

ANNUAL REPORT & FINANCIAL STATEMENT

30th September 2003



Charity No 1001327
Scottish Charity Registration SC0 39383

To cure, sometimes; To help, often; To comfort, always

Children in Distress

Charity Information

Trustees	Most Reverend Right Honourable Dr David Hope, Archbishop of York Mr Alisdair Barron (Chairman) Mr John Boyle Mrs Julia Clarke Dr Robin Dunn Mr Michael East Mr Tom Gough (Resigned April 2003) Ms. Christine Henderson Reverend Chris Samuels Reverend Clive Parnell - Hopkinson Sir Neil Thorne	
Administrative Offices	91 Mitchell Street Glasgow G1 3LN	
Registered no	1001327 (England and Wales)	
Auditors	The Kelvin Partnership Chartered Accountants Registered Auditors The Cooper Building 505 Great Western Road Glasgow G12 8HN	
Bankers	Royal Bank of Scotland plc 10 Gordon Street Glasgow G1 3PL	Barclays Bank plc 193 High Street Northallerton North Yorkshire DL7 8LF
	National Westminster Bank plc Barkingside Branch 133 High Street Ilford Essex IG6 2BU	
Legal Advisors	Brechin Tyndal Oats St Vincent Street Glasgow G2	
	City Law Partnership 99 Charterhouse Street London EC1M 6NQ	

Children in Distress

Report of the Trustees For The Year Ended 30 September 2003

PATRON

The Trustees gratefully acknowledge the help and inspiration offered over many years by his Grace Archbishop Carey, who stepped down at Patron of Children in Distress on his retiral as Archbishop of Canterbury. Acknowledging the benefit from having a Patron of standing and international profile, the Trustees seek a number of candidates of similar standing and renown, from differing walks of life, to give active involvement, support bringing an enhanced public profile and focus to the Charity and our mission of care

TRUSTEES

The Trustees named in Page 1 of this report have served throughout the year except where specifically noted. The appointment of Trustees is governed by the Trust Deed of the Charity. The Board of Trustees is authorised to appoint new Trustees to fill vacancies arising through resignation and death of an existing Trustee.

Tom Gough a Founding Trustee, having recently completed a very successful year as Master of the Worshipful Company of Gardeners of the City of London, and now wishing to give greater emphasis to family and business interests tendered his resignation. The genuine regret expressed in accepting this decision reflects on his active support and contribution over many years

INVESTMENT POWERS

The Trust Deed authorises the Trustees to make and hold investments using the general funds of the Charity, but no such investments have been made. However, last years exceptional donation of a parcel of pre-flotation shares in Futura Medical came to fruition with flotation of that company on the Unlisted Securities Market. The value of the shares, involved is now recorded in the attached accounts and forms a substantial part of the Charities financial reserve.

Together with the continued prudent approach to finances adopted by the Trustees similar share donations or legacy bequests will to secure the longer-term financial future of the charity and the children in its care.

CONSTITUTION, OBJECTS AND POLICIES

Established initially as Romanian Children's Aid by Deed of Trust in December 1990 the Charity was re-named in November 1992, and re-registered with the Charity Commission of England and Wales as Children in Distress. This ensured that the objectives of providing relief of poverty and sickness amongst children could extend to children throughout Eastern Europe.

The Charity is registered with the Commission and holds reference number 1001327

The report of the Review Visit of representatives of the Charities Commission in May 2003, recommended a further review of the Founding Document, and the incorporation of the Charity. The Trustees have accepted this recommendation and are seeking legal guidance and advice on the changes required

Children in Distress

Report of the Trustees For The Year Ended 30 September 2003

OUR MISSION

The Mission of all those involved in Children in Distress continues to be "To offer love and care to Children with HIV, AIDS and other incurable and terminal illness". Our objective will continue to be delivered independently, with the help and support of partner organisations, or on behalf of local and national authorities as part of longer-term agreements or contractual arrangements.

The Charity and its partners will continue to advocate the best interests and rights of the child as outlined in the United Nations Charter of Children's Rights and as enshrined in both Romanian and Bulgarian Law

STRATEGIC VISION

Child centred care, offering individual care plans, that focus on child development and continuous improvements in the quality of care, underpin all of our activity. In recognition of the changing age, medical and needs profile of each of our children, we continue to invest in recruitment, training and development of our professional and care staff to ensure the delivery of best practice and the highest standards of individually tailored, medical treatment, child development and care. With the older children, the emphasis remains on life skills and preparation for independent life in the community and for the younger and those less able that they can achieve their full potential, in a warm and nurturing home environment.

We recognise that "Best Value" care is best delivered in the future in the community and as funds permit, the Charity's Community HIV/AIDS Nursing Service (CHANS) and Community Palliative Care Nursing Service (CPCNS) projects will be extended. However we retain a continuing commitment to residential hospice and respite care, and accept that our existing buildings, not being initially designed or fully adapted for their current use, will require some continued investment and redevelopment to maximise their role in a comprehensive care strategy.

Partnership programmes continue to develop as an efficient and effective way to deliver treatment and care to children out with the immediate areas served by our own hospices and community programmes.

Copii in Dificultate (Children in Distress Romania), is now fully operational and has taken an increasing role in the supervision and assessment of projects and future project proposals. Their Romanian management team has shown considerable initiative and had singular success in joint project funding applications and increasing the financial commitment and involvement of commerce, industry, and local authorities in the operation of all of the hospices, with the exception of St.Laurence Cernavoda, where discussions are ongoing.

A similar Foundation is planned for Bulgaria where it is hoped that greater local involvement will facilitate the development of a community based palliative care programme and assist in development of our mission of care in Bulgaria.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2003

PEOPLE AND ORGANISATION

Ten Trustees from differing backgrounds, walks-of-life and experience, on a voluntary basis, give generously of their time, to supervise the day-to-day operation of the Children in Distress and focus and direct its policy, practice and procedures. The Trustees generally meet bi-monthly and their meeting programme includes an Annual General Meeting.

The Trustee Management Group and other Specialist Sub Groups and Advisory Groups meet in a regular and complimentary programme at other times throughout the year. The Advisory Groups co-opt members as required to offer specialist guidance and advice on an ad hoc basis. The Advisory Groups on Finance, Audit, and Funding meet as required. Each Group has written terms of reference, which is reviewed regularly.

Our Medical Advisory Panel has been extended to include, as well as the existing volunteer doctors, nursing and other paramedical and child education experts. This very active group sets care standards, offers guidance and advice to the Trustees, the Romanian and Bulgarian medical, nursing and childcare, project staff and carries out regular programmes of medical and educational audit and review visits.

We record our appreciation and thanks particularly to this group of dedicated medical and paramedical professionals, who on a voluntary basis offer the greatest commitment and support to all that we do.

The Charity operates with a small Glasgow based salaried staff, , which comprises, the Director of Operations, two (2) administrative assistants, and a part-time accountant, three (3) Romanian based Project Managers and a paid Manager and small team of volunteer assistants in each of our charity shops.

In Romania and Bulgaria, with the exception of St.Laurence, the management, nursing and care of our children is in the hands of local staff committed to our work. We continue to empower, through training, the medical, nursing, care and support teams. In particular, the personal professional training for doctors and nurses provided by the palliative care courses continues at the Matei Bals Clinic Warsaw and as courses occurs at Casa Sperantii in Brasov.

We recognise and appreciate that much our work particularly in Romania, is made possible by a committed band of volunteers, prepared to give of their time to work with our children. Our projects continue to benefit from the professional skills of doctors, nurses, teachers, physiotherapists, and other childcare therapists, and professionals who have volunteered their time, skills, and expertise in leading, training, and enhancing the work of our in-country teams.

Here in the United Kingdom, volunteers also continue to work tirelessly on our behalf of our children, to spread the message of Children in Distress, news of our work and raise funds through outreach and increasing support. Without the work and selfless sacrifice of donors, sponsors, and community volunteers throughout the country, we would be unable to improve the quality of care, deliver existing projects, or consider the need of other children and families desperately in need of help and assistance.

We also recognise and record with gratitude, the continued generosity, and support of individual and corporate donors, of Church groups, congregations, schools, grant making organisations and charities

Children in Distress

Report of the Trustees For The Year Ended 30 September 2003

PRO BONO SUPPORT

We record our appreciation to the management and staff of those Companies, who have, over the last year, on a Pro Bono basis, offered particular expertise in legal matters, the production of "Vision" the Charity's quarterly news sheet, www.childrenindistress.org, our web site, our annual appeals' video and support to other funding initiatives

City Law Partnership
Brechtin Tyndal Oats Solicitors
Scotsys
Wark Clements Limited

Direct Holidays Marketing Team
MTP
The Hamilton Portfolio
ML2 Computer Services

ACTIVITIES AND ACHIEVEMENTS

The Trustees continue to address the ongoing challenge of continuous improvement in the quality of care within the context of a year on year reduction in donation income. The comprehensive root and branch review of operations carried out in the previous financial year and the subsequent operational changes and cost savings, have allowed substantial increase in spending, where the need is greatest, on existing and new projects. For the first time in a number of years, funds have been available to reach out to new and potential donors and to keep existing donors better informed and involved in all that we do. It is anticipated that the real benefits of this communication, involvement and outreach will come to fruition in the financial year ahead.

In the Financial Year under review we contacted focussed groups of potential new individual donors, schools and churches through our Smile, Schools Lent and Church Harvest Appeals. The latter Appeal was endorsed by a covering letter from the Archbishop of York and was by far the most financially successful and is generating considerable ongoing interest and support.

These very professional direct mail campaigns lettered over 45.000 new contacts. "Smile" 25.000 and "School's, Church's Lenten Appeal" 10.000 respectively. The result has shown significant committed contact growth, particularly increases amongst individuals (21.6%), Trusts (51.5%) and School (34.7%) Church contacts have grown a respectable 9.5% however those from business and industry has remained fairly static with little more than 2.8% growth. From a fairly low base we have also seen a rise in contacts from other men's, women's and children's church based groups. The success of the Church's Lenten Appeal is due in no small part to the covering letter of support from His Grace the Archbishop of York.

A significant factor in our reduced income was that in this Financial Year we did not benefit from any major sponsored sporting activity other than the Hungerford Big Wheel Bike Ride. The Big Wheel, which is a day long cycle event around the surrounding countryside, generates considerable local interest as well as raising substantial sums from the participants.

A regular feature of our fund raising activity over the last few years has been an Annual Charity Ball organised in Glasgow by the staff of The Hamilton Portfolio. This very successful social event generated sufficient funds from the auction and other fund raising activities on the night to cover the redevelopment costs the building housing St. Andrew's Hospice and HIV Day Centre in Pitesti. Significantly the Ball offered the chance to raise the profile of Children in Distress in the West of Scotland however it now offers the opportunity to recruit considerable numbers of new regular giving donors

Children in Distress
Report of the Trustees
For The Year Ended 30 September 2003

Over the last two years we have seen a gradual and sustained increase in regular monthly giving; however the Child Sponsorship programme despite improved contact and involvement with the sponsors has seen little real growth...

Seen as key to the future long term financial stability of the Charity there will be greater emphasis on these forms of giving in the year ahead.

In the medium term, the Trustees aspire to hold a minimum of six months total operational costs as a strategic financial reserve. However the current target of a three months operating reserve was achieved despite considerable investment, from reserve funds, in the development of St. Andrew's Hospice Pitesti and the unexpected costs of additional works to make the Sheltered Holiday Centre Project based at St. Christopher's, Curtea de Arges a reality.

Operational cost in the United Kingdom continue to be closely monitored and individual our Project Management teams are committed to demonstrate best value spending and to review current project organisation and operations to ensure, that they deliver the highest quality of care for the children involved, within their agreed annual budgets. It is intended that both in Romania and Bulgaria that Projects aim to achieve a contribution from Local Authorities, National Government or local commerce and industry of up to twenty five percent (25%) of the annual running costs. Funds released in this way, will allow added investment or new project developments. It is fair to report that some Projects have been more successful than others in the first year of this programme. It is particularly gratifying that the parental support group for the National Autism Centre in Bucharest have achieved substantial sponsorship funding in their first year of activity.

We will continue to raise the profile of Children in Distress and its work particularly in our traditional base of schools and Churches. As part of that process we have progressed the registration of our logo in the United Kingdom and Romania. The logo protection and registration process, commenced last year, is the final phase with only the European Union process to be completed in the year ahead

Children in Distress

Report of the Trustees For The Year Ended 30 September 2003

PROJECT DEVELOPMENTS

Within the funds available, with generous individual bequests and corporate donations we have been able, not only to continue our planned maintenance and redevelopment programme, but also to a varying degree, redevelop key facilities to meet the specific needs children in of each of our Children's Centres and Hospices

ST. ANDREW'S CHILDREN'S CENTRE

Despite a very difficult winter and resulting delays the conversion work on the former school for the deaf in the town of Pitesti was completed, only a few weeks behind schedule. The re-development was completed, to the highest standards in this flagship hospice project. St. Andrew's Hospice now provides an almost unique facility for children and toddlers who although defined as terminally ill have become increasingly active. The children and staff moved to there new home in May and with additional space and improved layout and facilities have benefited greatly from the physiotherapy and play areas available.

The Day Centre for children touched by HIVAIDS has been welcomed by local children excluded from schools and otherwise isolated in their local community. The Local Child Protection Agency is intimately involved and supportive of the project's operation and in addition strong links have been developed with the Consultant of the Infectious Diseases (HIVAIDS) Clinic of the County Hospital. As an indication of the early achievement and success of this project, a joint application for funding for a further day-centre and clinic for the chronically sick, disabled and destitute was submitted to the European Union. This Phase II development will provide a second but separate building on site and will offer a base for the extension of the Community Nursing Services Projects needed to assist children and families across the rural hinterland Arges County. A non-recurring grant of over two hundred and fifty thousand Euros (€250.000) has been agreed and the award announcement was made during the Official Opening Ceremony, which was carried out, by the Archbishop of York and Bishop Ciprian, acting on behalf of Teoctist the Patriarch of the Romanian Orthodox Church. The visit of the Archbishop and the opening ceremony itself was carried extensively in the local and nation press and consequently helped raise the profile of both the Charity and Copii in Dificultate its operating partner.

Some minor delay was experienced in the European Union's final budget and approvals process; however the work on demolishing the existing outbuildings and preparing the site for construction began in October and is targeted for completion in the late May/June 2004. The recruitment of the additional staff required to deliver the community based care programme is planned to commence in early April.

Carmen Teodor, the Project Director of St. Andrew's Hospice has been proactive in community involvement and the recruitment of local business sponsors and donors. A token of her enterprise and initiative being the organisation of the town's first St. Andrew's Day charity ball , which both raised funds and involved local schools, colleges and companies in an event, which was well attended and had comprehensive press and media coverage.

Children in Distress

Report of the Trustees

For The Year Ended 30 September 2003

ST. CHRISTOPHER'S HOLIDAY CENTRE

St. Christopher's Hospice closed with the transfer of children to Pitesti, however following an appeal and the generous underwriting of the initial conversion costs by a long-term sponsor, was completely redeveloped for its new role as a sheltered holiday centre. In the event after re-roofing and the installation of a state of the art wastewater and sewerage disposal system it opened in its new role and is developing a programme of activity based and adventure holidays for children whose HIV status would otherwise make a holiday a dream. A gradual increase in bookings over the winter and early spring has strengthened the view that this investment will deliver increasing dividends in welfare and care in the future.

The Trustees would like to record their specific and grateful thanks to Chris Crabtree and the Manx Government without whose generous assistance the completion of this project would have been deferred indefinitely, or have opened with far fewer facilities

ST. MARGARET'S HOSPICE AND CHILDREN'S' CENTRE

The management team at St.Margaret's have consolidated earlier successes and continue to strengthen and expand this Centre's existing programmes. Increasingly the focus of activity looks beyond the Yorkshire House to Bucharest and elsewhere in Romania. To increasing community care and work supporting families and other self help groups caring for children with Autism, HIV/AIDS, and terminal neurological disorders or in need of palliative care in general.

THE CENTRE FOR AUTISTIC CHILDREN

Responding to the changing needs of the children referred to the centre, this Project Team; now operate in addition to an intermediate class for those children, who continue to benefit from the positive reinforcement of the Picture Exchange Communication System (PECS), a junior class which uses the Lovaas Method of highly intensive one to one child education and care. Our teaching staff have committed to personal training to ensure that the children involved maximise the benefit from their time in class. To reinforce the teaching involved, parents have also been given training and understanding of the philosophy which underpins both of these systems of education and care for this challenging group of young people.

The team continue to operate a community based outreach programme, which offers assessment training and care to families dealing with older children and teenagers, who until now have gone without help and assistance. The Centre's facilities need to be improved with additional space and the children would benefit from inclusion in the state school system. To that end, the Education Department in Bucharest Sector 2 has been engaged in discussion to increase their involvement and to provide a building better suited to the needs of the children. The potential of the one site so far suggested is actively under review.

A young business entrepreneur, whose son attends the Centre having seen the benefits involved, is now very active in providing assistance and funding support. Through Mr. Nedescu's auspices over two hundred companies have pledged annual financial sponsorship and funding, which greatly assist in its operation.

A web site in Romanian has also been set up to share experience and offer insight into the treatment and care of those with Autism.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2003

YORKSHIRE HOUSE STREET CHILDREN'S LITERACY PROJECT

Two long-term supporters Pat Allan and Sue Goldby help fund this much-valued project, which offers a second chance and new life for young people at risk on the streets of Bucharest. The team of two (2) young tutors and social worker, through education in the key subjects of the senior school entry examination and in positive social and family values offer an alternative to a short life of risk and abuse on the streets. They easily relate to the young people involved, become roll models and non-judgemental confidantes when personal issues arise as part of their weekly group work project.

This year, proactive early intervention tuition in small groups, has delivered considerable success for the Project's fifteen (15) young people, all of this year's group, five of whom were already living on the street, passed their examination and now have the chance of education, opportunity and a new life.

ST. MARGARET'S CHILDREN'S HOSPICE

The dedication of the Nursing and Care Staff within the Hospice means that we have continued to see improvements in children who although still gravely ill have benefited beyond expectation from daily play and physiotherapy programmes, introduced last year. Some children, once bedridden are now active and alert. Some beyond expectation, able to walk with assistance; sit in wheelchairs, are learning to feed themselves and even striving to speak for the first time. This in many ways reflects the particular inspirational commitment and involvement of the volunteer physiotherapy team of Alyth Hughes, Mary Bailey and June Hurne, who have done so much to make these small personal gains this possible. Even the least abled of the children currently in St. Margaret's, now with the provision of customised wheelchairs, has the chance to benefit from fresh air and the stimulus the yard, garden and the world beyond provide.

Changes to current Fire and Health and Safety Regulations applied to the Hospice and the resulting report of the Fire Service inspection of the Hospice in September 2003 have made clear that further redevelopment work is urgently needed. We have been advised as a matter of urgency to relocate the present ward and playroom used by the older and more active children as far as possible from the basement boiler house. Structural changes will be required to raise the roof in the rear range of buildings to provide a suitable safe sleeping area and toilet facilities. This will also offer the opportunity to install a year round all weather conservatory or day room and physiotherapy area to the year of the yard.

These facilities will provide better facilities, increased personal privacy, and a greatly enhanced condition life for the terminally ill children involved. Much of the work is mandatory and will have to be funded as soon as possible. Work should commence in the early summer and be completed before the weather changes in the autumn 2004.

Children in Distress
Report of the Trustees
For The Year Ended 30 September 2003

ST. LAURENCE CHILDREN'S CENTRE

The Project Team at St Laurence recognise that the changing age profile of the children in their care., means that radical changes will have to be made in the hospice current operation. The benefit from the quality of care and advances in HIV treatment and medication is that we now have thirty-nine children all but three of whom are approaching or older than fifteen years of age. We must therefore plan to provide the life skills required to allow them to operate independently and successfully in the future.

A comprehensive review of the existing operation was carried out and the resulting action plan will be implemented in the year ahead, this will address the issue of the main building, originally designed as a paediatric hospital with Nightingale Wards, the operating cost of which is an enormous drain on the Hospices resources

The Independent Living Unit, as part of the longer-term strategy has been relocated to St James's House in the town and six young people are being prepared for life in the community. Having reached the age of eighteen one of our first group decided to return home and will be supported as long as required years as part of the transition process. Seen as successful by staff and young people alike there are now plans in place to open a feeder Supported Living Unit in one of the houses within the Hospices compound. It is hoped that this will be up and running by mid summer 2004 and there is no shortage of volunteers for this next development.

In the short term, an alternative use is actively being sought for the main building, which hopefully will allow continued access to the classroom, training areas and chapel areas on the ground floor. The changing age profile of the young people involved means that we require staff able to deal with and meet the demands of ever more active and challenging adolescents. This will mean retraining and changes for all of the staff involved. A training initiative for care staff has already started and will carry on throughout 2004, however to deliver the needs of the young people in our care it is inevitable that there will be changes amongst the existing management and staff to reflect the new organisation.

PARTNERSHIP PROGRAMMES

Our relationship with our partner organisations Asociata Vasiliada, Copii in Dificultate, the Fundatia Cuvioasa Paraschiva and the Child Protection Department of Arges County is firmly founded on common goals, objectives and philosophies of childcare and development... These are reviewed and revisited as part of our partner's annual report and review process and reinforced through Audit and Assessment Visits by members of the Charity's Medical Panel throughout the year.

CRAIOVA

This partnership programme with the Asociata Vasiliada of the Metropolitan Archdiocese of Craiova cares for one hundred and thirty-nine (139) children from the counties of Dolj, Gorj, and Mehedinti. Many of these children are from the very poorest of families, from carriage homes, with few of the basic facilities such as electricity or even running water. The project's basic and currently successful philosophy continues to be that proactive intervention with counselling, medication and nutrition will defer the onset of opportunistic infection and prolong life. The programme offers in addition to health counselling and social work support, material assistance by way of basic food packages the content determined by the Projects Dietician to meet the nutritional needs of a child with HIV. Given the poor communications, condition of the rural roads and the spread of homes across a large country catchment area there have always been problems ensuring the food parcels medication and firewood are delivered to the Romanian and Roma families involve.

Children in Distress
Report of the Trustees
For The Year Ended 30 September 2002

CRAIOVA

The exceptional and particularly professional project team have been proactive in dealing with the incidences of discrimination and alienation, which results directly from the ignorance of HIV and AIDS prevalent throughout the three counties. As part of their HIV AIDS awareness programme, with the help, assistance and funding from Children in Distress the team published an educational pamphlet, which was circulated though out the three counties high schools. They also organised the first successful national conference to focus the activities of national and voluntary organisations in HIV AIDS awareness and the combat of discrimination within the community. Both of these innovative approaches to the issues involved were extensively covered in the national press and media.

In the year ahead, the Children in Distress is committed to providing the re-development funding for a drop in and counselling centre, which will open in a former parish house in the town of Craiova recently donated by the Metroplitanate. The Charity will have the assistance of the warm-hearted and generous readership Scottish Catholic Observer, which for a second year has chosen Children in Distress as the main beneficiary of their Lenten Appeal

BRAILA COMMUNITY CARE PROJECT

This partnership project with The Fundatia Cuvioasa Paraschiva is based in Slobozia continues to support thirty-nine (39) children throughout the County of Ialomita, which is one of the poorest rural agricultural areas in Romania. The Project for children touched by HIV/AIDS, involves those from the poorest families in the area, who require not merely medication and nursing care but support with all the basic necessities of life, firewood for heating and cooking, food and clothing. The greatest challenge for many of the project families remains that there is insufficient anti-retroviral medication available within the County's health system, and that having little or no income, they must face the stark choice that their child may have to go without anti-retroviral drugs to ensure the family survives.

This large rural area has poorest of road links and Braila especially depends on an intermittent ferry service, all of which makes regular contact, treatment visits and food and firewood deliveries, particularly in the winter months difficult if not impossible.

The small project team of nurses and assistants are from time-to-time overwhelmed by the demands for palliative care and support. Despite that fact, they have identified a further group of thirty (30) bed ridden children with a range of cancers and other illnesses some of which are terminal who currently receive no help or support. A further project assisted by Children in Distress has been set up will ensure that these children will not be ignored.

BULGARIAN PROJECTS

THE VIDIN THERAPY PROJECT

Through this pioneer project staff based at the Orphanage in Vidin continues to offer professional physiotherapy and speech therapy to children in the town and rural hinterland. Over fifty (50) children a week with diseases of the central nervous system benefit from the work of the dedicated team. This project offers a model of excellence in the delivery of the highest standards of professional care and greatly benefits all of the children involved

Children in Distress
Report of the Trustees
For The Year Ended 30 September 2003

PROJECT ANALYSIS 2002/2003

PROJECTS	RESIDENTS	HOME BASED	DAY CENTRE	FOSTERED ADOPTED	DEATHS	HOLIDAYS
STANDREW'S	12 (May-Sept)				1	
HIV AIDS DAY CENTRE		12	12			
ST CHRISTOPHER'S	12 (Oct-April)					104(July-Sept)
ST.LAURENCE'S	37			3		
ST MARGARET'S	14				2	
AIDS NURSING SERVICE		30				
AUTISM CENTRE			12			
AUTISM COMMUNITY			30			
LITERACY PROJECT			15			
CRAIOVA		139				
BRAILIA		37			1	
VIDIN THERAPY			50			

FUTURE DEVELOPMENT PLANS

The Trustees are committed to the growth and continued development of our work particularly with the children and young people who live with the challenges of HIV and AIDS.

At St. Laurence's, in Cernavoda, we aim to see the continued development of the Semi Independent Living Project, with the opening of another house, which will provide life skills for the future. It is now accepted that in the past the level of education provided by the Constanta County's Department of Education teachers has over some years failed to address all the needs of our children. Additional tutoring and language and computer skills courses will be required to ensure for the children in our care, some employment advantage. Within the next six months the operational review carried out this year will be implemented this together with staff re-training will maximise the care and future opportunities for the young people living there.

At St. Andrew's Pitesti we intend to see a very active HIV AIDS day centre offering education, social and family support to children of Arges County, who deal with the daily alienation and social exclusion that their illness brings. This will be complimented by the new European Union Funded Day Centre for those with other terminal illness or in need of Palliative or Respite Care

In conjunction with the main Infectious Disease (HIV) Clinics at the Victor Babes and Colintina Hospitals Sunflower Centre, we will continue to develop and train palliative care teams for our community based palliative care service initially operating in Bucharest and already assisting thirty families and children

In the last financial year, Children in Distress was invited to open the first children's hospice in Bulgaria, However in this projects which has already been designated St. George's has been deferred. We seek greater involvement and commitment from both local and national government partners for this project and are now looking to an alternative community based care programme in conjunction with the main Children's Hospital rather than the suggested alternative of opening another Hospice

Children in Distress
Report of the Trustees
For The Year Ended 30 September 2003

FINANCIAL AND ECONOMIC OVERVIEW

The Charity raises the funding for the majority of its operations through public appeals, general and gift aided donations, gifts in kind, sponsorship schemes, covenants, legacies and through the sale of goods in our four (4) Charity Shops in Guisborough, Shildon, South Woodford and Thirsk.

Each of the shops maintain the Charity's high street presence and contact with their local community, however each is faced with considerable competition for the increasing professionalism of other similar stores. The Trustees are concerned and closely monitor the gradual fall in real income on year. The costs of operation, particularly rental, maintenance and minimum wage cost increases have impacted adversely on the net contribution of our work. The Trustees however are grateful to the Shop Managers and their dedicated teams of volunteers for what they can achieve and to the general public who as donors and shoppers who make it possible.

The operational review carried out last year has continued to deliver cost savings in administration costs which are down by 14% and general overhead costs have been trimmed by further 15.7%, despite the fact that donation income has declined by a further 10% we have however managed in this financial year to increase project spending by a further 21.7%. Although mindful that donated funds are for spending on childcare and project developments, the Trustees believe that they should look to the longer term by creating a small financial reserve in addition to the existing operational funds held in the Charity's bank accounts.

The Charity remains overly dependant on the success of specific appeals throughout the year particularly the Lenten and Christmas Appeals, increasing emphasis in the year ahead will be placed on the development of regular direct debit donation and maximising the benefit that the Gift Aid scheme offers.

The Trustees will continue this prudent approach to finance in the year ahead.

The Trustees would also like to make mention and record our appreciation of the donations made by the following Individuals, Governments, Organisations and Trusts, making key elements of our work possible

Ashworth Trust	Andersen Foundation
Football Aid	Fulmer Trust
Constance Green Foundation	Alan James Hendry
Denise & Frances Macaulay	Moffat Trust
Austin & Hope Pilkington Trust	Rutherford Foundation
The Scottish Catholic Observer	the Manx Government

Children in Distress
Report of the Trustees
For The Year Ended 30 September 2002

THE ECONOMIC BACKGROUND

Preparation and planning in both Bulgaria and Romania for entry to the European Union and the changes in economic policies and the resulting cost and wage inflation within both the Romania and Bulgaria continues to adversely impact on our work. Increases in basic food, utility and wages costs, in turn puts considerable upward pressure on each project's operating costs. Preferential exchange rates for the Euro currency and the fall in the value of the US Dollar also impact unfavourably on the value of monthly operation costs and funding transfers.

The reported real improvements in the economy which have occurred in the last year offer little benefit to the majority of the children and families associated with our projects particularly those involved in our community care programmes

NEW OPERATIONAL ISSUES

The Romanian Government continues to look a registration system for foreign Non Governmental Organisation's (NGOs), with strict operational criteria and to devolve authority for many of the social work, health and welfare services to the larger Local Authorities. Whilst this may improve the standards of care and facilities for the child, this will also mean the continued professionalisation of care and the need for additional investment in staff training and development.

Children in Distress continues discussions with The Commission for Child Protection and Adoption to assist in the implementation of these policy initiatives and building on the strong working relationships which currently exist with Local Authorities

Given the lack of social care staff experienced in the proposed new ways of working, our project teams continue to meet a bureaucratic approach of the part of many of the local government agencies and officials who supervise the work of foreign NGOs particularly those caring for children with special educational, medical and physical needs. The ongoing resistance to change will only be addressed by the development of continued mutual trust and respect and the culturing of strong working links through shared experience.

We intend to work closely and realistically with the inspectors and senior management of the agencies concerned to ensure that our projects are seen as centres of excellence and models of best practice.

Children in Distress
Report of the Trustees
For The Year Ended 30 September 2002

RESERVES POLICY

The Trustees continue to closely monitor the Charity's finances, with the agreed policy objectives of reducing costs, securing the future of the Charity's projects by establishing over the next three years a working reserve to provide at least six (6) months full operating costs, and maximising the funds available to provide love and care for the children already with us, or other children still in distress.

In the immediate future the more realistic current reserves objective of holding three (3) months full operating costs has been achieved

RISK MANAGEMENT

The Trustees continue to review and assess on a regular basis the major risks which the Charity faces and believes that achieving the current reserves and manpower training and development objectives combined with an annual review of the controls over key financial systems, will provide sufficient flexibility and resources to ensure the future of the children in our care in the event of adverse conditions.

The Trustees have also examined other operation and business risks faced by the Charity and confirm that they have established systems to mitigate the significant risks.

APPOINTMENT OF AUDITORS

The Trustees and Operational staff have been impressed by the efficient and professional approach taken by The Kelvin Partnership of Glasgow in their role as Auditors. The excellence of their advice and their commitment to deliver a comprehensive and objective view of the finances and operation of the Charity has greatly assisted with both the day-to-day financial administration and the preparation of this Annual Trustees Report and Statement of Accounts. The continued appointment of The Kelvin Partnership as Auditors will be recommended to the Trustees at their Annual General Meeting in May 2004

SUBSIDIARY COMPANY

ROMCRAFT LIMITED

Acting on the Advice of their Auditors in May 2002, the Trustees determined that Romcraft an operating company of Children in Distress should cease trading, its stock assets being transferred for sale from the Charity's shops and that the company be wound up.

Full accounting provision having been made in the accounts of the previous financial year, it has been decided to implement the present Auditors advice on the process involved and to record the transfer of the company's banked funds to the charity's accounts.

Children in Distress
Report of the Trustees
For The Year Ended 30 September 2003

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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 enable them to ensure that the Financial Statements comply with the Charities Act 1993. 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.

The Trustees are required under the constitution of the Charity to prepare for each financial year, which give a true and fair view of the state of affairs of the Charity and of its results for that period. In preparing those Accounts the Trustees are required: -

Select suitable accounting policies and apply them consistently;

Make judgements and estimates that are reasonable and prudent;

To value assets and liabilities in accordance with the Statement of Recommended Practice Accounting by Charities;

Prepare the Accounts on a going concern basis unless it is inappropriate to assume that the Charity will continue in business and to state whether applicable accounting standards and statement of recommended practices have been followed, subject to any departures disclosed and explained in the financial statement.

Alisdair Barron
Chairman

APPROVAL

This report was approved by the Trustees and signed on their behalf by:

.....A Barron, Chairman of Trustees

.....M East , Trustee

..... Dated

Children in Distress

Report of the Independent Auditors to the Trustees of

Children in Distress

We have audited the financial statements of Children In Distress for the period ended 30 September 2004 on pages 17 to 28 which have been prepared in accordance with the financial reporting standard for smaller entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 13 the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom auditing standards.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of the Act.

We report to you our opinion as to whether the financial statements give a true, fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if the information specified by law regarding trustees' remuneration and transactions which the charity is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all of 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 and information in the financial statements.

Children in Distress

Report of the Independent Auditors to the Trustees of

Children in Distress

Opinion

In our opinion, the financial statements give a true and fair view of the state of the charity's affairs as at 30 September 2004 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

The Kelvin Partnership
Chartered Accountants
Registered Auditors
The Cooper Building
505 Great Western Road
Glasgow G12 8HN

Date :

Children in Distress

Income and Expenditure Account Incorporating Statement of Financial Activities For The Year Ended 30 September 2004

		Restated			
	Notes	Restricted £	Unrestricted £	2004 Total £	2003 Total £
INCOME AND EXPENDITURE					
Incoming resources					
Donations, legacies and gifts in kind		25,734	656,473	682,197	734,922
Other incoming resources from operating activities					
- Charity Shops income		-	85,591	85,591	92,567
Investment income		-	992	992	1,461
Total incoming resources		25,734	743,056	768,790	828,950
Resources Expended					
Cost of generating funds	2	3,200	251,401	254,601	279,721
Charitable expenditure					
- Direct charitable expenditure	3	-	503,738	503,738	604,247
- Support costs	4	400	13,694	14,094	36,513
Management & administration	5	400	30,297	30,697	33,324
		4,000	799,130	803,130	953,805
		21,734	(56,074)	(34,340)	(124,855)
Other recognised gains & losses					
Loss/gain on revaluation of investment asset		-	(5,268)	(5,268)	90,264
Net movement in funds for the year		21,734	(61,342)	(39,608)	(34,591)
Total funds brought forward		-	158,401	158,401	192,992
Total funds carried forward		21,734	97,059	118,793	158,401

CONTINUED OPERATIONS

None of the Charity's activities were acquired or discontinued during the current and previous year.

Children in Distress

Balance Sheet As At 30 September 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible fixed assets	7		17,106		5,993
Investments	8		85,000		90,268
			-----		-----
			102,106		96,261
 Current assets					
Debtors	9	20,482		6,516	
Cash at bank and on hand		18,462		94,484	
		-----		-----	
		38,944		101,000	
 Creditors : amounts falling due in one year	10	(22,257)		(38,860)	
		-----		-----	
Net current assets			16,687		62,140
			-----		-----
Total assets less current liabilities			118,793		158,401
			-----		-----
 Net assets			118,793		158,401
			-----		-----
 Funds					
Restricted	11		21,734		-
Unrestricted	12		97,059		158,401
			-----		-----
			118,793		158,401
			=====		=====

Approved by the Board of Trustees and signed on its behalf by:

.....

A Barron, Chairman of Trustees

.....

M East, Trustee

Date:

The notes on pages 19 to 28 form part of the Accounts

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention and the Statement of Recommended Practice Accounting by Charities ("SORP 2000") and applicable accounting standards.

Incoming resources

Donations are accounted for when received by the Charity. "Donations receivable under Gift Aid are recognised only when honoured by the Donor." Income Tax recoverable on covenanted or gift aid donations is recognised when claimed. Legacies are included in the year in which they are received.

Turnover of charity shops

The turnover of charity shops represents sales of donated goods.

Gifts in kind

Gifts of clothing etc received and given to overseas projects are included in the financial statements at market value at the time of export. Items donated for resale are included in shop income when sold and no value is placed on stock at the year end.

Grant giving

From 1 October 2002 there has been a change of treatment in respect of expenditure in Romania. Funds transferred to Romania are now shown as grants payable to the projects. (Previously the transfers had been shown analysed between various expenditure headings.) This reflects a change in the approach to supporting operations in Romania and one small project in Bulgaria where an agreed monthly transfer is now made to be administered locally across the projects. This gives more independence and reflects the actual position of the charity and Romanian operation.

Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Resources expended

Resources expended are included in the statement of financial activities on an accruals basis inclusive of any VAT which cannot be recovered.

During the year the trustees have examined the apportionment of Head Office expenditure to cost categories and have revised the allocations to more accurately reflect the proportion of time spent on each category. The 2003 figures have been restated to reflect the revised apportionments.

Head office expenditure has been apportioned to cost categories as follows :

Wages and salaries	Dependent on employee activity
Legal and professional fees	100% support costs
Bank charges	77% direct charitable expenditure 23% management and administration

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

ACCOUNTING POLICIES CONTINUED

Book-keeper	100% management and administration
Audit and accountancy	100% management and administration
Telephone	30% fundraising costs 60% direct charitable expenditure 10% support costs
Hotel and travel expenses	40% fundraising costs 50% direct charitable expenditure 10% support costs
All other expenditure	80% fundraising costs 10% support costs 10% management and administration

Costs to generate funds

The costs charged under this heading are in respect of advertising and printing costs together with the costs of running the four charity shops, together with head office costs which are apportioned on an estimate of the proportion of time spent by staff.

Support costs

Support costs comprise all services supplied centrally, identifiable as wholly or mainly in support of the projects and include an appropriate proportion of overheads. The overheads are allocated to direct project charitable expenditure on the basis of estimated staff time with the aim of ensuring the costs remaining within administration related to the management of assets, organisational administration and compliance with constitutional and statutory requirements.

Taxation

The Charity is a registered charity and as such is exempt from income tax and capital gains tax but not from VAT. The recoverable VAT is excluded from the cost of those items to which it relates.

Tangible fixed assets

Fixed assets incorporated at cost have been depreciated at the following rates to write off assets over their estimated useful life.

Fixtures, fittings and equipment	20% per annum reducing balance
Motor vehicles	25% per annum reducing balance
Office equipment	33% per annum reducing balance and 33% per annum on cost

Expenditure is capitalised where appropriate at a value of over £500.

The expenditure of a capital nature in respect of buildings not directly owned by the Charity for relief work overseas is written off as incurred.

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

ACCOUNTING POLICIES CONTINUED

Finance and operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period they are incurred. Assets obtained under finance leases are capitalised as tangible fixed assets. Obligations under such leases are included in creditors net of finance charge allocated to future periods. The finance element of each payment is charged to the Statement of Financial Activities so as to produce a constant periodic rate on the net obligation outstanding in each period.

Subsidiary undertaking

The Charity owns all the shares in its trading subsidiary Romcraft Limited. The accounts of Romcraft are not consolidated with those of the Charity, but are disclosed separately in the notes.

Pensions

Pension payments represent contributions to defined contribution schemes. Such payments are recognised in the accounts, as and when incurred.

Funds

General funds represent the funds of the Charity that were not subjected to any restrictions regarding their use and are available for application on the general purpose of the Charity. These include funds designated for a particular purpose by the Trustees. The purpose of any restricted fund is noted in the accounts.

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

2. COSTS OF GENERATING FUNDS

	Restated Restricted	Unrestricted	2004	2003
	£	£	£	£
Printing, appeals advertising, publications and exhibitions	-	65,294	65,294	99,963
Shop expenses				
Wages and salaries	-	32,543	32,543	28,723
Rent and rates	-	32,586	32,586	39,849
Heat and light	-	1,455	1,455	1,784
Repairs, sundries and telephone	-	1,971	1,971	2,445
Motor expenses	-	2,802	2,802	-
Wages and salaries	-	44,622	44,622	45,769
Pension costs	-	5,485	5,485	4,570
Rent and rates	-	17,612	17,612	15,960
Heat and light	-	686	686	1,122
Insurance	-	2,181	2,181	2,029
Repairs and renewals	-	773	773	1,147
Postage, stationery, copying, advertising and computer costs	-	13,973	13,973	14,714
Motor expenses	-	4,474	4,474	4,285
Refurbishment	-	6,324	6,324	-
Telephone	-	1,521	1,521	1,727
Equipment leasing	-	10,251	10,251	9,479
Hotel and travel expenses	-	2,101	2,101	2,353
Bank interest	-	35	35	88
Sundry expenses	-	372	372	1,225
Depreciation	3,200	4,340	7,540	2,489
	-----	-----	-----	-----
Total fund raising expenditure	3,200	251,401	254,601	279,721
	=====	=====	=====	=====

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

3. DIRECT CHARITABLE EXPENDITURE

	Restated Restricted	Unrestricted	2004	2003
	£	£	£	£
Gifts in kind	-	18,200	18,200	4,000
Grants	-	416,057	416,057	531,823
Wages and salaries	-	34,608	34,608	32,409
Telephone	-	3,043	3,043	3,454
Travel and subsistence	-	18,670	18,670	22,137
Sundry expenses	-	2,596	2,596	1,511
Carriage and general transport	-	4,918	4,918	3,732
Romanian Children's visit	-	2,481	2,481	-
Bank charges	-	3,165	3,165	5,181
	-----	-----	-----	-----
Total direct charitable expenditure	-	503,738	503,738	604,247
	=====	=====	=====	=====

As stated in the accounting policies the operations in Romania and Bulgaria are now supported with an agreed and consistent monthly transfer of funds from the United Kingdom to Bucharest. These funds are independently administered among the projects at a local level and as such it is more appropriate to treat these transfers as grants rather than to separately identify categories of expenditure as has happened in past years. The monthly transfers are all sent to the main bank account of Copii in Dificultate in Romania to support the various projects.

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

4. SUPPORT COSTS

	Restated Restricted	Unrestricted	2004	2003
	£	£	£	£
Pension costs	-	685	685	571
Rent and rates	-	2,201	2,201	22,260
Heat and light	-	85	85	215
Insurance	-	272	272	254
Repairs and renewals	-	96	96	643
Postage, stationery, copying, advertising and computer costs	-	1,747	1,747	1,839
Motor expenses	-	559	559	2,670
Refurbishment	-	791	791	-
Telephone	-	507	507	576
Legal and professional fees	-	4,351	4,351	5,237
Equipment leasing	-	1,281	1,281	1,185
Hotel and travel expenses	-	525	525	588
Bank interest	-	4	4	10
Sundry expenses	-	47	47	153
Depreciation	400	543	943	311
Gain/loss on sale of assets	-	-	-	1
	-----	-----	-----	-----
Total support costs	400	13,694	14,094	36,513
	=====	=====	=====	=====

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

5. MANAGEMENT AND ADMINISTRATION EXPENSES

	Restated		2004	2003
	Restricted	Unrestricted		
	£	£	£	£
Wages and salaries	-	6,374	6,374	6,538
Pension costs	-	685	685	571
Rent and rates	-	2,201	2,201	1,996
Heat and light	-	85	85	140
Insurance	-	272	272	254
Repairs and renewals	-	96	96	643
Postage, stationery, copying, advert and computer costs	-	1,747	1,747	1,839
Motor expenses	-	559	559	536
Refurbishment	-	791	791	-
Equipment leasing	-	1,281	1,281	1,185
Book-keeping	-	12,472	12,472	12,000
Audit and accountancy	-	2,194	2,194	5,600
Sundry expenses	-	47	47	153
Depreciation	400	543	943	311
Bank charges	-	946	946	1,548
Bank interest	-	4	4	10
	-----	-----	-----	-----
	400	30,297	30,697	33,324
	=====	=====	=====	=====

6. TRUSTEES REMUNERATION AND EXPENSES

No remuneration or expenses are paid to the Trustees of the Charity.

While Children in Distress may organise travel for the Trustees, it is the Trustees' own responsibility to pay for this travel, with the exception of expenses to travel to Romania paid on behalf of Trustee Dr Robin Dunn who was acting in his capacity as Chairman of the Advisory Panel and not as a Trustee. The expenses paid on behalf of Dr Dunn amounted to £634 (2003 - £615).

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

7. TANGIBLE FIXED ASSETS

	<u>Total</u> £	<u>Office Equipment</u> £	<u>Fixtures & Fittings</u> £	<u>Motor Vehicles</u> £
Cost				
At 1 October 2003	76,617	37,087	34,030	5,500
Additions	20,539	18,339	-	2,200
Disposals	(5,500)	-	-	(5,500)
	-----	-----	-----	-----
As at 30 September 2004	91,656	55,426	34,030	2,200
	=====	=====	=====	=====
Depreciation				
At 1 October 2003	70,624	31,095	34,030	5,499
Provided	9,425	8,875	-	550
On disposals	(5,499)	-	-	(5,499)
	-----	-----	-----	-----
As at 30 September 2004	74,550	39,970	34,030	550
	=====	=====	=====	=====
Net book value				
As at 30 September 2004	17,106	15,456	-	1,650
	=====	=====	=====	=====
As at 30 September 2003	5,993	5,992	-	1
	=====	=====	=====	=====

8. FIXED ASSET INVESTMENTS

	Total £	Listed £	Unlisted £
Brought forward	90,268	90,265	3
Additions	-	-	-
Disposals	(3)	-	(3)
Decrease in market value	(5,265)	(5,265)	-
	-----	-----	-----
	85,000	85,000	-
	-----	-----	-----

Unlisted investments

The Charity has a 100% subsidiary, Romcraft Limited, which undertakes trading activities. The Charity purchases handmade crafts and sells them to the public via mail order and through the Charity shops. The profits earned will be passed to the Charity by means of Gift Aid, a fact which is referred to in the charity's publicity material. This company was wound up after the year end and its assets/funds transferred to Children in Distress.

Listed investments

Futura Medical

In the previous year the charity received a donation of 125,000 shares in Futura Medical. These shares have been incorporated in the accounts in the current year at their market value of £85,000.

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
VAT	83	1,052
Prepayments	20,398	5,464
	-----	-----
	20,482	6,516
	=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Trade creditors and accruals	19,784	36,302
Social Security and other taxes	2,473	2,558
	-----	-----
	22,257	38,860
	=====	=====

11. RESTRICTED FUNDS

	Balance at 30.09.03	Incoming	Outgoing	Balance at 30.09.04
	£	£	£	£
Catholic Observer	-	13,734	-	13,734
Gifts in kind - office equipment	-	12,000	4,000	8,000
	-----	-----	-----	-----
	-	25,734	4,000	21,734
	=====	=====	=====	=====

The Catholic Observer fund is to underwrite the cost of converting the parish house at St Mungos, Criova to create an HIV Outreach project.

12. UNRESTRICTED FUNDS

In the year the Trustees have reviewed the general reserves position of the charity which exist to cater for fluctuations in the income of Children in Distress from year to year. The Trustees have decided upon the following desired provision :

	2004	2003
	£	£
Core costs (3 months provision)		162,000
Shortfall		(3,599)
	-----	-----
General fund balance	97,059	158,401
	=====	=====

The Trustees are considering ways to increase the general free reserves to a position where designated requirements are able to be met and the provision for core costs is increased to six months.

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

13. EMPLOYEES

	2004	2003
	£	£
Wages and salaries	118,557	118,021
Employer's NIC	12,062	7,418
Pension costs	6,855	5,712
	-----	-----
	137,474	131,151
	=====	=====

The average number of employees employed during the year was as follows:-

	2004	2003
Administration support and management	3	2
Direct charitable	4	4
Fund raising	1	1
	----	----
	8	7
	===	===

No employee earned £50,000 per annum or more.

The Trustees would like to acknowledge with thanks the contribution made by the large number of volunteers, the value of which is impossible to reflect in these financial statements.

In line with the change of accounting policy on page 19 employee costs and number of employees disclosed in the accounts now reflect only United Kingdom employees. In prior years employees in Romania and Bulgaria and their related costs have been disclosed in the accounts. This is no longer deemed appropriate.

14. FINANCIAL COMMITMENTS

At 30 September 2004 the Charity has annual commitments under non-cancellable leases as follows:-

	Land and Buildings
	£
Expiry date	
Less than one year	24,830
Two to five years	6,750
Over five years	-

	31,580
	=====

15. INDEMNITY INSURANCE

Trustees liability insurance was taken out by the Charity at a cost of £1,150.

Children in Distress

Index

Charity Information	1
Report of the Trustees	2 - 14
Report of the Auditors	15- 16
Statement of Financial Activities	17
Balance Sheet	18
Notes to the Financial Statements	19 - 28

Children in Distress

Report of the Independent Auditors to the Trustees of

Children in Distress

Respective responsibilities of trustees and auditors

Basis of opinion

Children in Distress

Report of the Independent Auditors to the Trustees of

Children in Distress

Opinion

In our opinion, the financial statements give a true and fair view of the state of the charity's affairs as at 30 September 2003 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

The Kelvin Partnership
Chartered Accountants
Registered Auditors
The Cooper Building
505 Great Western Road
Glasgow G12 8HN

Dated:

Children in Distress

**Income and Expenditure Account Incorporating Statement of Financial Activities
For The Year Ended 30 September 2002**