All expenditure is accounted for on an accruals basis.

*Costs of generating funds* represents expenditure incurred in attracting funding and the costs of disseminating information about charitable activity.

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

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#### ACCOUNTING POLICIES (continued)

##### Resources expended (continued)

*Charitable expenditure* includes the direct costs of operating overseas programmes and grants made to third parties. It also includes support costs incurred at the UK office directly in support of the overseas activities.

*Governance costs* are those relating to the general running of charity and are associated with the strategic rather than the day to day management of the charitable activities.

The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities based on the proportion of staff time allocated to the activity.

##### (g) Tangible fixed assets and depreciation

Tangible fixed assets are included at cost and written off by equal annual instalments over their expected useful lives as follows:

Freehold property	- 10 years
Improvements to property	- 10 years
Office fixtures and equipment	- 5 years
Computer equipment	- 3 years

Vehicles and equipment used in overseas programmes are not capitalised but charged in full to the SOFA when purchased.

##### (h) Short-term bank deposits and cash

Short-term bank deposits and cash includes cash in hand, deposits held with banks and other highly liquid short-term deposits.

##### (i) Foreign currencies

The results and financial position of subsidiaries (none of which has the currency of a hyper-inflationary economy) that conduct business in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. The affairs of the subsidiaries are so closely interlinked with those of the parent charity that it is considered that the incoming resources and application of resources may be regarded as being more dependent on sterling than on its own reporting currency. Fixed assets are translated at the rate of exchange ruling at the date of transaction and then carried at that sterling value. At the balance sheet date, cash and bank balances, and amounts receivable and payable are translated by using the rate of exchange ruling at that date.

Exchange gains are recorded as other income in the Statement of Financial Activities whilst exchange losses are recorded as a support cost and apportioned to the relevant activity category.

##### (j) Pension scheme

The costs of providing defined contribution pensions are charged to the SOFA as they fall due. The difference between contributions payable in the period and those actually paid are shown as accruals in the balance sheet.

##### (k) Operating leases

Instalments paid under operating lease contracts are charged to the SOFA as incurred.

##### (l) Tax

As a registered charitable company, the organisation is exempt from tax on its charitable income to the extent that it is applied to the charitable purposes. The charity has borne VAT on its expenditure where necessary.



**HOPE AND HOMES FOR CHILDREN****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2009****2. DONATIONS AND LEGACIES**

	Year to 31 Dec 2009	Year to 31 Dec 2008
	£	£
Individuals	1,277,196	1,556,514
Corporate donors	1,117,930	996,490
Charitable trusts and foundations	1,245,486	1,033,285
Absolute Return for Kids (charitable foundation)	1,571,425	215,240
Schools and church groups	183,869	126,985
Rotary and Inner Wheel	83,144	87,398
Soroptimists	250,035	174,606
Other community groups	5,799	54,139
Legacies	1,000,026	186,563
	<b>6,734,910</b>	<b>4,431,220</b>

**3 ACTIVITIES FOR GENERATING FUNDS**

	Year to 31 Dec 2009	Year to 31 Dec 2008
	£	£
Support group activities	215,143	392,981
Events	167,232	195,371
Trading activities – see Note 4	10,719	13,073
	<b>393,094</b>	<b>601,425</b>

**4 TRADING ACTIVITIES**

	Year to 31 Dec 2009	Year to 31 Dec 2008
	£	£
Turnover	10,719	13,073
Less Cost of sales	(6,131)	(7,461)
Net income from trading	<b>4,588</b>	<b>5,612</b>

**5 INVESTMENT INCOME**

	Year to 31 Dec 2009	Year to 31 Dec 2008
	£	£
Interest receivable	<b>6,211</b>	<b>21,321</b>

HOPE AND HOMES FOR CHILDREN

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 2009

**6 RESOURCES EXPENDED**

	Direct staff costs £	Other direct costs £	Grants payable £	Allocated support costs £	Year to 31 Dec 2009 £	Year to 31 Dec 2008 £
<b>Costs of generating funds</b>						
Fund-raising and marketing costs	772,448	345,305	-	96,161	1,213,914	1,429,460
<b>Charitable expenditure</b>						
Working to enable children to grow up in a secure, family home in						
<b>Africa</b>						
Eritrea	4,191	254	13,257	1,523	19,225	42,344
Rwanda	270,121	178,533	-	38,598	487,252	492,508
Sierra Leone	18,663	9,256	280,613	26,543	335,075	413,926
South Africa	97,181	103,207	171,759	32,016	404,163	338,732
Sudan	169,290	153,175	-	27,742	350,207	490,255
<b>Eastern Europe</b>						
Albania	4,217	5,095	-	801	10,113	8,472
Belarus	46,259	26,455	-	6,256	78,970	102,445
Bosnia and Herzegovina	206,062	103,603	-	26,641	336,306	339,760
Kosovo	-	-	-	-	-	12,118
Moldova and Transdnistria	13,307	11,700	194,975	18,925	238,907	226,763
Romania	435,455	1,349,129	-	153,529	1,938,113	1,462,552
Ukraine	159,903	81,905	-	20,803	262,611	295,341
<i>Sub-total</i>	<i>1,424,649</i>	<i>2,022,312</i>	<i>660,604</i>	<i>353,377</i>	<i>4,460,942</i>	<i>4,225,216</i>
<b>Governance costs</b>	11,783	21,362	-	2,852	35,997	42,220
<b>Total resources expended</b>	<b>2,208,880</b>	<b>2,388,979</b>	<b>660,604</b>	<b>452,390</b>	<b>5,710,853</b>	<b>5,696,896</b>

Staff costs totalling £262,046 (Year to 31 December 2008 £283,068) are included in allocated support costs

	Year to 31 Dec 2009 £	Year to 31 Dec 2008 £
Total resources expended are stated after charging		
Depreciation of fixed assets	368,066	342,253
Loss on sale of fixed assets	-	4,690
Loss/(profit) on exchange rate movements	24,108	(35,596)
Property rental	13,450	13,580
Auditor's remuneration – consolidation and parent company	14,688	14,375

## HOPE AND HOMES FOR CHILDREN

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

#### 7. STAFF COSTS AND NUMBERS

	Year to 31 Dec 2009 £	Year to 31 Dec 2008 £
The costs of employing the UK contracted staff were		
Salaries	1,161,303	1,246,263
National insurance	111,144	112,362
Pension scheme	43,122	40,854
	<b>1,315,569</b>	<b>1,399,479</b>
The costs of employing overseas staff on local contracts were		
Salaries and local taxes	1,155,357	960,901
	<b>2,470,926</b>	<b>2,360,380</b>
The average number of UK contracted staff during the year, calculated on a full-time equivalent basis was		
	No	No
Working on		
Generating funds	25	26
Charitable activities	14	14
	<b>39</b>	<b>40</b>
The average number of overseas staff on local contracts during the year, calculated on a full-time equivalent basis was	118	118
	<b>157</b>	<b>158</b>

Total emoluments for staff did not exceed £60,000 except for one employee who earned total emoluments in the range £60,000 - £70,000 per annum (Year to 31 December 2008 Two employees) The total pension contribution made in the year for that employee was £3,894 (Year to 31 December 2008 £6,576)

#### 8 TRUSTEES REMUNERATION AND RELATED PARTY TRANSACTIONS

The trustees were not remunerated during the current or preceding financial years £3,907 was reimbursed for directly incurred travel expenses to three trustees (Year to 31 December 2008 £12,197 to four trustees) The charity purchased indemnity insurance for the trustees and other officers at a cost of £3,150 (Year to 31 December 2008 £3,150)

In July 2008, a trustee and a senior employee made loans totalling £70,000 to the charity The loans were unsecured and no interest was payable The trustee loan was repaid in December 2008 and the senior employee loan was repaid in March 2009

# HOPE AND HOMES FOR CHILDREN

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

### 9. TANGIBLE FIXED ASSETS

GROUP	Freehold Property	Improve- ments to property	Office equipment	Computer equipment	Total
	£	£	£	£	£
Cost at 1 January 2009	3,442,956	214,725	49,352	119,083	3,826,116
Additions	1,187,873	-	-	16,950	1,204,823
Disposals	-	-	(3,979)	(37,551)	(41,530)
<b>Cost at 31 December 2009</b>	<b>4,630,829</b>	<b>214,725</b>	<b>45,373</b>	<b>98,482</b>	<b>4,989,409</b>
Depreciation at 1 January 2009	1,119,527	138,786	41,201	100,707	1,400,221
Charge for the year	331,087	19,467	2,998	14,514	368,066
Disposals	-	-	(3,979)	(37,551)	(41,530)
<b>Depreciation at 31 December 2009</b>	<b>1,450,614</b>	<b>158,253</b>	<b>40,220</b>	<b>77,670</b>	<b>1,726,757</b>
<b>Net book value</b>					
<b>At 31 December 2009</b>	<b>3,180,215</b>	<b>56,472</b>	<b>5,153</b>	<b>20,812</b>	<b>3,262,652</b>
At 31 December 2008	2,323,429	75,939	8,151	18,376	2,425,895

PARENT COMPANY	Freehold Property	Improve- ments to property	Office equipment	Computer equipment	Total
	£	£	£	£	£
Cost at 1 January 2009	59,813	214,725	49,352	119,083	442,973
Additions	-	-	-	16,950	16,950
Transfer to subsidiary company	(59,813)	-	-	-	(59,813)
Disposals	-	-	(3,979)	(37,551)	(41,530)
<b>Cost at 31 December 2009</b>	<b>-</b>	<b>214,725</b>	<b>45,373</b>	<b>98,482</b>	<b>358,580</b>
Depreciation at 1 January 2009	11,963	138,786	41,201	100,707	292,657
Charge for the year	5,981	19,467	2,998	14,514	42,960
Transfer to subsidiary company	(17,944)	-	-	-	(17,944)
Disposals	-	-	(3,979)	(37,551)	(41,530)
<b>Depreciation at 31 December 2009</b>	<b>-</b>	<b>158,253</b>	<b>40,220</b>	<b>77,670</b>	<b>276,143</b>
<b>Net book value</b>					
<b>At 31 December 2009</b>	<b>-</b>	<b>56,472</b>	<b>5,153</b>	<b>20,812</b>	<b>82,437</b>
At 31 December 2008	47,850	75,939	8,151	18,376	150,316

The freehold property represents a portfolio of buildings acquired as part of deinstitutionalisation projects in Romania. The portfolio comprises over 70 properties which are used as small group homes, day centres, emergency reception centres and as a training centre.

**HOPE AND HOMES FOR CHILDREN**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2009

**10 DEBTORS AND PREPAYMENTS**

	<b>Group Dec 2009 £</b>	<b>Group Dec 2008 £</b>	<b>Parent Company Dec 2009 £</b>	<b>Parent Company Dec 2008 £</b>
Other debtors	-	31,815	-	31,815
Tax recoverable	47,042	55,950	47,042	55,950
Prepayments and accrued income	38,282	30,343	38,282	30,343
	<b>85,324</b>	<b>118,108</b>	<b>85,324</b>	<b>118,108</b>

**11 CREDITORS: Amounts falling due within one year**

	<b>Group Dec 2009 £</b>	<b>Group Dec 2008 £</b>	<b>Parent Company Dec 2009 £</b>	<b>Parent Company Dec 2008 £</b>
Trade creditors	23,105	46,374	23,105	46,374
Short term loan	20,000	70,000	20,000	70,000
Taxation and social security costs	35,838	32,548	35,838	32,548
Other creditors	7,630	6,291	7,630	6,291
Accruals	13,000	10,750	13,000	10,750
	<b>99,573</b>	<b>165,963</b>	<b>99,573</b>	<b>165,963</b>

# HOPE AND HOMES FOR CHILDREN

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

12 FUNDS	Balance at 1 January 2009	Incoming resources	Outgoing resources	Transfers	Balance at 31 December 2009
	£	£	£	£	£
<b>Restricted funds</b>					
Overseas property fund	2,215,558	-	(316,704)	1,187,873	3,086,727
African Fund	-	276,099	(276,099)	-	-
Eritrea	-	10,406	(10,406)	-	-
Rwanda	100,670	240,892	(296,657)	-	44,905
Sierra Leone	-	327,240	(327,240)	-	-
South Africa	125,192	391,285	(332,692)	-	183,785
Sudan – DfID project *	-	44,016	(44,016)	-	-
Sudan	-	186,069	(41,069)	-	145,000
Eastern European Fund	49,810	57,078	(106,888)	-	-
Belarus	-	105,515	(105,515)	-	-
Bosnia and Herzegovina	-	117,499	(113,919)	-	3,580
Moldova and Transdnistria	-	64,203	(64,203)	-	-
Romania	124,340	2,518,295	(1,442,512)	(1,187,873)	12,250
Ukraine	93,910	565,707	(247,627)	-	411,990
<i>Sub-total</i>	<i>2,709,480</i>	<i>4,904,304</i>	<i>(3,725,547)</i>	<i>-</i>	<i>3,888,237</i>
<b>Designated fund</b>					
Fixed assets fund	210,337	16,950	(51,362)	-	175,925
<b>Unrestricted fund</b>					
General fund	74,110	2,553,597	(1,933,944)	-	693,763
<b>Total funds</b>	<b>2,993,927</b>	<b>7,474,851</b>	<b>(5,710,853)</b>	<b>-</b>	<b>4,757,925</b>

\* This project was funded by the Department for International Development. The award was made for work relating to child participation in rebuilding Sudanese communities affected by war. The expenditure recorded in the table above for this project has been incurred in accordance with the terms of the grant. The project ended in March 2009.

\*\* Of the funds disclosed in the above table, the parent company held restricted funds of £789,260, designated funds of £82,437 and general funds of £617,620 (As at 31 December 2008: restricted funds of £541,772, designated funds of £102,466 and general funds of £68,669).

### Restricted funds

All restricted funds are for work on specific projects or for work in particular countries. Where funds are received for these purposes, they are shown as restricted income on the Statement of Financial Activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds along with the net book value of fixed assets acquired with restricted funds and any cash or debtors relating to restricted funds.

### Designated funds

The fixed asset fund represents the net book value of fixed assets acquired with unrestricted funds.

### Unrestricted funds

The General fund represents free funds of the charity which are not designated.

**HOPE AND HOMES FOR CHILDREN**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 December 2009

**13 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

GROUP	Unrestricted funds	Restricted funds	Balance at 31 December 2009
	£	£	£
Tangible fixed assets	175,925	3,086,727	3,262,652
Current assets	793,336	801,510	1,594,846
Current liabilities	(99,573)	-	(99,573)
	869,688	3,888,237	4,757,925

PARENT COMPANY	Unrestricted funds	Restricted funds	Balance at 31 December 2009
	£	£	£
Tangible fixed assets	82,437	-	82,437
Current assets	717,193	789,260	1,506,453
Current liabilities	(99,573)	-	(99,573)
	700,057	789,260	1,489,317

**14 COMMITMENTS**

At 31 December, the charity has annual commitments under non-cancellable leases as follows

	December 2009		December 2008	
	Buildings	Other	Buildings	Other
Expiry date				
After five years	13,450	-	11,720	-

**15 PENSION SCHEME**

The charity contributes 6% of members' salaries towards a defined contribution pension scheme, which is administered on its behalf by Friends Provident. At the year end there were outstanding contributions of £5,547 (Year to 31 December 2008 £5,380) which are included in creditors.

# HOPE AND HOMES FOR CHILDREN

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2009

### 16 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	Year to 31 Dec 2009	Year to 31 Dec 2008
	£	£
<b>Reconciliation of net incoming/(outgoing) resources to net cash inflow/(outflow) from operating activities</b>		
<b>Net incoming/ (outgoing) resources</b>	<b>1,763,998</b>	<b>(333,886)</b>
Depreciation charge	368,066	342,253
Return on investment	(6,211)	(21,321)
Loss on sale of fixed assets	-	4,690
Conversion, by donor, of a loan into a donation	(30,000)	-
Decrease in debtors	32,784	1,634
(Decrease) in creditors	(16,390)	(5,846)
<b>Net cash inflow/(outflow) from operating activity</b>	<b>2,112,247</b>	<b>(12,476)</b>

### 17 SUBSIDIARY UNDERTAKINGS

Hope and Homes for Children – Bosnia, Hope and Homes for Children - Romania and Hope and Homes for Children – South Africa are all subsidiary undertakings of Hope and Homes for Children. They are registered in Bosnia, Romania and South Africa and do not have share capital. Their governing board members are senior officers of Hope and Homes for Children and each share the same activities as Hope and Homes for Children.

	HHC Bosnia		HHC Romania		HHC South Africa	
	Year to 31 Dec 2009	Year to 31 Dec 2008	Year to 31 Dec 2009	Year to 31 Dec 2008	Year to 31 Dec 2009	Year to 31 Dec 2008
	£	£	£	£	£	£
Income	287,401	n/a	2,434,360	1,879,564	173,632	n/a
Expenditure	278,329	n/a	1,262,829	1,458,108	116,092	n/a
Surplus	9,072	n/a	1,171,531	421,456	57,540	n/a
of which is invested in property	n/a	n/a	1,187,873	397,551	n/a	n/a
Total funds	9,072	n/a	3,160,126	2,328,870	57,540	n/a