

**CHILDREN'S HIGH LEVEL GROUP
FINANCIAL STATEMENTS
31 DECEMBER 2006**

Charity Number 1112575

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CHILDREN'S HIGH LEVEL GROUP

FINANCIAL STATEMENTS

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

CONTENTS	PAGE
Members of the board and professional advisers	1
Trustees annual report	2
Independent auditor's report	8
Statement of financial activities	10
Balance sheet	11
Notes to the financial statements	12

CHILDREN'S HIGH LEVEL GROUP

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

The board of trustees

Baroness Nicholson Of Winterbourne
M J Potter MBE
Professor K Browne
B J Ellis
J K Rowling

Company secretary

Temple Secretarial Limited

Registered office

Hope House
45 Great Peter Street
London
SW1P 3LT

CHILDREN'S HIGH LEVEL GROUP

TRUSTEES ANNUAL REPORT

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

The trustees, who are also Directors for the purposes of the Companies Act, have pleasure in presenting their report and the financial statements of the charity for the period from 3 November 2005 to 31 December 2006

INTRODUCTION

The Children's High Level Group (CHLG) is a London based charity concerned with the promotion of high standards of child health, welfare and education policies and services in Europe. The Charity works with governments, institutions and professionals to further this objective in a number of European countries. Its primary objective is the full implementation of the requirements of the United Nations Convention on the Rights of the Child.

LEGAL STATUS

The Children's High Level Group (CHLG) is incorporated as a Company (Company Registration Number 05611912) and a Charity (Charity Number 1112575) established under English law and based in London. Its registered address is Hope House, 45 Great Peter Street, London SW1 3LT, United Kingdom.

OBJECTIVES

Across Europe child health, welfare and protection services require very substantial development. Whilst there have been real improvements in many countries, almost everywhere current policies and procedures fall far short of the ideal. This is in spite of the existence of relevant international agreements, most particularly the United Nations Convention on the Rights of the Child, as well as extensive documentary description of good practice.

Whilst the primary responsibility for improvement rests with the governments of individual countries, it is the institutions, professionals and civil societies of these countries that must deliver better policies and practice on the ground. These local actors can be assisted by international organizations that provide evaluation and analysis of international best practice, as well as assistance, facilitation and capacity building support at national, regional and local levels. It is the aim of the CHLG to provide such assistance through research, analysis and evaluation, and the development of policies based on best practice. It works closely with national and local Governments and institutions to this end.

To achieve these goals the CHLG promotes within the countries of Europe the highest standards of

- Analysis and knowledge of international best practice
- National legislation drafting and implementation
- Institutional architecture and functioning
- Organization and functioning of child health, welfare and protection services
- Capacity and development of service providers at operational level
- A vibrant civil society dedicated to child health, welfare and protection
- Professional training and development

To achieve these objectives the CHLG works with

- Inter-governmental and government politicians and policy makers
- Local government institutions
- Global, national and local institutions
- Civil society and non-governmental organizations
- Professional associations and practitioners
- Parents and children

CHILDREN'S HIGH LEVEL GROUP

TRUSTEES ANNUAL REPORT *(continued)*

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

ORGANISATION

The developmental activity of the CHLG is focused on capacity building at country level. The CHLG has as a primary model the establishment of partnerships with the Government and institutions of the country concerned. So far in each country a High Level Group has been established under the co-chairmanship of a CHLG Co-Chair (Baroness Emma Nicholson) and the Prime Minister (or other senior Government official) of the country concerned. This High Level Group is supported by an Executive Group (chaired by the Chief Executive of the CHLG) and topic-specific working groups. The aim is to develop and implement country-based action plans, providing

- National political action and legislation, and the development of sound national institutions
- Professional policy and practice development
- Educational and community action
- Local government policy and practice development
- Civil society support, including parental involvement
- Professional policy and practice development
- The development of young persons organizations and advocacy
- Case Investigation
- Research and evaluation

If it is not possible to build such a close relationship with Government, the CHLG works with national institutions, professional bodies and NGOs to further the same fundamental objectives.

To date country-based High Level Groups have been established in Romania in 2000 (pre-dating the establishment of the CHLG) and the Republic of Moldova in 2006. Work is ongoing to establish such a Group in the Czech Republic, where institutional, professional and civil society links have already been established. In Romania and the Republic of Moldova the Charity has appointed Country Representatives to lead its programs and activities. Offices have been established inside the Government Buildings with the full support of the Governments concerned.

Community Action is a flagship program of the CHLG and has been very successful as an entry point for the work of the Charity. It is a program designed around the objective of educational integration. It is voluntary, certificated activity within the school-based curriculum of High Schools, bringing high school students into a planned program of educational activities with children with special educational needs living in special schools, placement centers and hospitals. This group of children with special educational needs includes many with disabilities and handicaps. The activities include sports, music, drama, crafts and aromatherapy. The available evidence suggests that the educational, developmental and emotional benefits of Community Action are profound.

Community Action has over the last years been established by the CHLG as a national strategy and program in Romania under the auspices of the Ministry of Education. Over 40000 high school children work in an integrated program with a similar number of institutionalized children. This is the largest number of children involved in such a program in Europe. Late in 2006 agreement was reached to establish a pilot program for Community Action in the Republic of Moldova. This was successfully implemented in early 2007 and details will be provided in a later Trustees Report.

This country based work is supported by the London based Headquarters of the Charity. Here the Chief Executive and a small supporting professional and administrative staff provide technical, administrative and financial support to the country based offices and High Level Groups.

The Board of Trustees administers the Charity. The Board meets regularly and provides strategic direction to the work of the Charity. A Chief Executive has been appointed by the Board to manage the day to day operations of the Charity.

CHILDREN'S HIGH LEVEL GROUP

TRUSTEES ANNUAL REPORT *(continued)*

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

FINANCIAL CONTROLS

The law requires the trustees to prepare financial statements for each financial year to give a fair and true view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that period. In preparing these financial statements the Trustees have

- Selected suitable accounting policies and applied these consistently
- Made judgments and estimates that are reasonable and prudent
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepared the financial statements on the going concern basis

The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that

- The Charity is operating efficiently and effectively
- Its assets are safeguarded against unauthorized use or disposition
- Proper records are maintained and financial information used within the Charity or for publication is reliable
- The Charity complies with relevant laws and regulations

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. These include

- A strategic plan and an annual budget approved by the Trustees
- Regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews
- Delegation of authority and segregation of duties
- Identification and management of risks
- Set policies on internal controls which cover the following
 - Consideration of the type of risks the Charity faces
 - The level of risks which they regard as acceptable
 - The likelihood of the risks concerned materializing
 - The Charity's ability to reduce the incidence and impact on the business of risks that do materialize and
 - The costs of operating particular controls relative to the benefits obtained
- Clarified the responsibility of management to implement the Trustees policies and identify and to evaluate risks for their consideration
- Communicated that employees have responsibility for internal control as part of their accountability for achieving objectives
- Embedded the control system in the Charity's operations so that it becomes part of the culture of the Charity
- Developed systems to respond quickly to evolving risks arising from factors within the Charity and to changes in the external environment
- Included procedures for reporting failings immediately to appropriate levels of management and the Trustees together with details of corrective action being undertaken

CHILDREN'S HIGH LEVEL GROUP

TRUSTEES ANNUAL REPORT *(continued)*

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

INVESTMENT POWERS AND RESTRICTIONS

Under the Memorandum and Articles of Association the Charity has the power to invest in ways that the Trustees see fit. The Trustees, having regard to liquidity requirements have operated a policy of keeping available funds in an interest bearing deposit account.

REVIEW OF DEVELOPMENTS, ACTIVITIES AND ACHIEVEMENTS

The principal activity of the company during the period was charitable work for the promotion of child health, development and education, the relief of poverty and sickness and the prevention of cruelty to or maltreatment of children in any part of the world.

Romania

The work of the CHLG since it was established on 3 November 2005 has been profoundly influenced by the experience of the High Level Group in Romania, established in 2000. The key principle of working with the agreement of, and in close association with, Governments, was established at that time and has been followed since. Accordingly it is a country's Government and institutions that ultimately must accept responsibility for policies and practices for children. All European countries are signatories to the United Nations Convention on the Rights of the Child and therefore have international obligations concerning the rights, welfare and care of children.

Accordingly an office for the High Level Group for Romanian Children, established as a partnership between the CHLG and the Government of Romania, was established in the Romanian Government Building in 2001 and has been fully supported by all Romanian Prime Ministers and Governments since then. The High Level Group was originally established on an informal basis, but since the incorporation of the CHLG on 3 November 2005 it has existed on a more formal partnership basis and its program of activities have been provided with budget support by the Romanian Government. The Chief Executive of the CHLG acts as the Chief Executive of the High Level Group and as a formally-appointed Advisor to the Romanian Prime Minister.

During the period of this Report the work of the High Level Group in Romania focused on activities aimed at improving systems of child protection and highlighting international perspectives on innovations and best practices. In cooperation with our partners, the office the High Level Group carried out a variety of activities aimed at improving systems of child protection and highlighting international perspectives on innovations and best practices. A number of professional meetings and conferences were held, including an international conference on de-institutionalization, a regional conference in adolescent psychiatry, a national conference on the socio-professional integration of young people leaving institutional care, and an international conference on Community Action.

The CHLG has supported the training of Social Services Directors on European best practices in de-institutionalisation, carried out national research into the quantity and quality of institutional care for children with disabilities, cooperated in producing a manual of "best practices" in the socio-professional integration of young people leaving care, and supported the development of a National Action Plan to prevent the Abandonment of Children adopted by the Government.

At community level the CHLG has worked to strengthen and support the Community Action programme at a national level, introduced Community Action at University Level, and assisted the Romanian Orthodox Church in the development of a pilot programme to provide community based services to vulnerable children and families.

The CHLG has also supported awareness raising events including the "Edelweiss" competition for talented children and young people from disadvantaged backgrounds, which has been held annually in Romania since 2002.

CHILDREN'S HIGH LEVEL GROUP

TRUSTEES ANNUAL REPORT *(continued)*

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

Moldova

Baroness Nicholson, acting as Co-Chair of the CHLG, signed a protocol of collaboration between the CHLG and the Government of the Republic of Moldova, with the Prime Minister of the Republic of Moldova in Chisinau in October 2006. This has led to the subsequent establishment of a High Level Group for Moldovan Children and the opening of an office for the High Level Group inside the Government Building of the Republic of Moldova. This work was developed in early 2007 and will be reported in the next Trustees Annual Report for 2007.

The Czech Republic

The CHLG had an established ambition to work within the Czech Republic, where a number of aspects of child care and welfare give rise to concern. In late 2006 a meeting was held between Baroness Nicholson and the Czech Commissioner to the European Commission, Mr Spidla, with a view to establishing contacts in order to allow work in the Czech Republic to proceed. This meeting was successful, contacts were established and work has proceeded accordingly in 2007. Again this work will be reported in the next Trustees Annual Report for 2007.

The London Office of the CHLG.

This office was opened in October 2006 at Hope House, 45 Great Peter Street, London, SW1P 3LT. A Chief Executive (Dr Richard Alderslade) was appointed from 21 September 2006, together with an administrative member of staff. The other senior member of staff appointed in 2006 was Mr Muir John Potter, a senior teacher from Christ's Hospital School who was seconded by that School to work with the CHLG as Director of Education from September 2006. Mr Potter has been responsible for the successful development of the CHLG's Community Action projects over several years.

FINANCIAL REVIEW

The results for the period, and the charity's financial position at the end of the period are shown in the attached financial statements.

The financial statements have been prepared in accordance with the accounting policies set out in note 1.

The Charity's policy is to ensure sufficient reserves are held to enable it to continue to meet its objectives. The Board regularly reviews the level of unrestricted funds and considers proposals and makes decisions about allocations.

THE TRUSTEES

The trustees who served the charity during the period were as follows:

Baroness Nicholson Of Winterbourne
M J Potter MBE
Professor K Browne
B J Ellis
J K Rowling

Baroness Nicholson Of Winterbourne was appointed as a trustee on 23 November 2005.

M J Potter MBE was appointed as a trustee on 23 November 2005.

Professor K Browne was appointed as a trustee on 23 November 2005.

B J Ellis was appointed as a trustee on 6 March 2006.

J K Rowling was appointed as a trustee on 23 November 2005.

CHILDREN'S HIGH LEVEL GROUP

TRUSTEES ANNUAL REPORT *(continued)*

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

TRUSTEES' RESPONSIBILITIES

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the end of the period and of the incoming and outgoing resources for the period then ended

In preparing those financial statements, the trustees are required to select suitable accounting policies and then apply them consistently, making judgements and estimates that are reasonable and prudent. The trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities

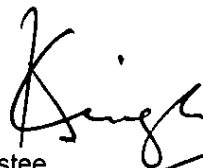
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AUDITOR

A resolution to re-appoint MGI RICKARD KEEN LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

Registered office
Hope House
45 Great Peter Street
London
SW1P 3LT

Signed by order of the trustees


Trustee

Approved by the trustees on 16/10/07

CHILDREN'S HIGH LEVEL GROUP
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHILDREN'S HIGH LEVEL GROUP
PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

We have audited the financial statements on pages 10 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 12

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditors' 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND THE AUDITOR

The trustees' (who also act as Directors for the charitable activities of the company) responsibilities for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities on page 7.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We report to you whether in our opinion the information given in the Trustees Annual Report is consistent with the financial statements.

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 in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

CHILDREN'S HIGH LEVEL GROUP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHILDREN'S HIGH LEVEL GROUP *(continued)*

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the charity's state of affairs as at 31 December 2006 and of its incoming resources and application of resources in the period then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985 and the Charities Act 1993, and

- the information given in the Trustees' Annual Report is consistent with the financial statements for the period ended 31 December 2006



MGI RICKARD KEEN LLP
Chartered Accountants and Registered Auditor
7 Nelson Street
Southend-on-Sea
Essex
SS1 1EH

19 OCTOBER 2007

CHILDREN'S HIGH LEVEL GROUP

STATEMENT OF FINANCIAL ACTIVITIES

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

	Note	Total Funds Period from 3 Nov 05 to 31 Dec 06 £
INCOMING RESOURCES		
Donations	2	1,704,015
Interest receivable	3	60,168
TOTAL INCOMING RESOURCES		<u>1,764,183</u>
RESOURCES EXPENDED		
Costs of generating funds:		
Fundraising and publicity	4	74,040
Charitable expenditure:		
Costs in furtherance of charitable objects	5	239,583
Management and administration	6	102,845
TOTAL RESOURCES EXPENDED	7	<u>416,468</u>
NET INCOMING RESOURCES FOR THE PERIOD	8	1,347,715
Balances carried forward		<u>1,347,715</u>

All movements are in Unrestricted Funds

The charity has no recognised gains or losses other than the results for the period as set out above

All of the activities of the charity are classed as continuing

CHILDREN'S HIGH LEVEL GROUP

BALANCE SHEET

31 DECEMBER 2006

	Note	£	31 Dec 06 £
FIXED ASSETS			
Tangible assets	9		12,804
CURRENT ASSETS			
Debtors	10	28,168	
Cash at bank and in hand		<u>1,334,240</u>	
		1,362,408	
CREDITORS: Amounts falling due within one year	11	<u>(27,497)</u>	
NET CURRENT ASSETS			<u>1,334,911</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,347,715</u>
NET ASSETS			<u>1,347,715</u>
FUNDS			
Unrestricted	12		<u>1,347,715</u>
TOTAL FUNDS			<u>1,347,715</u>

These financial statements were approved by the members of the committee on the
and are signed on their behalf by

16/10/07



BARONESS NICHOLSON OF WINTERBOURNE
Trustee

CHILDREN'S HIGH LEVEL GROUP

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005), the Charities Act 1993, and the Companies Act 1985

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charity is small

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures, fittings and equipment - 15% Reducing balance basis

2. DONATIONS

	Total Funds Period from 3 Nov 05 to 31 Dec 06 £
Donations	<u>1,704,015</u>

3. INTEREST RECEIVABLE

	Total Funds Period from 3 Nov 05 to 31 Dec 06 £
Bank interest receivable	<u>60,168</u>

4. FUNDRAISING AND PUBLICITY

	Total Funds Period from 3 Nov 05 to 31 Dec 06 £
Publicity costs	<u>74,040</u>

CHILDREN'S HIGH LEVEL GROUP

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

5. COSTS IN FURTHERANCE OF CHARITABLE OBJECTS

	Total Funds Period from 3 Nov 05 to 31 Dec 06 £
Provision of charitable services:	
Direct project expenditure	125,019
Direct wages and associated costs	39,489
Legal fees re charitable activities	23,580
Consultancy	25,394
Direct travel expenses	26,101
	<u>239,583</u>

6. MANAGEMENT AND ADMINISTRATION

	Total Funds Period from 3 Nov 05 to 31 Dec 06 £
Salaries and associated costs	46,169
Office costs	8,160
Accountancy fees	7,711
Audit fees	4,700
Legal and professional	28,579
Interest payable	1,053
Other	6,473
	<u>102,845</u>

CHILDREN'S HIGH LEVEL GROUP

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

7. TOTAL RESOURCES EXPENDED

	Staff costs	Depreciation	Other costs	Total Funds Period from 3 Nov 05 to 31 Dec 06
	£	£	£	£
Direct charitable expenditure	39,489	—	200,094	239,583
Fundraising and publicity	—	—	74,040	74,040
Management and administration	46,169	2,259	54,417	102,845
	<u>85,658</u>	<u>2,259</u>	<u>328,551</u>	<u>416,468</u>

The aggregate payroll costs were.

	Period from 3 Nov 05 to 31 Dec 06 £
Wages and salaries	79,404
Social security costs	6,254
	<u>85,658</u>

Particulars of employees:

The average number of staff employed by the charity during the financial period amounted to

	Period from 3 Nov 05 to 31 Dec 06 No
Number of administrative staff	<u>5</u>

	Period from 3 Nov 05 to 31 Dec 06 £
Other costs:	
Legal, professional and similar costs	89,964
Other costs	238,587
	<u>328,551</u>

CHILDREN'S HIGH LEVEL GROUP

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 NOVEMBER 2005 TO 31 DECEMBER 2006

8 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	Period from 3 Nov 05 to 31 Dec 06 £
Depreciation	2,259
Auditors' remuneration	
- as auditors	4,700
Net profit on foreign currency translation	<u>(2,528)</u>

9. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
COST	
Additions	<u>15,063</u>
At 31 December 2006	<u>15,063</u>
DEPRECIATION	
Charge for the period	<u>2,259</u>
At 31 December 2006	<u>2,259</u>
NET BOOK VALUE	
At 31 December 2006	<u>12,804</u>

10 DEBTORS

	31 Dec 06 £
Sundry debtors	<u>28,168</u>

11 CREDITORS: Amounts falling due within one year

	31 Dec 06 £
Taxation and social security	1,662
Sundry Creditors and Accruals	<u>25,835</u>
	<u>27,497</u>

12. ANALYSIS OF NET ASSETS IN UNRESTRICTED FUNDS

	Tangible fixed assets £	Other net assets £	Total £
Unrestricted funds	<u>12,804</u>	<u>1,334,911</u>	<u>1,347,715</u>