

ANNUAL REPORT & FINANCIAL STATEMENT

30th September 2006



Charity No 1001327
Scottish Charity Registration SC0 39383

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

Children in Distress
Financial Statements
for the period ended 30 September 2006

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BOARD OF TRUSTEE

Dr. VICTORIA AMADI

TRUSTEE (APPOINTED 24.08.05)

ALISDAIR FORSYTH BARRON

CHAIR OF TRUSTEES (RE-APPOINTMENT 25.05.05)

DR. ROBIN DUNN

TRUSTEE & CHAIR OF THE ADVISORY GROUP
(APPOINTED 08.03.01)

CHRISTINE HENDERSON-DOCHERTY

TRUSTEE (APPOINTED 28.05.03)

REV JUNE HURN

TRUSTEE (APPOINTED 01.06.06)

ALYTH HUGHES

TRUSTEE (APPOINTED 25.05.05)

DONALD Mc PHAIL

TRUSTEE (APPOINTED 01.06.06)

CANON CHRISTOPHER SAMUELS

TRUSTEE (APPOINTED 01.04.02)

SIR NEIL THORNE

TRUSTEE (RE -APPOINTMENT 25.05.04)

CHILDREN IN DISTRESS UK STAFF

DERMOT LAMB

DIRECTOR OF OPERATIONS

LIZ CLIFF

OFFICE AND SPONSORSHIP CO-ORDINATOR

MARJORY DOCHERTY LEFT 25.11.06

FUNDRAISER

ALLAN GALLACHER

CHARITY ACCOUNTANT

CLIVE HUGHES

CHARITY SHOP MANAGER GUISBOROUGH

JOYCE HUTCHINSON

CHARITY SHOP MANAGER SHILDON

SINITA SALAM

ADMINISTRATIVE ASSISTANT

CHARITY INFORMATION

CHARITY REGISTRATION

1001327 (ENGLAND & WALES
ADMINISTRATIVE OFFICES

SUITE 36/38

LADYWELL BUSINESS CENTRE

94 DUKE STREET

GLASGOW G4 0 UW

LEGAL, FINANCIAL ADVISORS AND BANKERS

BRECHIN TYNDAL OATS SOLOCITORS

48 ST VINCENT STREET

GLASGOW G2

CITY LAW PARTNERSHIP

99 CHARTERHOUSE STREET

LONDON EC1M 6N

BELL LAWRIE WHITE

48 ST.VINCENT STREET

GLASGOW C2 5TS

BARCLAYS BANK PLC

93 HIGH STREET

NORTH ALLETON

DL7 8LF

NATIONAL WESTMINSTER BANK

133 HIGH STREET

ILFORD

ESSEX IG6 2BU

ROYAL BANK OF SCOTLAND

10 GORDON STREET

GLASGOW G1 3P

AUDITORS

THE KELVIN PARTNERSHIP

CHARTERED ACCOUNTANTS

& REGISTERED AUDITORS

THE COOPER BUILDING

505 GREAT WESTERN ROAD

GLASGOW G12 8HN

A Message from the Chair

Children in Distress has continued to develop and expand to deliver the highest standards of care to children of Romania living with HIV, chronic, incurable or terminal illness or the daily challenge of Autistic Spectrum Disorders. In 2006 the Charity introduced to Romania the best in paediatric multiple therapy child development techniques with the opening of St Nicholas Child Development Centre in Bucharest and look to develop this project in other centres where children will benefit.

The Charity also continued to fulfil its ongoing commitment to advocacy for Romania's children living with Autistic Spectrum Disorders by organising the largest International Conference on Autism ever presented in Romania. This conference was seen as a much needed catalyst for change and the conclusions of the Conference were delivered to Prime Minister Tariceanu, who committed his government to a radical improvement in the diagnosis, care, and education of children with ASD. CID is working closely with the Romanian Ministries of Education and Health to create a national curriculum for the children, to establish consistent diagnoses and treatment and to provide the necessary education and training to make this possible. A larger and just as influential conference is planned for 2007.

To create a more dynamic and successful organization, this year we sponsored the merger of Copii in Dificultate and our other charitable trust Romanian Children's Aid. The new Foundation, Copii in Dificultate Romania - CIDRo, will continue to care for those, often abandoned children of Romania, who because of infection, injury or genetic disorder, need advocacy, love and support, the highest standards of nursing and medical care, physiotherapy and a full range of complimentary therapies to make the most of life.

CID UK's mission is simply stated as "To cure, sometimes; to help, often; to comfort, always."

In delivering our mission we aim to change the life of many children in the greatest need as possible, we advocate on their behalf and where they have families we support them in facing the ongoing challenges of their child's condition.

This Annual Report 2006 summarizes our achievements; the Charity has experienced, by all measures, its most successful year to date, and therefore my first thoughts go to those sponsors and donors both in the United Kingdom and now increasingly in Romania, whose generosity makes our work possible. We are eternally grateful for their continued confidence, support and those fundraising efforts and initiatives, which sustain our projects. We trust our supporters will continue to help us grow develop, prosper and expand care for children in the greatest need in the future. We have included financial results for Copii in Dificultate with this report for complete clarity in our funding resources.

This year the Charity's promotional literature says clearly, "that Children in Distress does not do miracles" but it is amazing what we can achieve, with the continued commitment of our highly trained staff, the guidance and advice of British consultants, supporter power and unstinting love and commitment to care for our children, it unleashes from thousands of donors across the United Kingdom. CID UK is committed to working closely with CID Romania and Bulgarian Children's Aid our operating partners to develop and introduce effective and efficient beacon projects delivering the highest quality standards of paediatric care and therapies.

Children in each of our projects are living proof of what we can achieve with the help of those who may never see "Europe's forgotten children", children in the greatest need.

Together over the last seventeen years, we have saved so many, but as CID UK's reputation grows the more we are asked to save children in ever greater distress and even more need.

Alisdair Barron MBE

DIRCTOR OF OPERATIONS REPORT

This was the final year of the Charity's cost reduction programme and has offered additional operational cost savings.

The substantial investment in the computer technology and reprographics has delivered efficiencies and benefits from having the most up to date computer software to facilitate its work.

Our continued financial prudence has meant that funds for potential donor development have been restricted and closely monitored. Disappointing direct mailing campaigns developed by Agencies have been dropped for more innovative and successful in house productions. "Vision" the Charity's newsletter continues to be improved and we seek the most cost effective printing and delivery arrangements for each issue. The initial appointment of a Fundraiser was successful in raising the Charity's profile and to reach out to the donor public. Our Ambassador Programmes have improved our ability to meet the needs for preachers and speakers of churches, church organisations, school and youth organisations and Rotary and Lions clubs whilst spreading wide the good news of what we can achieve.

OUR DEBT TO VOLUNTEERS

The essence of Children in Distress has always been those volunteers who are prepared to share their skills, expertise, experience, and time to work on behalf of and care for "Europe's forgotten children".

In the preparation of these accounts, we have tried to estimate the actual annual value of the total volunteer time offered to further our work. This represents many thousands of hours which if paid for would be beyond the resources of the Charity. We have been advised that it would be both inappropriate and difficult to access the full sum involved, however we have defined and report the consultancy time spent in projects. The staff and Trustees are humbled above all by the volunteers' example, all of our children and the Charity as a whole recognises the goodwill, love and care involved.

The Charity's work was promoted by a number of individuals, churches, schools,

organisations, and Grant Making Trusts who made significant donations in this financial year. We record our thanks and are pleased to acknowledge their vital support in assistance to our projects and programmes. We also give thanks to all the others too numerous to mention.

INDIVIDUALS & ORGANISATIONS

Mr. F BARTLET	Mrs. C Mc GONIGALE
Padre HUGO DUTTON	Mr P MYRESCOUGH
Mr J ESSAME	Mr. E OCONNOR
Mrs SUE GOLDBY	Mrs. H PARTNERS
GC HANN	Mrs. ANNE PEALING
Mr. DUNCAN KIRK	MRS.S M PENGELLY
Mr D LAMONT	Mr. S ROBERTSON
Mr. PETER LAWSON	MR JUSTIN RYAN
Mr. LOUGHRAN	Mr. D SHEARER
Mr SIMON MALLINSON	Mr. SMITH
Mr. A MARTIN	Mr. SORH
Mr. E N MILLS	Mr. SPEIRS
Mrs. V MORGAN	Mr G WILLIAMS
Rev. O O'DONOVAN	Mr S WILSON
Mr COLIN Mc ALLISTER	MRS MJ WIRGHT
Mr. CRAIG Mc GILVRAY	Mr YUILL

COMPANIES

THE HAMILTON PORTFOLIO
THE SCOTTISH SUNDAY MAIL

CHURCHES

ANUNCIATION OF THE VIRGIN, KENT
CHISLEHURST CHURCHES, KENT
ST.CHRISTOPHER'S CHURCH BOURNMOUTH
PARISH OF SCALBY, SCARBOROUGH
ST MICHAEL'S HIGHGATE , LONDON
PARISH OF WISLEY, WOKING
ST NICHOLAS, KENT
ST ANDREW'S, CARLUKE
ST. PETER'S, LONDON

SCHOOLS

ST PATRICK'S PRIMARY STRATHAVEN
ST PARTICK'S DUNBARTON

TRUSTS

THE CASEY TRUST
DROMINTREE TRUST
THE FULMER TRUST
CONSTANCE GREEN FOUNDATION
PHILIP HENMAN TRUST
BEATRICE LAING TRUST
LLOYDS TSB FOUNDATION
MONICA RABAGLIATI
LEWIS WARD TRUST

LEGACIES

ESTATE OF MISS M J SKRIMSHIRE
ESTATE OF MR P STORE

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THE CHILDREN IN DSTRESS WEBSITE

The Children in Distress website continues to be improved. The site reflects the changing nature of the work we support and can be found at www.childrenindistress.org. A further web site has been launched in Romanian and reflects the continued success of Copii in Dificultate our Romanian partner and operating organisation. This can be found at www.cid.org

Our Charity shops continue to be our presence in the High Street offering a service to their communities in Guisborough and Shildon as well as contributing to our work. Continuing competition and rising rental values continue to make a significant impact on shop viability therefore Trustees closely monitor their performance. We record our thanks to the shop managers and the volunteer staff involved and recognise their commitment.

This year Glasgow's most successful fundraising charity event, the Hamilton Portfolio Ball in aid of Children in Distress, and two major concerts and innumerable sports and social events and summer fairs were organised to assist our work, we acknowledge with profound gratitude the hard work involved by the organising groups of each and every one of them

The expertise and experience of our project teams remains key to the success of all of our projects, we therefore have continued to fund a comprehensive training and personal development programme. We have seen the application of Montessori techniques and first aid and resuscitation training for carers, as part of our therapists' insight training we have sponsored work placements in the UK and have helped nursing staff acquire certificated palliative care skills through our contacts with the Dangel Clinic in Warsaw.

This year's management training workshop brought together the project management teams and offered insights into social care and admission contracts and we continue to standardise report formats. Comparative internal audit has proven successful and is welcomed as beneficial by the project staff

the Charity's Christmas Love in a Box Christmas shoeboxes campaign to make sure that the poorest of Europe's children are not forgotten. The volunteers with the active support of the Charity's Chairman of Trustees some assistance from the Charity Admin staff and Link European the Charity's logistic company intend to collect and deliver before Christmas 2006 over 5000 boxes. They have involved schools local businesses, Rotary and Lions Clubs in Yorkshire in this exceptional and very worthwhile enterprise. This project will help fund many others in Romania.

DERMOT LAMB DIRECTOR OF OPERATIONS

Dermot Lamb announced on 28th February 2007 that he intended to leave to take up a new role as the Glasgow Director of Emmaus. Mr. Lamb made a significant contribution to the development of the Charity in the years immediately following the departure of our Founding Director. He leaves with the good wishes of all those who have had the pleasure and privilege of working with him. The Trustees record their appreciation of all the hard work that was involved in fulfilling the role of Director of Operations.

The Trustees considering the future determined to introduce a new organisation structure to deliver the envisaged not for profit company organisation advised by the Charity Commissioners of England and Wales. It was decided to recruit a Chief Executive to take on this key objective and to take the Charity forward.

After seeking appropriate guidance and advice and consulting staff in both Children in Distress and Copii in Dificultate and considering the most effective options, the post was offered to Alisdair Barron Chairman of Trustees. The new appointment took place from 2nd April 2007. Alisdair Barron resigned as a Trustee and was replaced as Chairman of Trustees by Canon Chris Samuels on 21st March 2007.

CHRISTMAS SHOEBOX CAMPAIGN

For the first time in a number of years a group of active volunteers intend to revive

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COPII IN DIFICULTATE CID RO

PATRON

Mrs. TESCA BARNETT- OSMAN
WIFE OF HM'S AMBASSADOR TO ROMANIA

BOARD of DIRECTORS

ALISDAIR FORSYTH BARRON
EXECUTIVE CHAIRMAN

DR. ROBIN DUNN
DIRECTOR & MEDICAL ADVISOR

PROF. DIMITRIE DRAGOMIR
MEDICAL DIRECTOR

PAUL KUBASZKY
REGIONAL DIRECTOR

DERMOT LAMB
DIRECTOR& PROJECT DEVELOPMENT
ADVISOR

VALENTINA ZAHARIA
BOARD SECRETARY

CARMEN TEODOR
PROJECT MANAGER
ST. ANDREW'S HOSPICE & CHILDREN'S COMPLEX
PITESTI

LAURA BARBU
PROJECT CO-ORDINATOR
ST CHRISTOPHER'S SHELTERED HOLIDAY CENTRE
CURTEA DE ARGES

KATHERINE BAINBRIDGE-GEROGESCU
PROJECT CO-ORDINATOR
ST LAURENCE CHILDREN'S CENTRE CERNAVODA

VALENTINA ZAHARIA
PROJECT DIRECTOR
ST. MARGARET'S HOSPICE AND CHILDREN'S COMPLEX
BUCHAREST

PAUL MOROSANU
PROJECT CO-ORDINATOR
ST. MICHAEL'S SCHOOL FOR CHILDREN WITH
AUTISM BUCHAREST

ANDREA ILIE
PROJECT CO-ORDINATOR
ST NICHOLAS CHILD DEVELOPMENT CENTRE
BUCHAREST

COPII IN DIFICULTATE

Copii in Dificultate CIDRO is our sister Charitable Foundation and operational arm in Romania

There has been continued improvement in the efficiency and effectiveness of administration benefiting from the centralisation of financial and administrative control in the Foundation's operational office base in Bucharest. This process has liberated the project teams to concentrate on operational issues and the development of treatment, education, and welfare of children in residential and respite care or being supported in the community in one of our many community nursing support programmes

The Foundation is increasingly recognised as the provider of best practice care tokened by their participation in the development of a number key child protection and care policies and in particular the national curriculum of children with autism and by unprecedented access offered to Senior Ministers and Secretaries of State in the Departments of Education, Labour and Social Protection and Health and the continued support of the British Ambassador and Embassy.

St Andrew's Children's Care Services Complex Pitesti

St Andrew's Children's Services Complex **opened** in 2003 and was this year described by Baroness Nicholson of Winterbourne, EU Rapporteur on Romanian, as the "model and blueprint for care services throughout the Balkans"

This remains a unique project which brings together the dynamism, flexibility, and expertise of an NGO and the experience and local knowledge of the Arges County Child Protection Department. The Complex offers alternative and complimentary services within the child care service envelope provided by the Child Protection strategy of Arges County.

The Mr Constantin Nicolescu, President of Arges County Council, being fully aware of the benefits joint programmes deliver; has invited the Foundation to assess participate other project opportunities in 2007 including the development of a new 14 bed respite and palliative care wing for St Andrew's Hospice. The Complex currently cares for children primarily with Hydrocephalus, and neuro-motor disabilities, offers palliative care for children with chronic or terminal conditions, children excluded from education or at risk of family or school abandonment or those coming from families experiencing the most acute family crisis and difficulties.

St Andrew's Hospice offers a wide range of services within the residential hospice for up to 14 infants and children with the most profound disabilities, where intensive high quality nursing and respite care, emotional support, rehabilitation and development has made significant contributions to long-term survival rates.

The services provided are;

- Long-term care
- Paediatric palliative care nursing and respite care
- Hydrocephalus shunt post operative care and rehabilitation
- Emotional care and support
- Specialist dietary and therapy programmes
- Rest recovery and rehabilitation
- Socialisation and leisure activities
- Family integration and support wherever possible..
- Physiotherapy, speech, occupational, play, dance and drama therapy to improve posture movement, dexterity and behaviours.
- Child, parental counselling and therapy
- Socialisation, learning in the community and other leisure activities
- Family counselling on the care and development of a child with special needs and the home adaptations to facilitate their child's independence.
- Therapy and support in the child's home and community

Local volunteer support throughout all aspects of the complex's services is actively encouraged

- 80% of children reached the highest possible level of motor and sensorial development
- 20% of children improved their health

St Andrew's Education and Child Development Community Services

Provide sheltered child development and education for children with disabilities and those outwith the state education system as result of HIV infection or at risk of life on the street. These services provide within the gradinita, school classes and Coremi project child development and tailored education and socialisation programmes.

Day care centre for disabled children

St Nicholas Child Development Centre at Pitesti to open in 2007 will be the logical development of a very successful community physiotherapy programme. The philosophy will radically improve the services on offer. The programme encourages family participation in all aspects of the rehabilitation process within the centre and at home.

Currently the multi disciplinary team of physiotherapists, speech and language, occupational and play, music and drama therapists, psychologist and paediatrician provide the following services to 99 children: 69 children with neuro-motor disabilities and congenital chronic heart diseases, 10 children who are infected with HIV virus or with AIDS, 10 children with risk of family and school abandonment.

- Delivering Assessment and periodical reassessment for 99 children in 7100 sessions of treatment:
- Physiotherapy, speech and language therapy, occupational therapy,
- Psychological counselling in centre and 1006 sessions of treatment at the home of children
- Psychological social counselling and support for parents
- Socialisation and leisure activities

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Results 2006

- 60% of children with neuro-motor disabilities improved their motor and manual abilities.
- 55% of children acquired or improved their life skills.

- 60% of children improved their speech and language skills.
- 60% of children improved their communication skills with other children, and adults.
- 80% of children improved their degree of socialisation.
- 7 children with disabilities were re-integrated in state schools.
- 15 wheelchairs were made available to children in the community as part of the wheelchair lease service

St Christopher's Sheltered Holiday Centre Curtea de Arges

Originally opened as a children's hospice today St Christopher's offers unforgettable holidays for children with HIV or special care needs, referred by Child Protection Departments, other NGO's or placement centre or projects throughout Romania. The Centre offers groups of up to 20 "holidays of a lifetime" each week, in one of the most beautiful and scenic parts of the country.

Its programmes includes trips to the Verdure dam, Curtea de Arges and Anioasa monasteries and the wonderful countryside in and around Curtea de Arges, which offer education and a country camp experiences to children, who have specialised care needs and provides programmes tailored to their age, educational attainment and condition of health aimed to improve their quality of life and offer them new life experiences and hope for the future.

The Centre also offers up to 50 children from the local area access to computer training, language tuition and educational and socialisation programmes.

The Centre team also co-ordinates the Foundations Romanian disaster relief activities.

ST LAURENCE CHILDREN'S CENTRE CERNAVODA

St Laurence opened in March 1992 and was then Romania's only hospice for children in the terminal phase of HIV AIDS and associated opportunistic infections. The St Laurence philosophy is to offer a safe, secure, loving

environment where children can live their last few days of life with dignity, surrounded by love, affection and the highest standards of nursing care.

St Laurence has offered a home to over 300 children with HIV infection, many children have returned to health and found new homes with their natural families, foster care or other Foundations. Today, some 53 infants, children, adolescents and young adults are cared for within the Centre's on site houses and in-community family home based care.

These include supported and independent living houses, where young people are taught the essential skills they require for life in the community. Today St Laurence offers care to HIV positive infants and children abandoned by their families or placed by the Constanta and adjacent Counties Child protection systems, our social care staff are active in reintegrating children with their natural families or sourcing foster carers to facilitate their social care and development.

The Centre's services provided are;

Long-term residential care

-
- Specialised nursing and medical care
- Independent living skills and community rehabilitation
- Emotional support and psychological counselling
- Specialist dietary and therapy programmes
- Education, employment skills and rehabilitation
- Socialisation and leisure activities
- Family integration and support wherever possible.
- Community based care and monthly food parcel programmes

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Results 2006

- All of the children improved their condition of health despite being HIV positive
- 80 % of children acquired independent life skills
- 10 children were integrated in a normal school
- 3 teenagers were integrated in a vocational school

As part of the programme to development or improvement of the family relations between children and their natural family

- 2 children found foster parents
- 12 teenagers were reintegrated with their own families or relatives
- 15 families were offered social counselling and legal advice

St Margaret's Child Services Complex

Offers a range of child care services
St Margaret's Hospice
St Macrina's Day Centre & Education Programme
St Michael's School for Children with Autistic Spectrum Disorders
St Nicholas Child Development Centre

St Margaret's Hospice has operated since 1999, in a building specially adapted to the needs of, care and recovery of children with disabilities and the facilities surpasses the quality standard laid down by current legislation in the field of child protection.

Our mission is to meet the physical, psychological, social and emotional needs of children and offering their families, a multiple nursing and therapy service programme, delivered by a team of qualified professional specialists.

The specialised hospice and respite care centre for children with profound disabilities or who have chronic neurological disorders, arising from genetics, infections or developmental problems.

The Centre provides 15 intensive care places and the specialist team includes a co-ordinator, social worker, paediatrician,

physiotherapists, paediatric nurses, social mothers, dietician and professional care assistants.

Services Provided;

- Long-term care
- Paediatric and palliative care nursing and respite care
- Emotional care and support
- Specialist dietary and therapy programmes
- Rest recovery and rehabilitation

- Socialisation and leisure activities
- Family integration and support wherever possible

Results: 2006

- 85% of the Centres children have maximised their level of motor and sensory development
- 15% of the centres children have improved health and condition
- 1 child has improved and integrated into school
- A general improvement in relations between the Centre's children and their natural families

ST MACRINA'S STREET CHILDREN'S DAY CENTRE AND EDUCATION PROGRAMME for Street Children, at risk of abandoning school and family life.

This centre helps up to 30 children and is operated in partnership with the foundation which directly cares for children abandoned or exposed to a life on the streets of Bucharest.

The services provided are;

- Education and specialised tutoring services
- Nursing and medical care
- Food and nutrition
- Child and family social and psychological counselling
- Socialisation, leisure and community learning activities
- Support in the family and the community

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Results 2006

- 90 % of children acquired or developed the educational capacity necessary to integrate in the educational process
- 95 % of children improved their academic performance and passed the school leaving examination with high marks
- 90% of children improved their socialisation skills and ability
- 85% of children developed or improved communication skills

INTERNATIONAL AUTISM CONFERENCE MAY 2006

A conference for over 300 delegates is planned for May 2006 and it is intended to

bring the leading European experts in the field of Autism research and child development to advocate on behalf of those living with ASD, to offer their families hope, to influence the education and training of consultants and students working in the field and above all improve the facilities, treatment, education and care offered by local and national authorities.

St Michael's School for children with Autistic Spectrum Disorders

St Michael's School addresses the needs of children with ASD, aged between 3-10 years of age, the multi disciplinary team of specialist comprises: a project co-ordinator, psychologist, specialist teachers and tutors specially trained to apply the latest theories and techniques and methods in the education and development of children with ASD Applied Behavioural Analysis (ABA), Picture Exchange Communication Systems (PECS) and (TEACCH) The centre has places for 65 children in the gradinuta and junior classes

The services provided are:

- Psychological and behavioural evaluations with periodic re-assessments for 45 children.
- Individually tailored education and child development therapies using latest methods ABA.
- Preschool and school education
- Socialisation and leisure learning activities.
- Advocacy and community support.
- Counselling and training for upwards of 20 parents to continue therapies at home
- Programmes of socialisation and leisure activities.

The School provides support services to a number of independent parents self help groups which provide education and care for small groups of children with ASD in centres throughout Romania.

Results 2006

- 80% of children developed or improved their communication skills
- 65% of children acquired the independent life skills
- 55% of children were integrated in school
- 40% of children improved the degree of independence and social interaction

St Nicholas Child development and Therapies Centre

The Centre operates within the St Margaret's complex, and is dedicated to the care and development of children with neuro-motor, orthopaedic, delay syndrome, traumatic stress, speech and language, hearing and learning disorders.

This project is fully supported by Dr. Victoria Amadi one of the United Kingdom's renowned Child Development Consultants and Alyth Hughes CID's Physiotherapy Consultant in providing the following services to upwards of 125 children.

The multi disciplinary team of physiotherapists, speech and language, occupational and play, music and drama therapists, psychologist and paediatrician

- Physiotherapy, speech, occupational, play, dance and drama therapy to improve posture movement dexterity and behaviours.
- Child, parental counselling and therapy
- Socialisation, learning in the community and other leisure activities.
- Family counselling on the care and development of a child with special needs and the home adaptations to facilitate their child's independence.
- Therapy and support in the child's home and community.

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In 2006 this was delivered in 6126 sessions of treatment of physiotherapy, speech and language therapy, behaviour therapy, occupational therapy, psychological counselling.

- Psychological counselling for 27 parents; social counselling and support for 16 families with a view to obtaining the legal rights for child.
- Support and advice for 15 families to make their home accessible for children with motor disabilities.
- Support for 9 families to obtain or in the manufacture and use of therapeutic prostheses
- Quarterly reassessments for 40 children in therapy programmes.
- Post discharge monitoring & medical review and reassessments for 8 children

Results 2006

- 8 children totally corrected their speech and language disorder
- 6 children totally resolved their motor disabilities
- 60% of children with neuro-motor disabilities improved the motor and manual dexterity
- 80% of children acquired or improved life skills
- 70% of children improved their speech and language skills
- 65% of children improved their interaction and communication skills with other children and adults
- 50% of children improved their behaviour in family and community settings.
- Training for parents teaching specific techniques to continue the Centre's therapy programme at home as part of the personalised care plan established by the specialists' team.

This project has continued to attract considerable support and earmarked funding particularly from the Lloyds TSB Foundation Overseas Grants Scheme as well as numerous individual donors. We record our appreciation of their support.

PARTNERSHIP PROGRAMMES

VIDIN ORPHANAGE THERAPY PROJECT

This project run by Bulgarian Children's Aid based within the state orphanage in the Bulgarian town of Vidin was supervised remotely by CID UK. The concept was to bring modern therapy techniques to the care and development of children with disability from the orphanage, the local town, and the adjacent rural hinterland of the Montana. Over the last few years the project has failed to deliver the standards of therapy required and in December 2006 funding was finally withdrawn. Since that date alternative European Union funding has been procured and CID has offered to assist with training and performance audits. The Charity has commissioned two comprehensive reviews of services required and there are strong indications that a need exists for a child

development centre in Sofia and that is planned to be taken forward in 2007

This development will feature in the revised development plan presented to Trustees for review in 2007

FUNDATIA VASILIANA, CRAIOVA AND FUNDATIA PARASCHIVA, SLOBOZIA, PARTNERSHIP PROGRAMMES offer financial and community based educational and social care for children and young people with HIV/AIDS and other terminal and chronic illnesses

In Craiova St. Mungo and St. Dimitrie Children's Day Centre, cares for 340 children by HIV AIDS with disabilities, from the counties of Dolj, Gorj and Mehedinti and those children with a high risk of family and school abandonment also benefit from the services provided

- Education, employment skills and rehabilitation
- Socialisation and leisure activities
- Family integration and support wherever possible.
- Community based care and monthly food parcel programmes

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FUNDATIA VASILIANA, CRAIOVA AND FUNDATIA PARASCHIVA, SLOBOZIA, PARTNERSHIP PROGRAMMES

In their Education and socialisation programmes the results were more than satisfactory in that

- 80% of children developed or improved their communication skills.
- 90% of children improved the degree of socialization.
- 90% children studied and improved their school performance.
- facilitate their child's independence.
- Therapy and support in the child's home and community.

ST. PARASCHIVA COMMUNITY NURSING PROGRAMME, BRAILA COUNTY

This project is funded by Children in Distress and managed by our partners the Fundația Cuvioasa Paraschiva

The Braila Community project compliments the hospice and children's placement centre

in Slobozia that was formerly run by Children in Distress as St Thomas's Hospice.

From its base, the Fundația Cuvioasa Paraschiva team actively supports 25 children throughout Braila and Ialomite counties living with HIV AIDS or in the final phase of terminal illness.

These are the poorest rural agricultural counties in Romania.

The children are the very poorest of the poor, who require not merely medication and nursing care but support with all of the basic necessities of life particularly in the winter, firewood for heating and cooking, food and clothing.

A further 20 children receive food supplements and assistance as funds allow.

The project team have been given additional financial assistance in developing a wider ranging service offering palliative care and independent living for those with HIV AIDS more in line with that offered by the Charity's programmes in Bucharest and Cernavoda.

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St Michael's School for Children with Autistic Spectrum Disorders
5, Neatarnarii rd. Sector 1 Bucharest
Tel/fax: +40-(0)21-667 64 33
e-mail: sf.mihail@cid.org.ro

St Nicholas Child Development and Therapies Centre
16, Radu de la Afumati
Tel/fax: +40-(0)21-210 31 21
e-mail: bucuresti@cid.org.ro

Contact Information

St Andrew's Complex of Child Care Services
B-dul. Petrochimistilor nr.18, Pitesti, Arges
Tel: +40-(0)248 25 11 32; Fax: +40-(0)248 25 11 12
e-mail: pitesti@cid.org.ro; www.cid.org.ro

St Christopher Sheltered Holiday Centre
Str.Valea Sasului nr.80, Curtea de Arges
Tel/Fax: 0248 72 25 27;
e-mail: curteadearges@cid.org.ro;

St Laurence Children Centre
Str. 1907 nr.10; Cernavoda, Constanta
Tel/Fax: 0241 23 75 15
e-mail: cernavoda@cid.org.ro

St Margaret's Complex of Child Care Services
16, Radu de la Afumati st.
Tel/fax: +40-(0)21-210 31 21
e-mail: bucuresti@cid.org.ro

St Macrina's Day Centre and Early Intervention Education Programme

Trustees Report

OUR UNCHANGING MISSION, VISION & OBJECTIVE

“To cure sometimes; to help, often; to comfort, always”

To offer love and care to children living with HIV AIDS or other incurable or terminal illness, In our Hospices, Children’s Centres and Community Based Programmes, irrespective of their race religion or creed; to bring quality of life and dignity in death to children abandoned and forgotten, who would otherwise have neither.

TRUSTEES AND ADVISORS

Our “vision” has not changed throughout the seventeen years in which we have served Europe’s forgotten children .Our Trustees and advisors maintain the terms of our Founding Deed drafted in 1990 and the amendment accepted in 1992 as part of our registration with the Charity Commission of England and Wales, however to ensure its relevance this is constantly reviewed and that review process will result in 2007 in an application to the Charity Commission for England & Wales and the Scottish Charity Regulator for approval for incorporation as a charitable company in Scotland.

For all Trustees a prime consideration is ensuring the financial viability of all that we do, to that end the Trustees retain experienced professional Financial and Banking Advisors and act prudently in matters of investment. As a small relatively new charity, we have had limited opportunity to create substantial financial reserves. The Charity’s cash reserve is held mainly in termed higher investment rate bank deposit. The values of returns are closely monitored to ensure the maximum benefit and contribution to the work of the Charity.

The Trustees apply their investment powers with prudence under professional guidance.

The Trustees stated objective to achieve an ongoing reserve of a full six months operational cost. 4 months have been achieved in this financial year.

The Trustees have adopted policies practices, guidelines, and operational procedures to protect the rights of employees and the interest of the Charity. These comply with best practice, current legislation in the United Kingdom and the SORP guide issued by

the Charity Commission of England and Wales. In this financial year new policies have been revised and implemented on Trustee Recruitment Induction and Training familiarisation visits, Risk Assessment, Project & Employee Performance Management and the Care and Protection of the Vulnerable. The Governance and Employee Manuals have been revised accordingly.

In the reported year, three Trustees retired; Dr Norman How felt unable to continue as a Trustee for family and personal reasons; Michael East and Rev Clive Parnell-Hopkinson retired on rotation and were replaced by Rev June Hurn a long time supporter and volunteer and Donald McPhail a social work services consultant with extensive experience of child care and protection.

The Trustees serve as Members of the Board of Trustees of Children in Distress. The present Trustees as are shown on Page 2. All Trustees served throughout the period with the exception of Mrs Julia Clarke who tendered her resignation with effect from 5th July 2005. Each has contributed much to the success of Children in Distress throughout their tenure as our Trustee and our thanks for all that they have done are ex

ACHIEVEMENTS

The Charity evaluates its performance in terms of the quality of care provided in the projects it supports, the numbers of children touched by the work supported and lives sustained in each project. There has been a continued improvement in the quality of care sustained by the training and development of the staff, the commitment to new practice and procedures, and the external audit process supported by medical members of the Advisory Group.

With respect to the increasing number of children touched by the work of the Charity, there has been a clear sustainable increase in lives improved as individual programmes were developed or expanded to meet newly identified needs.

During the period the Charity registered some 4500 children and young people in its programmes.

Children in Distress, does face challenges in terms of maintaining and developing funding streams at present levels. The donor public are being faced with increasing requests to assist world wide emergencies and at home donors are asked to support projects that previously were thought of as local or national authority funding issues.

With this increasing competition for the donor pound, comes an increasing sophistication in donor decision making. Donors offer and seek personal involvement and ongoing and differing levels of contact and communication that may be difficult for a small organisation with a limited but cost effective staffing structure to deliver.

The Board of Trustees is developing a fundraising strategy as a priority to move the charity over the medium term to a situation where it is less dependent on individual one off donations to sustain its work

The Trustees of Children in Distress accept that the Charity is now primarily a grant making and support services Charity. The Charity's key revenue streams still mainly depend on individual donors and the support of Churches of all denominations, associated church organisations and schools. The Board of Trustees have however determined that the Charity should seek to diversify its income base and for this reason has continued the appointment of a fundraiser to increase the charity's applications to Grant Making Trusts. An additional regionally based appointment focussed on both fundraising and the development of volunteer support is envisaged for the year ahead.

The Trustees have also insisted as part of the project funding process and now increasingly require that project's national and local authorities play their part in funding projects and services by contributing a degree of matched funding. They have also asked that projects ensure that any local labour subsidies defined in statute should wherever possible be obtained. All work necessary to ensure the rebate of TVA or VAT have also been put in place and the financial organisation of the Romanian projects has been centralised to maximise efficiencies. Work to achieve these objectives on-going.

The previous strategy of donor development has consistently delivered below expectations; therefore the year ahead will see a return to more traditional direct contact with those church organisations that supported the Charity so well in the past.

RESERVES

The Trustees have long expressed their objective to see a full six months operational costs held in a financial reserve. Sadly with limited investments bank reserves, earmarked funds continued projects developments, this objective may be closer at 4 months but not yet fully achieved in this financial year.

Trustees will continue to act with prudence however remain committed to answer the needs of children in distress drawn to their attention wherever possible.

FRS 17 RETIREMENT BENEFITS

Children in Distress offer no formal employee pension plan however makes a financial contribution to the private personal pensions plans of the two employees based in the United Kingdom who have private arrangements with Clerical & Medical Assurance. Others have waived their rights to stakeholder pension provision.

The disclosure provisions of FRS17 Pension liability in terms of these accounts are therefore not applicable.

EMPLOYEE RECRUITMENT AND EMPLOYMENT POLICIES

The Charity is committed to free and open communication and has involved its staff in its performance and development. Everyone is to be congratulated for their contributions to the financial stability achieved in another very financially challenging year and for the enhanced commitment to the children in our care.

As an organisation we are committed to equal opportunities and seek to employ wherever practical those who are less abled and ensure that they have every opportunity to be the best that they can be.

FUTURE PROSPECTS

The Board of Trustees believe strongly that the future prospects of the Charity are positive and opportunities in Eastern Europe particularly Moldova and the Ukraine are infinite.

A deal of work has been done this year to clarify the Charity's mission and service delivery strategy, to determine the best organisational structure to meet these objectives and to create an efficient and effective management capacity in each of the funded projects it supports. Developments particularly in Romania, with the move to the contracting of specialised child care service offer further opportunity to build on current expertise. There is a continual focus on improving the quality of services and the efficiency of the service and support infrastructure to position the Charity as a mainstream provider of choice for a number of core services by a range of agencies and authorities.

The Charity is part of NIDOS, The Network of International Development Organisations in Scotland and actively shares and contributes to the pool of expertise it members hold.

The Charity also aspires to best practices in fundraising through membership of the Fundraising Standards Board

CORPORATE GOVERNANCE

The Board of Trustees comprises 9 non-executive Trustees, who serve without payment and all have foregone the reimbursement of travelling expense but one who is partially reimbursed in his capacity as Medical Advisor.

The Board agrees a schedule of regular meetings normally five to be held each calendar year and also meets on other occasion as required.

There is an agreed list of matters which the Board has formally reserved to itself for decision

- The approval of the Charity's strategy, actions consistent with its charitable objectives, capital expenditure financial statements
- The appointment and membership of the Board of Trustees
- Risk Assessment & management.

Responsibility for certain matters is delegated to Board Committees

- Trustee Management Executive Group.
- Corporate Finance, Information Technology & Audit Group reviews accounting principles, policies and practices adopted in the annual accounts and discusses with the auditors the result and scope of the audit. The members review the performance of the finance systems and the performance of the auditors. The Committee meets at least once a year and the Director of Operations and Accountant are ex-officio members
- Governance and Legal Advisory Group,

Sub-Committees

- Advisory Group
- Fundraising and Public Relations

Each Committee and Sub Committee has its decisions ratified by the full Board.

Day to day management of the Charity is devolved to the Director of Operations who has access for advice to the Trustee Management Executive Group.

Children in Distress
Financial Statements
for the period ended 30 September 2006

Trustees receive comprehensive financial statements and management reports and full Board papers are sent to each Trustee in sufficient time before Board meetings and further papers and information is available to all Trustees on request. Papers include Minutes of Committee & Sub Committee Meetings and the Chair of each Committee is normally available to offer a verbal report on Committee proceedings at the full Board meeting if appropriate.

All Trustees bring independent judgement to bear in the issues of strategy, performance, key appointments, and policies.

Trustees normally serve for a three year period and may be reselected for a further two terms of three years.

The Director of Operations and Accountant are invited to attend Board Meetings.

RISK ASSESSMENT & MANAGEMENT

The Trustees review as required, the major risks which the Charity faces and believe that maintaining free reserves at the levels started above combined with constant review of the controls over key financial expenditure and systems carried out by the audit process provides sufficient resources in the event of adverse conditions. The Trustees constantly examine all operational and business risks faced by the Charity and confirm that they have established systems to mitigate the significant risks.

Charity law in the United Kingdom requires that Trustees prepare financial statements for each financial year which give true and fair view of the state of affairs of the Charity and the surplus or deficit for that period. In preparing these financial statements the Directors have:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the statements.
- Prepared the financial statements on a going concern.

The Trustees are 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 current legislation. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention of fraud and irregularities.

The Trustees are responsible for ensuring that the Trustees' report and other information included in the annual report is prepared in accord with company and Charity Law in the United Kingdom

ON BEHALF OF THE BOARD OF TRUSTEES

CHAIRMAN OF TRUSTEES
19MARCH20

Children in Distress
Financial Statements
for the period ended 30 September 2006

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 2006 on pages 25 to 40 which have been prepared in accordance with the financial reporting standard for smaller entities (effective January 2005), 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 22 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.

Children in Distress
Financial Statements
for the period ended 30 September 2006

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.

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 2006 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
Financial Statements
for the period ended 30 September 2006

Income and Expenditure Account Incorporating Statement of Financial Activities
For The Year Ended 30 September 2006

	Restricted Notes	£	2006 Unrestricted £	2005 Total £	Total £
INCOME AND EXPENDITURE					
Incoming resources					
Donations, legacies & gifts in kind	2	25,977	839,498	865,475	763,420
Other incoming resources from operating activities					
- Charity Shops income	3	-	43,812	43,812	62,737
Investment income		-	3,990	3,990	724
Total incoming resources		25,977	887,300	913,277	826,881
Resources Expended					
Cost of generating funds	4	3,200	229,634	232,834	231,888
Charitable expenditure					
- Direct charitable expenditure	4	54,359	504,702	559,061	552,581
- Support costs	4	400	7,663	8,063	9,190
Governance	4	400	19,471	19,871	32,607
Total resources expended		58,359	761,470	819,829	826,266
Net incoming resources		(32,382)	125,830	93,448	615
Transfers		6,113	(6,113)	-	-
Other recognised gains & losses					
Unrealised gain on revaluation of investment			1,869	1,869	573
Realised loss on disposal of investment			(4,345)	(4,345)	(3,788)
Net movement in funds for year		(26,269)	117,241	90,972	(3,746)
Total funds brought forward		29,072	85,975	115,047	118,793
Total funds carried forward		2,803	203,216	206,019	115,047

CONTINUED OPERATIONS

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

Children in Distress
 Financial Statements
 for the period ended 30 September 2006

Balance Sheet
 As At 30 September 2006

	Notes	2006		2005	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7		4,401		10,289
Investments	8		28,824		63,007
			-----		-----
			33,225		73,296
 Current assets					
Stocks		35,000		-	
Debtors	9	14,330		9,278	
Cash at bank and on hand		135,383		45,106	
		-----		-----	
		184,713		54,384	
 Creditors : amounts falling due in one year	10	(11,919)		(12,633)	
		-----		-----	
Net current assets			172,794		41,751
			-----		-----
Total assets less current liabilities			206,019		115,047
			-----		-----
 Net assets			206,019		115,047
			-----		-----
 Funds					
Restricted	12		2,803		29,072
Unrestricted	13		203,216		85,975
			-----		-----
			206,019		115,047
			=====		=====

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



.....Canon Christopher Samuels, Chairman of Trustees



..... Trustee

Date:

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 2005") 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. Donated services are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included.

GRANT GIVING

Funds transferred to Romania are now shown as grants payable to the projects. 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.

Children in Distress
Financial Statements
for the period ended 30 September 2006

Notes to the Accounts
For The Year Ended 30 September 2006

ACCOUNTING POLICIES CONTINUED

RESOURCES EXPENDED

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

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

Notes to the Accounts
For The Year Ended 30 September 2006

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	10% fundraising costs 80% 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 two 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.

Notes to the Accounts
For The Year Ended 30 September 2006

ACCOUNTING POLICIES CONTINUED

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.

STOCK

The donations of second hand goods to the charity shop for resale are not valued and recognised as stock.

Other donated goods in kind which at the year end, have not been utilised by the charity, are valued on the basis used for income recognition for gifts and services in kind and are carried in the balance sheet at that value.

Notes to the Accounts
 For The Year Ended 30 September 2006

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.

PENSIONS

Pension payments represent contributions to personal pension 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.

2. DONATIONS LEGACIES - GIFTS IN KIND

	Restricted	2006 Unrestricted	2005 Total	Total
	£	£	£	£
Legacies	-	81,813	81,813	2,000
General donations Gift Aid etc.	25,977	643,753	669,730	728,020
Gifts in kind	-	113,932	113,932	33,400
	-----	-----	-----	-----
	25,977	839,498	865,475	763,420
	-----	-----	-----	-----

3. CHARITY SHOP INCOME

	2006 £	2005 £
Sales	43,812	62,737
Overheads	37,395	60,320
	-----	-----
Contribution	6,417	2,417
	-----	-----

Children in Distress
Financial Statements
for the period ended 30 September 2006

Notes to the Accounts
For The Year Ended 30 September 2006

4. RESOURCES EXPENDED

Costs of Generating Funds	Direct Charitable Expenditure £	Support £	Costs £	Total Governance £	Total 2006 £	2005 £
Printing, appeals, advertising, publications and exhibitions	61,896	-	-	-	61,896	57,223
Shop expenses	-	-	-	-	-	-
Wages and salaries	17,487	-	-	-	17,487	31,042
Rent and rates	15,109	-	-	-	15,109	21,074
Heat and light	1,892	-	-	-	1,892	1,745
Repairs, sundries and telephone	274	-	-	-	274	3,233
Motor expenses	2,633	-	-	-	2,633	3,226
Gifts in kind	-	73,777	-	-	73,777	46,315
Grants	-	425,326	-	-	425,326	439,598
Romanian wages	-	7,437	-	-	7,437	18,287
Travel and subsistence	-	16,599	-	-	16,599	15,336
Carriage and general transport	-	5,115	-	-	5,115	5,628
Romanian children's' visit	-	-	-	-	-	-
Wages and salaries UK	54,804	15,658	-	7,829	78,291	64,579
Pension costs	4,468	-	559	559	5,586	6,116
Wages - fundraising	15,793	-	-	-	15,793	6,225
Expenses - fundraising	-	-	-	-	-	1,454
Rent and rates	14,560	-	1,820	1,820	18,200	21,513
Heat and light	-	-	-	-	-	281
Insurance	1,676	-	210	210	2,096	2,101
Repairs and renewals	209	-	26	26	261	518
Postage, stationery, copying, advertising and computer costs	14,250	-	1,781	1,781	17,812	12,403
Motor expenses	3,828	-	479	479	4,786	3,859
Transport and warehousing	5,532	-	-	-	5,532	-
Carry forward	214,411	543,912	4,875	12,704	775,902	761,756

Children in Distress
Financial Statements
for the period ended 30 September 2006

Notes to the Accounts
For The Year Ended 30 September 2006

4. RESOURCES EXPENDED CONTINUED

Costs of Generating Funds	Direct Charitable Expenditure	Support	Costs	Total Governance	Total 2006	2005
	£	£	£	£	£	£
Brought forward	214,411	543,912	4,875	12,704	775,902	761,756
Refurbishment and relocation costs	-	-	-	-	-	3,115
Telephone	1,463	2,926	488	-	4,877	6,048
Legals	-	-	-	-	-	1,146
Equipment leasing	8,668	-	1,084	1,084	10,836	13,640
Hotel and travel expenses	665	5,316	664	-	6,645	5,935
Book keeping	-	-	-	-	-	12,922
Audit and accounts	-	-	-	4,288	4,288	4,634
Bank charges	-	2,823	-	843	3,666	4,935
Bank interest	-	-	-	-	-	58
Sundry expenses UK	1,317	-	164	164	1,645	616
Sundry expenses Romania	-	4,084	-	-	4,084	1,100
Depreciation	6,310	-	788	788	7,886	10,361
	-----	-----	-----	-----	-----	-----
	232,834	559,061	8,063	19,871	819,829	826,266
	=====	=====	=====	=====	=====	=====
	=					

The operations in Romania and Bulgaria are 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 are treated as grants. The monthly transfers are all sent to the main bank account of Copii in Dificultate in Romania to support the various projects (see note 5).

Children in Distress
Financial Statements
for the period ended 30 September 2006

Notes to the Accounts
For The Year Ended 30 September 2006

5. GRANTS IN ROMANIA: COPII IN DIFICULTATE

The following is an abstract of the income and expenditure for the year ending 30 September 2006 for Copii in Dificultate. This incorporates the income and donated goods and services from Children in Distress in the UK to show a complete picture of the financial activity for the period. The only exception to this is that Copii in Dificultate meet the salary costs for the project at St Michaels. The rest of the costs of this project are met by the project partner and are not shown here.

	2006 £
<u>Income from the UK</u>	
Income from Children in Distress UK	425,326
Goods and services donated from UK	73,400
 <u>Self generated funds</u>	
From Government bodies	118,007
Individual donations and parental contributions	30,509
Sponsorship from companies and other funders	25,380
Income from insurance claims	2,786
Bank interest received	229
	----- 675,637 -----
 <u>Expenditure</u>	
Salaries and taxes	228,325
Professional services and donated goods and services	126,002
Food consumables, medicines and funeral costs	67,744
Establishment costs, utilities and vehicle costs	94,484
Office and conference materials, publicity, travel and transport	76,422
Sundries	4,755
Donations to other NGOs and projects	22,776
Depreciation	6,942
	----- 627,451 =====
 Surplus	 48,187 =====

Notes to the Accounts
For The Year Ended 30 September 2006

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 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 £613 (2005 - £35).

7 TANGIBLE FIXED ASSETS

	<u>Total</u> £	<u>Office Equipment</u> £	<u>Fixtures & Fittings</u> £	<u>Motor Vehicles</u> £
COST				
At 1 October 2005	95,200	58,970	34,030	2,200
Additions	2,000	-	-	2,000
Disposals	(51,059)	(21,029)	(30,030)	-
	-----	-----	-----	-----
As at 30 September 2006	46,141	37,941	4,000	4,200
	=====	=====	=====	=====
DEPRECIATION				
At 1 October 2005	84,911	49,919	34,030	962
Provided	7,888	7,080	-	808
Eliminated on disposals	(51,059)	(21,029)	(30,030)	-
	-----	-----	-----	-----
As at 30 September 2006	41,740	35,970	4,000	1,770
	=====	=====	=====	=====
NET BOOK VALUE				
As at 30 September 2006	4,401	1,971	-	2,430
	=====	=====	=====	=====
As at 30 September 2005	10,289	9,051	-	1,238
	=====	=====	=====	=====

8. FIXED ASSET INVESTMENTS

	Total £	Listed £
Brought forward	63,007	63,007
Additions	-	-
Disposals	(31,707)	(31,707)
Unrealised gain on revaluation	1,869	1,869
Realised loss on disposal	(4,345)	(4,345)
	-----	-----
	28,824	28,824
	-----	-----

Notes to the Accounts
 For The Year Ended 30 September 2006

8. FIXED ASSET INVESTMENTS CONTINUED
 Listed investments Futura Medical

In 2003 the charity received a donation of 125,000 shares in Futura Medical. During the year, 53,500 of these shares were sold realising £31,707. Since the year end the remaining 40,000 have been sold realising £28,824 and are carried in the balance sheet at this value.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
VAT	83	1,324
Prepayments	14,247	7,954
	-----	-----
	14,330	9,278
	=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade creditors and accruals	9,432	10,152
Social Security and other taxes	2,487	2,481
	-----	-----
	11,919	12,633
	=====	=====

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted	Unrestricted	Total
	£	£	£
Tangible fixed assets	-	4,401	4,401
Investments	-	28,824	28,824
Current assets	2,803	181,910	184,713
Current liabilities	-	(11,919)	(11,919)
	-----	-----	-----
	2,803	203,216	206,019
	=====	=====	=====

Notes to the Accounts
 For The Year Ended 30 September 2006

12. RESTRICTED FUNDS

	Balance at 01.10.05	Incoming	Outgoing	Transfers	Balance at 30.09.06
	£	£	£	£	£
Catholic Observer	6,734	-	6,734	-	-
Gifts in kind - office equipment	4,000	-	4,000	-	-
Lloyds TSB Foundation	16,338	1,642	22,164	4,184	-
ACT Foundation	2,000	-	2,000	-	-
Oakdale Trust	-	500	502	2	-
Beatrice Laing Trust	-	2,500	2,622	122	-
The Casey Trust	-	2,500	2,502	2	-
Lets Help Them Win	-	3,200	4,994	1,794	-
Andrew and Jane Catton	-	4,000	3,155	-	845
Gillian M Dawes	-	500	502	2	-
Constance Green Foundation	-	10,000	9,042	-	958
All Saints Awbridge	-	135	142	7	-
Fund A Physio	-	1,000	-	-	1,000
	-----	-----	-----	-----	-----
	29,072	25,977	58,359	6,113	2,803
	=====	=====	=====	=====	=====

The Catholic Observer fund is to underwrite the cost of converting the parish house at St Mungo's and St. Demitrie Centre, Craiova to create an HIV Outreach project.

The Lloyds TSB Foundation fund is to fund the salaries of medical staff in the St Nicholas Child Development and Therapies Centre in Bucharest.

The ACT Foundation grant is to fund the cost of equipment.

Notes to the Accounts
 For The Year Ended 30 September 2006

13. UNRESTRICTED FUNDS

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

	2006	2005
	£	£
Core costs (3 months provision)	161,000	150,000
Surplus/(shortfall)	42,215	(64,025)
	-----	-----
General fund balance	203,216	85,975
	=====	=====

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.

14. EMPLOYEES

	2006	2005
	£	£
Wages and salaries	109,897	123,489
Employer's NIC	9,115	8,839
Pension costs	5,585	6,116
	-----	-----
	124,594	138,444
	=====	=====

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

	2006	2005
Administration support and management	3	3
Direct charitable	1	1
Fundraising	3	3
	----	----
	7	7
	===	===

Notes to the Accounts
For The Year Ended 30 September 2006

EMPLOYEES CONTINUED

No employee earned £60,000 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.

Children in Distress
Financial Statements
for the period ended 30 September 2006

Notes to the Accounts
For The Year Ended 30 September 2006

15. FINANCIAL COMMITMENTS

At 30 September 2006 the Charity has annual commitments under non-cancellable leases as follows:-

	Land and Buildings £
Expiry date	
Less than one year	15,224
Two to five years	5,566
Over five years	-

	20,790
	=====

16. INDEMNITY INSURANCE

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

17. RELATED PARTIES

Alisdair F Barron, Dr Robin Dunn, Trustees of Children in Distress and Dermot Lamb the Charity's Director of Operations hold appointments as directors of the Copii in Dificultate Foundation (Children in Distress Romania), a sister organisation which manages the projects supported by Children in Distress