

ANNUAL REPORT & FINANCIAL STATEMENT

30th September 2007



Charity No 1001327
Scottish Charity Registration SC0 39383

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

CONTENTS

03	Charity Information
04	Chairman and Chief Executive's Introduction
05-23	Trustees' Report <ul style="list-style-type: none">- Aims and Objectives- Achievements and Performance- Future Plans- Governance
24	How to contact us
25-27	Thank you listing
28-29	Independent Auditors' Report
30	Statement of Accounts
31	Balance Sheet
32-45	Notes on the Financial Statements

Charity Information

PATRON UNITED KINGDOM

Rt Rev and Rt Hon Archbishop
David Hope, Lord Hope of Thornes KCVO
PC

GOODWILL AMBASSADOR ROMANIA

Mrs Amalia Nastase

TRUSTEES

Canon Chris Samuels (Chair)

Victoria Amadi
Alisdair Barron MBE (Resigned 30th March 2007)
Robin Dunn
Christine Henderson-Docherty
Alyth Hughes

June Hurn

Donald McPhail

Sir Neil Thorn OBE TD DL

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AUDITORS

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INVESTMENT ADVISORS

Bell Lawrie White
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Glasgow G2 5TS

PATRON ROMANIA

Tesca Barnett-Osman
(Wife of HM Ambassador to Romania)

MANAGEMENT TEAM

Alisdair Barron MBE	Chief Executive (Appointed 2 nd April 2007)
Karen Caswell	Shop Manager - Guisborough
Elizabeth Cliff	Administration & Sponsorship Manager
Allan Gallagher	Accountant Part Time
Joyce Hutchinson	Shop Manager - Shildon
Dermot Lamb	Director of Operations (Resigned 30th March 2007)
Joan Morrison	Funding Development Manager - Scotland & Northern Ireland
Jane Russell	Funding Development Manager - North
Sinita Salam	Administration Assistant

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Glasgow G1 3P

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133 High Street
Ilford
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Barclays Bank PLC
93 High Street
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Yorkshire DL7 8LF

Chairman & Chief Executive's Introduction

We would like to welcome you to the Children in Distress 2006/07 Annual Report and Financial Statement

The past year has continued the challenge, change and opportunity that have been so much of a feature of our work over the last five years. We have seen changes at the top of our management team, following the departure of Dermot Lamb, who provided a safe and confident pair of hands and did so much to stabilise and develop our operations after the departure of our Founding Director. We experienced financial challenges, inevitable for a small charity so dependent on donor income to deliver its mission; however our continued prudence and the generosity of individual supporters and organisations has allowed us to increase our annual turnover and gifts in kind income by 9.4 per cent. We continued our programme of planned quality improvements in standards of care, facilities, practices and procedures and, more importantly, we have been able to support ever more terminally and incurably ill children and young people.

Our successful mix of high quality palliative and intensive nursing and individually tailored multiple therapy programmes, continues to deliver spectacular improvements in the condition of the children in our care. Our hospices and children's centres cared for over 1,500 infants, children and young people. Through our welfare, social change, advocacy, education and training programmes delivered through partnership projects and events, workshops and conferences we have changed the future for well over 12,500 of Europe's "forgotten" children.

In Romania, we have continued to nurture the increasing independence and self sufficiency of our local operation and the increasing recognition it has received through licensing and the recognition of its role as an organisation of public utility. We are confident that the management organisation and plans in place will ensure long-term growth and sound financial stability.

Our sincere thanks go to the staff and volunteers of Children in Distress and Copii in Dificultate for their hard work and dedication, to Trustees, for their commitment and, above all, to our donors and supporters who enable our vital work and mission to continue.



Canon Christopher Samuels
Chairman of Trustees



Alisdair Barron MBE
Chief Executive

TRUSTEES' REPORT

The Trustees present their annual report and audited financial statement for the year ended 30th September 2007.

Trust and Charitable Company Status

The charity is currently constituted as a charitable trust and is governed by a declaration of trust signed in 1990, subsequently amended by a deed of trust in 1992. The Trustees have undertaken to contribute to the assets of the charity in the event of it being wound up during the time they continue to be a Trustee, or within a year after they cease to be a Trustee, such amount to meet the liabilities of the charity.

The Trustees have agreed to accept the recommendation of the Charity Commissioners of England and Wales and have adopted a new memorandum and articles of association, which will allow the charity to be constituted as a charitable company limited by guarantee from the end of September 2008. The Trustees will then act as directors for the purposes of company law and the liability of the members in the event of the company being wound up is limited to £1.00.

Registration as a Charity

Children in Distress is a charity registered with the Charity Commissioners of England and Wales with charity registration number 1001327. The Scottish Charity Regulator has also recently confirmed full registration. The Scottish registration is SCO 39383.

The new incorporated charitable body, once in being, will continue to be registered as a charity with both the Charity Commission for England and Wales and the Office of the Charity Registrar in Scotland and act entirely as a non-profit making organisation.

Aims and Objectives

How it Began

The charity is the result of one man's inspiration and vision that infants diagnosed as terminally or incurably ill with HIV AIDs and other illnesses have the right to die with dignity, with kindness, consideration and love. John Walmsley inspired his congregation in St Laurence, Barkingside with the first of hundreds of shipments of humanitarian aid to bring life and hope to Europe's "forgotten" children initially in the paediatric hospitals of Brasov and Bucharest. That commitment to infants and children existing in the hardest realities, caring, enterprise and endeavour remain central to the work of the charity today.

The original belief that infants, children and young people, particularly those abandoned, excluded or vulnerable as result of HIV infection, genetic disorders or the severest disabilities, should have the right to life, a sense of belonging, the opportunity to share their anxieties, fears and hopes and, ultimately, have a chance to be the best that they can be underpins all that we do.

Aims

Children in Distress is a small dynamic charity, registered in the UK, which aims to deliver high quality child centred care and treatment in its hospices and tailored child development and social care in its children's centre, projects and associated community based programmes. The unspoken aim is to demonstrate what can be achieved on a relatively moderate budget; and to motivate, train and develop the necessary skills in our care teams and thereafter to share their experience with peers in partner organisations and local authority centres across the Balkans. Our aim is also to provide an environment where children and young people from diverse cultural, economic, racial and social backgrounds, whose needs are wide ranging, find the care, love and support they need and deserve. Often the issues we face are complex and require dedicated and unrelenting effort to achieve the best outcomes, but that is what we have learned to do best, as we support our children on their life journey from infancy to adulthood.

Driving Force

There are thousands of children across the Balkans who need support. Many are vulnerable or at risk; defined as "incurable" or "terminally" ill, shunned or abandoned in locked wards with minimal care; relegated to placement centres with neither an opportunity for socialisation nor the prospect of a foster placement; or at risk of self exclusion from school, with the constant prospect of a life on the streets, vulnerable to crime, drugs or alcohol. Some are even vulnerable to abuse, deprivation or bullying in the family home. They suffer in silence and are isolated from their families, peers and communities. Many just need a little help and support by someone who cares during the initial steps of their journey of life.

We want to help change that. We can demonstrate real solutions for children diagnosed as beyond help; we can show that even though their severest disabilities may exist, the perceived handicaps are man-made and can be overcome to allow most to enjoy an excellent condition of life. Where that is not possible, we can ensure that they spend the time that remains in comfort and care to die with dignity.

Vision

Our vision is simple for every infant, child or young person referred to us

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

Approach

All of our projects and programmes adopt the same belief that no child is beyond help and care. We believe that if you can work directly with a child you can engage support and motivate them to direct their energy to making the most of life whilst acknowledging the limitations of their conditions. It is often said that Children in Distress does not do miracles, but it is amazing what tender loving care can do.

Projects and Services

Our work is mainly delivered through Copii in Dificultate, our key operating partner and sister foundation in Romania and four other strategic partners; the Child Protection Department of Argeş County Council, Fund a Physio, the Fundația Paraschieva Cuvioasa and the Fundația Vasiliada.

Copii in Dificultate continues to be recognised in Romania as a provider of best practice and the high standards of care; they remain the only NGO invited by the Ministries of Education, Labour and Health and the National Authority for the Protection of Children's Rights, to assist the development of the recently adopted national curriculum of children with autism and care standards for children with disabilities. Copii in Dificultate has also developed and delivered, in association with the Centre for Early Autism Treatment of Northern Ireland, a pilot course leading to certification in Applied Behavioural Techniques ABA for teachers from the Ministry of Education and therapists from the charity's St Michael's School for children with autism located in Bucharest.

The work of Copii in Dificultate is fully licensed by the Romanian Ministry of Labour and delivered through two main complexes of children's care services at St Andrew's Pitești and St Margaret's in Bucharest. There is a further children's centre at St Laurence, Cernavoda and a sheltered holiday centre at St Christopher's in Curtea de Argeş.

St Andrew's Children's Care Services Complex Pitești - cared for over 275 children and counselled over 144 families

St Andrew's Children's Services Complex which opened in 2003 remains unique in Romania being the only jointly funded public and third sector project in operation; the complex being funded by Argeş County Child Protection Department and Children in Distress UK. The services which it provides both in the centre and through its peripatetic therapy service are regarded as an essential part of the care service mix provided by the Council.

St Andrew's Hospice

The complex houses a hospice for children with the severest disabilities arising from neurological and genetic disorders including both treated and untreated hydrocephalus and has developed a considerable reputation in the quality of its care of children with a stabilised hydrocephalus and post operative care, and subsequent developmental therapies for infants and children given hydrocephalus shunts as part of the charity's shunt programme. The hospice provides fourteen intensive care cots of which two are dedicated to respite care; all have been fully committed throughout the year.

The hospice has had considerable success in palliative care and treatment over the last few years including one young long stay patient with severe spina bifida whose condition of life has so improved that with support he has been enrolled in an ordinary primary school. Alexandru, now seven, is the only child with this condition and this level of assessed disability to have ever been admitted to normal state school in Romania.

St Andrew's Medical Conference

The complex provided the motivation and focus for a medical conference organised in Pitești in 2007 on "New Developments in Hydrocephalus, Spina Bifida and Cleft Lip and Palate - What Can Be Achieved?" This conference, sponsored by Children in Distress, brought leading consultant specialists from Germany, Slovakia, the United Kingdom and the United States of America to share their experiences with over two hundred delegates. The interest generated ensured political support and commitments from specialist surgeons to an additional programme of operations and a development of a national treatment centre specialising in hydrocephalus and related conditions.

St Nicholas Development Centre for Children with Disabilities, Pitești

The St Nicholas development centre based at St Andrew's provides a comprehensive child development, multiple therapies and counselling programme on site and in homes throughout the hinterland of Argeș County.

Most importantly the programme actively encourages and empowers family participation in all aspects of the rehabilitation process within the centre and at home.

St Andrew's Education and Child Development Services

The complex provides within its gradinița, school classes and the Coremi Project, tailored sheltered education, child development and socialisation programmes for groups of young people excluded from mainstream education as a result of disability, HIV AIDS, ethnic origin or those abandoned to risk of life on the street.

Uniquely, "Copii Pentru Copii", the PHAB (physically handicapped able bodied) Project, based in the complex, has changed the perception of disability for all the children and young people involved, as they learn to help those less able than themselves lead a more normal life.

Not without reason is St Andrew's complex described as "the model and blueprint for care services throughout the Balkans" by Baroness Nicholson of Winterbourne, MEP and vice-president of the European Parliament.

St Andrew's Wheelchair and Equipment Lending Service

The first phase of the St Andrew's complex was redeveloped with substantial storage areas in the roof space and has been used to store wheelchairs, standing frames, walking aids and therapy equipment shipped to Romania for use but not immediately allocated to hospice residents or those in the charity's community programmes. This stock of equipment is available on loan and over 150 pieces have been placed on rotating loan or freely transferred to individuals, hospital patients or those in the care of other organisations, care centres or local authorities where such equipment is at a premium or almost non-existent.

St Margaret's Child Care Services Complex -
cared for 466 children and supports a further 540 in hospitals or
from the poorest homes

Certainly the most comprehensive and diverse complex of services provided by Children in Distress, St Margaret's has evolved to address the city wide demands for care services in Bucharest. The complex first opened as a street children's project but was almost immediately overwhelmed by the demand for a range of other care services otherwise not available within the care service mix offered by the capital's health service and local government social work services.

St Margaret's Hospice

Specialises in hospice palliative and respite care for children with the most profound disabilities or who have chronic terminal neurological disorders, arising from genetics, infections or birth problems.

The hospice offers fifteen palliative care cots, including one dedicated to intensive care and two respite care places all supported by a specialist team including a co-ordinator, paediatrician, physiotherapists, paediatric nurses, certificated social mothers, dietician and professionally qualified care assistants and social worker.

This team of well trained professionals and qualified carers offers the children the best nursing and therapy services available, designed to meet their physical, psychological, social and emotional needs. Most children have already lost touch or been abandoned by parents prior to admission, however the hospice social work and care staff actively seek to identify and rebuild family connections and encouraged family participation in the care provided.

The hospice's admission criteria remains one of life expectancy of three months or less, however the care service has had spectacular success since the hospice opened for admissions and there are now a number of longer term residents who have survived and thrived; who despite multiple health problems have improved sufficiently well to attend the gradinița (kindergarten) for infants with special needs.

St Macrina's Street Children's Day Centre and Education Programme

St Macrina's Centre is home to over forty children abandoned or excluded from the family home or encouraged and exposed by their parent's actions to the potential risk of life on the streets of Bucharest. All aspects of the centre's work are supported by St Margaret's, although the complex specifically funds the education of thirty street children. The tutoring programme provides education, books and meals but primarily offers the opportunity of a last chance access to high school education and subsequent prospect of good employment. This programme not only saves the children from a life at risk but offers them a lifeline to a new life.

In 2007 the education and socialisation programme was so successful that every one involved passed their "qualifying" school graduation exam on the first sitting and a third passed with grades, which allowed them the choices option of attending the best four schools in the capital.

St Michael's School for Children with Autistic Spectrum Disorders

St Michael's School evolved from a pilot programme originally match funded by the European Union, which addressed the multiple challenges facing children and families living with autism. Today, the school addresses the needs of infants and children with a full range of Autistic Spectrum Disorders (ASD).

A highly qualified multi disciplinary team of specialists, psychologist, teachers and tutors are trained to apply the latest theories, techniques and methodologies in the education and development of children with ASD. They tailor highly intensive, individually personalised, one to one based programmes using applied behavioural analysis (ABA), picture exchange communication systems (PECS) and (TEACCH) to communicate and get the best from children with autism. This intensive one to one educationally based service is unique in Romania and perhaps even the Balkans, and parents aware of the benefits have even moved to the capital solely to ensure that their children can be enrolled in the school's programme.

St Michael's currently has thirty-three children enrolled and each month assesses between ten to fifteen children dependant on demand. The team support a range of children in seven parents' self-help groups in remote centres across Romania, with all the necessary advice, assessments, educational material and professional guidance.

To improve the quality of professional development available to specialists working with children living with ASD, Children in Distress initiated and sponsored a three month training programme leading to internationally recognised certification in applied behaviour analysis techniques. Half of the twenty four delegates attending are from the project's team and the others have been recommended by the Ministry of Education. Subject to successful completion of the initial pilot programme, this will become a national programme of postgraduate professional development and education for school staff committed to the education and care of children with autistic disorders.

International Autism Conference 2007

The team at St Michael's also play a major role in advocacy, education and training, presenting their project review to the 2007 National Conference of Paediatric Psychologists, Psychiatrists and Allied Disciplines in Bucharest, to participating in the International Conference on Autism sponsored by Children in Distress at the Crowne Plaza Hotel in Bucharest. Over 350 delegates attended the recent conference; the fourth in the series of conferences and workshops sponsored by the charity; which brought to the lecture podium eight of Europe's pre-eminent experts in early assessment techniques and education for those with autistic spectrum disorders. The keynote speakers from the leading university research centres and specialist schools of France, Germany, Romania and the United Kingdom came to share insights, to advocate and offer hope to those struggling with the daily challenge of ASD.

The influence and importance of this major education and training event, as part of a cycle of conference and workshops presented by the charity, cannot be underestimated.

Without this high profile event and the ensuing publicity, there would be no incentive or motivation for the State to improve existing care service, education facilities or treatment provision available in care centres, clinics and special schools provided by local and national authorities.

St Nicholas Child Development and Therapies Centre

This Child Development Centre, based on the St Margaret's complex site, offers a unique multi therapy assessment approach and individually tailored therapy programme to children and young people with disabilities as result of accident, infection, birth complications or genetic disorders. The highly skilled staff address the needs of those with neuro-motor, orthopaedic problems, delay syndrome, traumatic stress, speech and language, hearing and learning disorders and are dedicated to the care and development of children. In doing so, the multidisciplinary team, have access to all the necessary equipment in their specially adapted treatment and therapy rooms and can call on the expertise and experience from the centre's British child development consultant and consultant physiotherapist.

This year the centre's team cared for over two hundred and eighty-five infants and children with a range of disorders. The team take a holistic assessment approach using those therapies that best meet the needs of the patient; physiotherapy, speech, occupational, play, dance and drama therapy, to improve posture, movement, dexterity and behaviours; socialisation, learning in the community and other leisure activities. Parents are actively involved in therapy to continue the therapy processes in the home and are counselled on the care and development of their child, with emphasis on their special needs and the home adaptations to facilitate their child's independence. Therapy and support in the child's home and community and child and or parental counselling and therapy is available as and when required.

It is acknowledged that space in this busy centre is at a premium and that further future development or project child therapy service expansion is restricted until additional space can be provided. However, over two hundred and fifteen children have benefited from the service and a further seventy patients in the community had complex assessments. It is intended that building redevelopment, planned to commence in summer 2008, will address the space and service demand challenge.

Community Based Activities

St Margaret's Complex is the main distribution centre for the vast majority of equipment and goods donated to the charity for use in projects and to benefit the destitute children of Romania. Handmade knitted good, blankets, quilts, clothes, toiletries and medicines donated are distributed through our own projects or to other NGOs through churches of all denominations and paediatric hospitals throughout greater Bucharest.

The Trustees would like to express their appreciation to the individual corporate and parish donors who make these generous donations possible and record some of the beneficiaries as:

Budimex Marie Cure Hospital
Colintina Hospital
School 62 Bucharest
Fundatia Vasiliada Craiova
Episcopia Severin
Fundatia St Demetrie
Gradinița 256
Gradinița Sector 2

Fundatia Scheherazade
Romanian Orthodox Parish of All Saints
Romanian Orthodox Parish of St
Nicholas, Buzau
Romanian Orthodox Parish of the
Ascension, Titan
Romanian Orthodox Parish of St Nicholas
Bucharest

St Christopher's Sheltered Holiday Centre, Curtea de Argeș - offered holidays to 715 children

Originally opened as a children's hospice in the year 2000, St Christopher's, now a small sheltered holiday centre, offers unforgettable holidays for children with HIV AIDS, severe disabilities or special healthcare needs. Children come from our own and other NGO projects or are referred by local authority Child Protection Department's placement centres, orphanages and schools. St Christopher's offers groups of up to twenty children and their carers a holiday of a lifetime in the beautiful and scenic foothills of the Carpathian Mountains.

The centre's programmes include trips to the Verdure Dam, Curtea de Argeș and St Nicholas monasteries and the wonderful countryside in and around Curtea de Argeș. This offers education and country walk experiences even to children who have very specialised care needs which necessitates the centre's team to present programmes tailored to their age, educational attainment and condition of health, all of which are intended to show the quality and benefits of rural life and country living.

The St Christopher's team additionally offers up to 50 children from the local area access to computer training, art and English language tuition, educational and socialisation programmes which are unavailable locally.

The St Christopher's management and support team also co-ordinates the charity's local disaster relief activities.

St Laurence Children's Centre, Cernavoda - cared for 62 infants and young people

St Laurence, once the only HIV AIDS hospice in the Balkans, is now arguably the charity's most mature project. With changes in HIV treatment and care, it is now seeking a new role, whilst continuing to offer a home to fifteen body positive young people who have grown to adulthood there. The St Laurence philosophy of care ensures we also offer a safe, secure, supportive and caring environment whilst assisting young people to find their future as confident young adults.

With changes in medication, the continuing improvement and sophistication of anti retroviral drugs, greater awareness of HIV infection and the importance of antenatal care, the number of infants with HIV infection has thankfully reduced significantly. Our enlightened project care philosophy also means now that our preferred means of care is rightly preferably delivered within a family context therefore significantly fewer infants have been taken into care and referred to St Laurence's over the last few years.

It is planned that the last of the resident infants at St Laurence will be returned to family or foster care in 2008 and that a new role will be sought for Casa Ion, their present home.

By any measure St Laurence has been an outstanding success. Today some 53 children, adolescents and young adults are graduating from the Centre's care to an ever increasing independence in homes on site, in the local community or with new found family in their home community.

The current programme, with its emphasis on supported and independent living where young people are taught the essential skills they require for life in the community, is proving exceptionally successful.

The challenge for St Laurence is to find a new role for the existing centre, to tailor a diminishing support programme to the needs of the young people brought up in its care, but also now finding a new future and seeking a new relevant mission for today which addresses the needs of children in distress in Constanta and adjacent counties.

The Trustees acknowledge the debt of gratitude owed to both Lorna Jamieson and Katherine Bainbridge-Georgescu, the most recent project managers, who selflessly gave of themselves to ensure that the children and young people at St Laurence had wonderful role models and dedicated carers. Lorna returned to her nursing career in 2006 and Katherine has indicated her intension to leave the role in July 2008. Both deserve the highest praise for what they have achieved.

Partnership Programmes

Partnership funding and support is offered to a number of strategic partners, all organisations with similar care philosophies, aims and objective as Children in Distress, which deliver financial and community based educational and social care for children and young people with HIV/AIDS and other terminal, chronic or incurable illnesses

Fundația Copii in Dificultate

The charity's operating arm and increasingly our principal strategic partner in Romania is Copii in Dificultate (CID Ro). We continue to foster this foundation's increasing independence and initiative as part of our longer term strategy that seeks to see the foundation as an equal, fully self funding partner by 2010.

The centralisation of administration at the foundation's main centre at St Margaret's in Bucharest has continued to drive efficiency and effectiveness of administration through the centralisation of financial and administrative control.

This effectively liberates individual project teams allowing them to concentrate on improvements in care services and the development of treatment, education and welfare for children in residential and respite care and living in the community as part of community based palliative nursing support initiatives.

This foundation is increasingly recognised as the leading provider of best practice and care, a token of which is the team's unprecedented involvement with the Senior Ministers and Secretaries of State in the Departments of Education, Labour and Social Protection and Health.

The ongoing help and visible support of the Mr Robin Barnett, Her Majesty's Ambassador, officials of the British Embassy and members of the expat community, which has played a significant part in developing the foundation's credibility and profile is gratefully acknowledged.

As part of a wider strategy to develop recognition with the Romanian public, the foundation has accepted the pro-bono services of the Next Public Relations Agency, which is driving public recognition through a comprehensive press and broadcast media campaign. The Trustees welcome the appointment of Mrs Amalia Nastase as Copii in Dificutate's Goodwill Ambassador, together with the impact to her selfless representation of the foundation and its work. It is hoped that this will result in increasing financial support from individuals via tax allocation and commercial sponsorship from industry and commerce.

The foundation is in a final consultation phase prior to ministerial recognition as a service of national utility, which offers the prospect of significant future support from government resources by way of facilities and finance for the new projects and care initiatives identified in the foundation's three year strategic plan. Indication of the foundation's local funding appears as a note elsewhere in the accompanying financial review.

PositivPlus

With the changing age profile of young people, particularly in St Laurence children centre, it became self evident that the time was right to set up an association designed to specifically focus the charity's experience and expertise in dealing with adolescents, teenagers and young people who, having grown up in care, would still require some support in their journey to fully independent adulthood.

PositivePlus was set up to share the skills of independent living and support young people in their journey to an independent life in their home community. The knowledge gained from the successful programmes offered at St Laurence is readily transferrable to other groups and PositivePlus is now involved in the planning phase of an exciting new venture in Argeş County, assisting young people, with disabilities and handicaps resulting from long term institutionalisation, in finding a new life in adjacent communities.

Fund-a-Physio Ely, Cambridgeshire

This dynamic little organisation, based in Ely in Cambridgeshire, is a key partner in our child development strategy. It actively promotes and supports best practice in all aspects of the full range of therapies through funding education and professional training bursaries, access to consultants, the supply of equipment and the development of treatment facilities. Without the drive, motivation, help and inspiration of this dynamic group and their leaders, the significant improvements in the condition of health and development of many of the children in our hospices and child development centres achieved in the last four or five years would not have been possible.

The Trustees acknowledge with gratitude the help, inspiration and support of their small management group and the supporters of Fund-a-Physio and the consultant therapist they provide.

Fundația Vasiliada, Craiova

St. Mungo and St. Dimitrie Children's Day Centre in Craiova run by Fundația Vasiliada, cares for 240 children by HIV AIDS or with disabilities, who are resident in the counties of Dolj, Gorj and Mehedinti and those children with a high risk of family and school abandonment also benefit from the education, employment skills and rehabilitation and socialisation and leisure activities services it provides

Fundația Paraschieva Cuvioasa, Slobozia

This foundation, partially funded by Children in Distress and Noreen O'Gorman, the founder and inspiration of Fundația Cuvioasa Paraschieva, delivers two key projects. The Braila Community Project compliments the hospice and foundation's children's placement centre in Slobozia that was founded and run by Children in Distress as St Thomas's Hospice. From that base, the Fundația Cuvioasa Paraschieva team actively supports 25 children living with HIV AIDS or in the final phase of terminal illness, in Braila and Islamite counties, two of the poorest rural agricultural counties in Romania. The children supported by the Fundația Paraschieva come from the very poorest and deprived homes we are aware of; they require not merely medication and nursing care but almost all of the basic necessities of life particularly in the winter, when firewood for heating and cooking, food and clothing are essential. A further 20 children receive food supplements and assistance as funds allow.

This project's team have been given additional financial assistance in developing a wider ranging service offering palliative care and independent living for young women living with HIV on the same lines as that offered by Children in Distress in programmes in Bucharest and Cernavoda.

Christmas Shoebox Campaign 2006

-over 5500 of the poorest infants and children received the gift of “Love in a Box”

Building on the experience of last year’s success, the intrepid group of active volunteers who revived the charity’s “Love in a Box” Christmas Shoebox Campaign in 2005, once again made sure that the poorest of Europe’s children were not forgotten. The volunteers with the active support of the charity’s Chief Executive and the Funding Development Managers in Scotland and Northern England started the collection campaign earlier and Link European, the charity’s logistic partner organisation, collected, delivered and distributed some 5500 boxes before Christmas 2006.

They involved a wide range of schools, local businesses, Rotary and Lions Clubs throughout Yorkshire in this exceptional and very worthwhile enterprise. This initiative last year contributed £5000 to fund additional related projects and it is already estimated that a similar sum will result from the project in 2006. However, this does not represent the actual contributions generated as the team received thousands of pounds of gifts in-kind, donated by way of warehouse space, transport vehicles and fuel, all of which if not donated without cost would have cost well in excess of £15,000. The Trustees acknowledge the efforts of the Shoebox team lead by Roy Wheeler and Eddie Errington and the exceptional gifts of in-kind donations from a range of commercial sponsors.

Achievements and Performance

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.

Achievements 2006/7

- We received recognition as a Public Utility Foundation.
- We increased the number of qualified and trained specialists within each of the Child Development Centre’s multi-disciplinary teams.
- We promoted policies and procedures to support the delivery of high quality therapy and autism care services.
- We planned and delivered training programmes leading to certification for 20 specialists in behavioural therapy.
- We planned and delivered joint insight training for staff in de-institutionalisation and independent living for young people with disabilities as part of a new independent living project.

- We participated in drafting National Curriculum and National Care Standards for children with Autistic Spectrum Disorders.
- We set up PositivePlus charitable association as a vehicle to continue to offer support to the young adults, formerly in the care of CID Ro and to other adolescents with disabilities by promoting their socialisation and community integration.
- St. Andrew's is supported 95% by the Argeş County Council and new services will be developed in the county.
- Our shoe Box Appeal 2006 brought the joy of Christmas to over 5500 of the poorest children from Bucharest, Constanta, Buzau, Slobozia, Piteşti, Curtea de Argeş, Craiova and Turnu Severin.
- We issued 80 wheelchairs and other essential therapy equipment in the community in Buzau and Argeş County.
- We ensured that 600 infant and children in-patients in paediatric hospitals in Bucharest were helped with clothes and given quilts, knitted blankets and toys.
- Over 100 children in the poorest communities were helped with books and educational materials.
- We presented our Fourth International Conference on Autism bringing leading consultants and specialists from France, Germany and the United Kingdom which was attended by over 350 delegates.
- We delivered a national conference seminar on new development in Hydrocephaly, Spina Bifida, Cleft Lip and Palate for over 200 participants.

Future Plans 2007-2010

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 great 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. A number of initiatives are being prepared for inclusion in the care service mix for the next three year plan.

Over the next 12 months:-

- We intend to develop and roll out the model of Child Development Centres (CDCs) and St. Michael's School for Children with Autism in the towns of Buzau, Braila and Craiova.
- We intend to increase the number of trained and qualified therapy specialists.
- We want to set up a programme of training to deliver skills to other care specialists.

- We plan to develop a wider and more inclusive programme for children in community.
- We plan to develop independent living projects for young adults with disabilities in Argeş and Constanta Counties.
- We will begin to redevelop the main building to provide even better treatment and care facilities at St. Margaret's complex of children's care services.

Over the next 12 -36 months as part of our three year plan:-

- We intend to develop a kindergarten project for children with disabilities.
- We want to raise public awareness and support for the work of the foundation at local and national levels.
- We plan to develop a national network of Romanian supporters.
- We intend to achieve fully independent funding of projects in Romania.

Financial Review

Income & Expenditure

The Board of Trustees supports a fundraising strategy which is increasingly open to trust and grant income and aims as a priority to move the charity over the next three years to a situation where it is consequently less dependent on individual one off donations to sustain its work. We have also determined that the Charity should diversify its income base and for this reason has appointed a part time funding development manager for Scotland and Northern Ireland based within the charity offices, targeted to develop the charity's applications to Grant Making Bodies and Trusts. The regionally based funding development manager Northern England will continue to focus on both regional and local fundraising and the development of a network of volunteer support in the year ahead.

Our income rose over the year by £86,110.00 to £999,387.00 and we are pleased to record that we were able to increase the funds spent on direct charitable expenditure by a further £148,019.00 to just over £707,080.00 whilst the associated support costs also rose by a further £5,559.00. Together with the normal costs incurred in the charity's operation and normal good governance of the charity meant that the total resources expended this year rose to £979,237.00. Throughout the year steady progress has been maintained in developing project associated income streams in Romania, which have contributed an additional £180,776.00 to our operational funds; therefore we are able to report that for the first time a total joint charitable project expenditure of in excess of £841,413.00.

The international value of sterling depreciated throughout the reported year accordingly the charity managed exchange rate revaluations from 5.2 to 4.8 lei to the pound sterling.

Children in Distress has, as part of the project funding process, increasingly insisted that in-country national and local authorities play their part in funding the development of projects and delivery of existing care services by a degree of matched funding. We have also asked that all projects ensure that any national labour subsidies defined in law should, wherever possible, be available. This however remains a continuous and ongoing challenge.

To maximise the accounting efficiencies, the financial operation and administration of all Romanian projects have been centralised ensuring that all the necessary systems are in place to prepare accounts and submit claim applications for individual tax donations and TVA in Romania. A similar system to claim Gift Aid and VAT already exists in the United Kingdom.

In Kind Donations

This year, we record with grateful thanks an unprecedented level of corporate and individual in kind donations. We record our appreciation for all these gifts ranging from hundreds of hand knitted sweaters to essential medical goods, which included from Bioforce UK the largest individual in kind medical treatment donation ever received by the charity valued conservatively at over £25,000.00. The generosity of Glasgow City Council schools and of the Board of Central College, Glasgow allowed us to provide, in addition to basic school equipment, four complete computer training suites and much needed computer workstations for school children in the poorest areas.

In-kind donations also made it possible to ship and distribute a wide range of essential but otherwise unavailable therapy equipment and mobility aids.

We also record our appreciation of the exceptional support in time donated by medical consultants, specialists, therapist and educationalists as part of the conferences and training workshop programmes delivered by the charity throughout the year

Donor Income Development

The charity's previous strategy donor income development, through direct cold mailing, has consistently delivered below expectations and was abandoned in this financial year. Therefore, the year ahead will see a return to a more traditional direct person to person contact through those church and related organisations that have supported the work of the charity so well in the past.

Investment

As charity trustees, we have long believed that our role is to prudently maximise direct charitable expenditure whilst paying due regard to the development of an effective operational reserve. We have therefore prudently invested the bulk of income in relatively accessible short to medium term investment accounts which offer sound investment rate returns. This year our investment income rose to £7,418.00. Regrettably the charity has never held the excess funding that would have allowed the implementation of the share and bond investment strategy developed by their advisors. Accordingly the charity does not hold stocks, shares or bond capital reserves and retains the unrestricted cash reserve funds in medium to longer term investment accounts.

We are pleased to record that, despite additional activity across a range of initiatives, the reserves held on account have marginally increased by £19,752.00 and stand at £225,771.00. The charity has seldom held such large reserves of cash on account. Although not part of our operational reserve, for total clarity and financial transparency, it should be recorded that, in addition, a further £40,000.00 is retained by our key strategic partner, Copii in Dificultate, as part their operational and bank reserve fund. This is also prudently held in medium term deposit to maximise the investment return. By legislative requirement, they also hold just over one month's total human resource wage and benefits costs. These matters are outlined in greater detail in a separate note in the accounts.

Finally, we look to a day when finances will allow the development of a suitable share portfolio reserve as a part of the effective implementation of the charity's longer term development strategy. In anticipation we have adopted and annually review an ethical investment policy and strategy which identifies the most appropriate and financially efficient means to invest funds in stocks and shares of organisations whose aims and objectives are not at variance with the ethical values of the charity.

The Trustees are guided and advised in these matters by independent qualified investment analysts and banking professionals.

Reserves

The term "reserves" (in accordance with the SORP 2005 definition) is used to describe our income funds that are freely available to help us meet our objectives. In this case "free reserves" are represented by the "total funds" under our control less "restricted funds" and "tangible assets" as per the balance sheet contained within this report

The reserves policy reaffirmed by the Trustees in May 2006 remains in place however they have long expressed their intent to see a full six months operational costs held in a financial reserve. Sadly, with limited investment in our bank reserves, earmarked funds and continuous project developments, this reserve in both the United Kingdom and Romania may be closer to four months but we have not yet fully achieved the Trustees' aspirational reserves objective in this financial year.

We recognise the importance of building a buffer in free reserves in order to provide uninterrupted care for the children we support. This also remains a priority, however, we will continue to act with prudence and we remain committed to answer the needs of children in distress drawn to our attention wherever possible.

FRS 17 Pension Benefits Disclosure Provisions

The charity makes a financial contribution to private personal pensions for eligible employees based in the United Kingdom. Others have waived their rights to stakeholder pension provision; therefore disclosure of FRS 17 pension liability provisions is not applicable in this financial statement.

Structure, Governance and Management

The governing body of the charity is the Board of Trustees which comprises 9 non-executive Trustees, who serve without payment and all have, on a voluntary basis, foregone the reimbursement of travelling expenses. However, a few are partially reimbursed in their capacity as in country medical advisors or training consultants.

The Board meets four times each year for board meetings and also meets on other occasions as required to review strategy and performance with the Chief Executive and members of the management team.

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

The Chief Executive attends meetings of the Board.

The Corporate Finance, Information Technology and 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 Chief Executive and accountant are ex-officio members.

Responsibilities for certain matters are delegated to other Board committees:

- Management Executive Group
- Finance and Audit Group
- Governance and Legal Advisory Group
- Advisory Group and Fundraising and Public Relations Sub-Committees

Each committee and sub committee has its decisions ratified by the full Board.

Day to day management of the charity is devolved to the Chief Executive who has access for advice to the Chair of the Board and the Board's Management Executive Group.

Trustees receive comprehensive financial statements and management reports and full Board papers are sent to each trustee in sufficient time before Board meetings. Further papers and information is available to all Trustees on request. Papers include minutes of committee and 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.

Statement of Trustees' Responsibilities

The Trustees are required to prepare financial statements for each financial year which give a true and fair view of the affairs of the charity and the excess of income over expenditure for that period. In preparing those accounts the Trustees are required to:

- Select suitable accounting policies and then apply them.
- Make judgements and estimates that are reasonable and prudent.
- To safeguard the assets of the charity and to prevent and detect fraud and other irregularities.
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explain the financial statements.
- Prepare the financial statement on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.
- 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 and management.

We the Trustees confirm that internal control procedures are in place in order to provide reasonable but not absolute assurance against material mis-statement or loss. They include:

- Comprehensive financial policies and procedures which are kept under constant review.
- Qualitative comparison of our procedure against the internal controls self checklist for charities on an annual basis.
- Internal audit of cash handling and other financial procedures with the offices minimums twice each year.
- Comprehensive system of annual budgets approved by Trustees and quarterly financial reporting of actual against budget.
- Regular forecasting of predicted budget and cash flow.
- Monthly monitoring of reserves and cash and periodic review of the reserves policy.
- Periodic review of the charity's risk register.

Risk Management and Assessment

The Trustees review, as required, the major risks under headings of Governance and Management, Operations, Financial, Environmental/External Factors and Compliance with Law and Regulations which the charity faces. An At Risk Register was compiled using guidance provided by the Charities Commission. The resulting risks were assessed as to likelihood and impact. Existing and new control systems were then identified to mitigate each of these risks and were documented in the risk register. We constantly examine all operational and business risks faced by the charity and confirm that they have established systems to mitigate the significant risks we are working towards adequate control actions and monitoring processes that will mitigate our exposure to major risks. All Trustees bring independent judgement to bear in the issues of strategy, performance, key appointments and policies.

Trading

The commercial activity of the charity focuses on the two remaining thrift shops where volunteer staff lead by a staff manager continue raise local financial support and generate interest in our work. Both thrift shops also play an active role in their Guisborough and Shildon communities offering value for money support to those on a tight budget. For the thrift shops it has been a very challenging year with the economic climate, management changes, a range of increased operating costs, rising shop rental values and ever increasing competition in the high street, all of which continues to make a significant impact on the trading viability of both branches. Therefore, we closely monitor their performance and, despite a great deal of hard work from managers and volunteers, the net financial contribution to our work has been intangible.

Plans are in place to revive the fortunes of both shops and the Trustees particularly note a significant improvement in trading in Guisborough and record our grateful thanks to both managers and the considerable dedication of the volunteer teams who continue to make the shops economically viable.

The charity has also had some limited success in e-commerce and the development of a gift catalogue both of which have contributed to the development of care services which they have helped to fund. The charity will continue to encourage enterprise and a range of innovative commercial initiatives where they can with limited risk foster funding streams.

Auditors

A resolution to reappoint The Kelvin Partnership will be put to the Trustees at their Annual General Meeting to be held 2008.

By order of the Board



Christine Henderson-Docherty
Trustee

How You Can Contact Us

The Children in Distress and Copii in Dificultate Websites

The Children in Distress website has been updated and improved. The site reflects the changing nature of our work and can be found at www.childrenindistress.org.

A new website 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.ro.

Further contact information

Children in Distress UK
Suite 36/38 Ladywell Business Centre
94 Duke Street
Glasgow G4 0UW
Tel: 0044 (0) 141 559 5690 Fax 0044(0)141 559 5694
e-mail: info@childrenindistress.org.uk

St Andrew's Complex of Child Care Services
B-dul. Petrochimistilor nr.18, Pitești, Argeș
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 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 Michael's School for Children with
Autistic Spectrum Disorders
5, Neatarnarii rd. Sector 1 Bucharest
Tell/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

This year has seen continued support for our work from individuals, companies, charitable trust and grant making bodies that have helped us reach out and continue our mission of care. We want to recognise their help and share our heartfelt thanks and appreciation for their support.

Thank You

To Corporate Donors

Ana Holdings, Romania
Aviva Scotland
The Balmoral Hotel
BDL Management
Bell Truck Sales Ltd
International Womens' Group in Bucharet
Bella Romania Impex SA
Bioforce UK Limited
BRD Sogelease IFN SA
Eli Lilly Romania SRL
Ernst & Young SRL
Farmexim
Fercro Steel Export Import
Garantibank International NV
Gastro Group SRL
Gastrom International Catering
The Hamilton Portfolio
HBJ Gateley Wareing
HBOS Ltd
Alison Hayes Romania SA
LC Electronics Romania SRL
Lockheed Martin
Londonderry Garages
Medicarom
MTP
Mobexpert
Motorola Romania SRL
Negro 2000 SRL
News Outdoor Romania SRL
Next PR Agency Bucharest
North Eastern Tyres and Exhausts
Northgate Commercials
Orange Romania SA
Preston's of Potto
Raiffeisen Bank SA
Ranbaxy Laboratories Ltd
The Scottish Sunday Mail
Starconstruct'97 Exim
Urgent Curier
Vodafone Romania
Washington E&C Romania SRL

To General Donors

St Christopher's Parish Church
Hungerford Big Wheel
Motherwell Football Club
Newlands South Parish Church
Parish of Wisley & Pyrford

To Trusts and Grant Makers

The Ashworth Charitable Trust
Children's Aid Scotland
The Frances Crabtree Charitable Trust
The Jane Durell Charitable Trust
The Fulmer Trust
The Gloag Foundation
Help the Hospices
The Philip Henman Trust
The Jane Hodge Foundation
The Lloyds TSB Foundation
Meeting Industry Needs
The Moffat Charitable Trust
Fundatia Partneri Pentru Viata
The Oakdale Trust
The Orr Mackintosh Foundation
The Monica Rabagliati Trust
UIA Charitable Foundation
The Roger Vere Foundation
The Weinstock Fund
The Woolf Charitable Trust

To In Kind Donors

Bioforce UK Ltd
Cameron Communications
Central College Glasgow
CV Travel
Digital Office Equipment
Enable Scotland
Euroworld Wines Ltd
Taylor Ferguson
Gamba and Derek Marshall
Glasgow City Council Education Dept
and Social Work Department
Grant Management
William Grant & Sons
HMP Holmehouse
Kelvin School
Wm Morton & Sons Ltd
Motability Scotland
Eric N Smith Jewellers
Zoom Airlines

To Individual Donors

David Charlton
Mr and Miss Coombs
Mr and Mrs Davies
Anna Durmand
David Eustace
Anstance Gladstone
Muriel Gray
James Green
Susan Haughey
Paul Hetherington
Mr B Kirkwood

To Medical Consultants and
Advisors

Dr Iuliana Dobrescu
Evelyne Friedel
Dr Frantisek Horne
Dr Christophe Huppa
Dr Owase Jeelani
Stephanie Lord
Dr Rene MacDannel
Heather McKee
Dr Neil Martin
Sue Mildenhall
Helen Petit
Dr Adrian Petrescu
Prof Dr Helmut Remschmidt
Dr Howard Ring
Dr Evelyne Soyez
Dr John Struga
Lara Van der Host

To Medical Director Romania
Prof Dr Demitrie Dragomir

To Individual Donors / cont'd

Colin McIntyre
James Mortimer
Frank Pilkington
Ben Rimmington-Wilson
Mr G Ross
Linda Roulston
Fraser Smith
David Thompson
Nick Thompson
Marion White

To Advisory Group Members

Dr Frances Appleby
Dr Marianne Clarke
Dr Robin Dunn
Dr Alex Harborne
Alyth Hughes
Dr Derek Lockstone
Colleen Lockstone
Dr Patricia Mann
Dr Dominica Williams

Thank You to our Volunteers

Volunteers prepared to share their skills, expertise, experience and give generously of their time to work on behalf of and to care for Europe's "forgotten" children have always been at the very heart of everything that Children in Distress has achieved.

The Trustees and management team are humbled by our volunteers' example. We acknowledge with immense gratitude, the volunteer time offered to further our work, which represents many thousands of hours which, if paid for, would be well beyond the resources of the charity.

We have defined as in kind donations and report in the accounts the consultancy time involved in training in projects, conferences, seminars and workshops. All of our children and the charity as a whole recognise the commitment, generosity goodwill, love and care involved.

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 2007 on pages 30 to 45 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 charity's trustees, as a body, in accordance with Section 43 and 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. (United Kingdom Generally Accepted Accounting Practice).

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

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 or if we have not received all of the information and explanations we require for our audit.

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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 30 September 2007 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: 08 May 2008

Children in Distress
Financial Statement
for the period ended 30 September 2007

Income and Expenditure Account Incorporating Statement of Financial Activities
For The Year Ended 30 September 2007

	Notes	Restricted £	Unrestricted £	2007 Total £	2006 Total £
INCOME AND EXPENDITURE					
Incoming resources					
Donations, legacies & gifts in kind	2	57,081	890,552	947,633	865,475
Other incoming resources from operating activities					
- Charity Shops income	3	-	44,336	44,336	43,812
Investment income		-	7,418	7,418	3,990
Total incoming resources		57,081	942,306	999,387	913,277
Resources Expended					
Cost of generating funds	4	-	236,262	236,262	232,834
Charitable expenditure					
- Direct charitable expenditure	4	34,828	672,252	707,080	559,061
- Support costs	4	-	13,622	13,622	8,063
Governance	4	-	22,273	22,273	19,871
Total resources expended		34,828	944,409	979,237	819,829
Net incoming resources		22,253	(2,103)	20,150	93,448
Transfers		-	-	-	-
Other recognised gains & losses					
Unrealised gain on revaluation of investment		-	-	-	1,869
Realised loss on disposal of investment		-	(398)	(398)	(4,345)
Net movement in funds for year		22,253	(2,501)	19,752	90,972
Total funds brought forward		2,803	203,216	206,019	115,047
Total funds carried forward		25,056	200,715	225,771	206,019

CONTINUED OPERATIONS

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

Children in Distress
Financial Statement
for the period ended 30 September 2007

Balance Sheet
As At 30 September 2007

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7		3,603		4,401
Investments	8		-		28,824
			-----		-----
			3,603		33,225
Current assets					
Stocks		25,000		35,000	
Debtors	9	20,101		14,330	
Cash at bank and on hand		206,387		135,383	
		-----		-----	
		251,488		184,713	
Creditors : amounts falling due in one year	10	(29,320)		(11,919)	
		-----		-----	
Net current assets			222,168		172,794
			-----		-----
Total assets less current liabilities			225,771		206,019
			-----		-----
Net assets			225,771		206,019
			-----		-----
Funds					
Restricted	12		25,056		2,803
Unrestricted	13		200,715		203,216
			-----		-----
			225,771		206,019
			=====		=====

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



.....

Canon C Samuels, Chairman of Trustees



.....

Christine Henderson Docherty Trustee

Date: 08 May 2008

The notes on pages 32 to 45 form part of the Accounts

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities. In preparing the financial statements the charity follows best practice as laid down in the Statement of Recommended Practice Accounting by Charities ("SORP 2005").

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 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 Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

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

Children in Distress
Financial Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

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.

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.

Children in Distress
Financial Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

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	Unrestricted	2007 Total	2006 Total
	£	£	£	£
Legacies	-	31,326	31,326	81,813
General donations, Gift Aid etc	57,081	655,456	712,537	669,730
Gifts in kind	-	203,770	203,770	113,932
	-----	-----	-----	-----
	57,081	890,552	947,633	865,475
	-----	-----	-----	-----

3. CHARITY SHOP INCOME

	2007	2006
	£	£
Sales	44,336	43,812
Overheads	42,632	37,395
	-----	-----
Contribution	1,704	6,417
	-----	-----

Children in Distress
Financial Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

4. RESOURCES EXPENDED

	Costs of Generating Funds £	Direct Charitable Expenditure £	Support Costs £	Governance £	Total 2007 £	Total 2006 £
Printing, appeals, advertising, publications and exhibitions	50,366	-	-	-	50,366	61,896
Shop expenses						-
Wages and salaries	20,407	-	-	-	20,407	17,487
Rent and rates	15,466	-	-	-	15,466	15,109
Heat and light	2,108	-	-	-	2,108	1,892
Repairs, sundries and telephone	1,373	-	-	-	1,373	274
Motor expenses	3,278	-	-	-	3,278	2,633
Gifts in kind	-	204,978	-	-	204,978	73,777
Grants	-	438,484	-	-	438,484	425,326
Romanian wages	-	8,266	-	-	8,266	7,437
Travel and subsistence	-	17,340	-	-	17,340	16,599
Carriage and general transport	-	6,403	-	-	6,403	5,115
Wages and salaries UK	54,988	15,711	-	7,855	78,554	78,291
Pension costs	3,679	-	460	460	4,599	5,586
Wages - fundraising	16,473	-	-	-	16,473	15,793
Expenses - fundraising	6,410	-	-	-	6,410	-
Rent and rates	14,700	-	1,837	1,837	18,374	18,200
Website development	2,098	-	262	262	2,622	-
Insurance	1,523	-	190	190	1,903	2,096
Repairs and renewals	109	-	14	14	137	261
Postage, stationery, copying, advertising and computer costs	18,324	-	2,291	2,291	22,906	17,812
Motor expenses	4,849	-	606	606	6,061	4,786
Transport and warehousing	6,882	-	-	-	6,882	5,532
Carry forward	223,033	691,182	5,660	13,515	933,390	775,902

Children in Distress
Financial Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

4. RESOURCES EXPENDED CONTINUED

	Costs of Generating Funds	Direct Charitable Expenditure	Support Costs	Governance	Total 2007	Total 2006
	£	£	£	£	£	£
Brought forward	223,033	691,182	5,660	13,515	933,390	775,902
Telephone	1,549	3,098	516	-	5,164	4,877
Legals	-	-	5,219	-	5,219	-
Equipment leasing	7,953	-	994	994	9,941	10,836
Hotel and travel expenses	876	7,011	876	-	8,763	6,645
Trustees expenses	-	-	-	1,404	1,404	-
Audit and accounts	-	-	-	5,000	5,000	4,288
Bank charges	-	3,357	-	1,003	4,360	3,666
Sundry expenses UK	1,653	-	207	207	2,067	1,645
Sundry expenses Romania	-	2,432	-	-	2,432	4,084
Depreciation	1,198	-	150	150	1,497	7,886
	-----	-----	-----	-----	-----	-----
	236,262	707,080	13,622	22,273	979,237	819,829
	=====	=====	=====	=====	=====	=====

The operations in Romania 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 Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

5. GRANTS IN ROMANIA: COPII IN DIFICULTATE

The following is an abstract of the income and expenditure for the year ending 30 September 2007 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.

	2007 £	2006 £
<u>Income from the UK</u>		
Income from Children in Distress UK	438,484	425,328
Goods and services donated from UK	204,978	73,400
<u>Self generated funds</u>		
From Government bodies	83,795	118,007
Individual donations and parental contributions	2,358	30,509
Sponsorship from companies and other funders	93,391	25,380
Income from insurance claims	780	2,786
Bank interest received	452	229
	-----	-----
	824,238	675,637
	-----	-----
<u>Expenditure</u>		
Salaries and taxes	310,970	228,325
Professional services and donated goods and services	228,639	126,002
Food consumables, medicines and funeral costs	58,235	67,744
Establishment costs, utilities and vehicle costs	84,856	94,484
Office and conference materials, publicity, travel and transport	48,330	76,422
Sundries	21,225	4,755
Donations to other NGOs and projects	54,864	22,776
Depreciation	34,294	6,942
	-----	-----
	842,413	627,450
	=====	=====
 (Deficit)/surplus	 (17,175)	 48,187
	=====	=====

Children in Distress
Financial Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

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 Trustees, it is current practice that Trustees are personally responsible for the costs of travel in the United Kingdom, travel costs for Trustees involved in projects visits or participating in training events in Romania may be legitimately met by the charity. In the year reported travel costs were paid on behalf of one Trustee (Dr Robin Dunn) carrying out audit reviews as chair and member of the charity's advisory group.

7 TANGIBLE FIXED ASSETS

	<u>Total</u>	<u>Office</u>	<u>Fixtures</u>	<u>Motor</u>
	£	Equipment	& Fittings	Vehicles
		£	£	£
COST				
At 1 October 2006	46,141	37,941	4,000	4,200
Additions	699	699	-	-
Disposals	-	-	-	-
	-----	-----	-----	-----
As at 30 September 2007	46,840	38,640	4,000	4,200
	=====	=====	=====	=====
DEPRECIATION				
At 1 October 2006	41,740	35,970	4,000	1,770
Provided	1,497	890	-	607
Eliminated on disposals	-	-	-	-
	-----	-----	-----	-----
As at 30 September 2007	43,237	36,860	4,000	2,377
	=====	=====	=====	=====
NET BOOK VALUE				
As at 30 September 2007	3,603	1,780	-	1,823
	=====	=====	=====	=====
As at 30 September 2006	4,401	1,971	-	2,430
	=====	=====	=====	=====

8. FIXED ASSET INVESTMENTS

	Total	Listed
	£	£
Brought forward	28,824	28,824
Additions	-	-
Disposals	(28,426)	(28,426)
Unrealised gain on revaluation	-	-
Realised loss on disposal	(398)	(398)
	-----	-----
	-	-
	-----	-----

Children in Distress
Financial Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

8. FIXED ASSET INVESTMENTS CONTINUED
Listed investments Futura Medical

During the year the remaining 40,000 Shares held in Futura Medical were sold realising £28,424.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
VAT	596	83
Prepayments and accrued income	19,505	14,247
	-----	-----
	20,101	14,330
	=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade creditors and accruals	26,201	9,432
Social Security and other taxes	3,119	2,487
	-----	-----
	29,320	11,919
	=====	=====

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted	Unrestricted	Total
	£	£	£
Tangible fixed assets	-	3,603	3,603
Investments	-	-	-
Current assets	25,056	226,432	251,488
Current liabilities	-	(29,320)	(29,320)
	-----	-----	-----
	25,056	200,715	225,771
	=====	=====	=====

Children in Distress
Financial Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

12. RESTRICTED FUNDS

	Balance at 01.10.06 £	Incoming £	Outgoing £	Transfers £	Balance at 30.09.07 £
Catalogue Gifts	-	14,513	12,589	-	1,924
Gifts in kind - office equipment	-	-	-	-	-
Lloyds TSB Foundation	-	31,851	15,525	-	16,326
ACT Foundation	-	-	-	-	-
St Laurence Centre Cernavood	-	3,303	-	-	3,303
Beatrice Laing Trust	-	-	-	-	-
Autism Conference	-	3,500	3,500	-	-
Lets Help Them Win	-	3,214	3,214	-	-
Andrew and Janet Catton	845	-	-	-	845
Gillian M Dawes	-	-	-	-	-
Constance Green Foundation	958	-	-	-	958
All Saints Awbridge	-	-	-	-	-
Fund A Physio	1,000	700	-	-	1,700
	-----	-----	-----	-----	-----
	2,803	57,081	34,828	-	25,056
	=====	=====	=====	=====	=====

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

Children in Distress
Financial Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

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:

	2007	2006
	£	£
Core costs (3 months provision)	170,000	161,000
Surplus	30,715	42,215
	-----	-----
General fund balance	200,715	203,216
	=====	=====

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

	2007	2006
	£	£
Wages and salaries	113,983	109,897
Employer's NIC	9,717	9,115
Pension costs	4,599	5,585
	-----	-----
	128,299	124,594
	=====	=====

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

	2007	2006
Administration support and management	3	3
Direct charitable	1	1
Fundraising	3	3
	----	----
	7	7
	===	===

Children in Distress
Financial Statement
for the period ended 30 September 2007

Notes to the Accounts
For The Year Ended 30 September 2007

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.

15. FINANCIAL COMMITMENTS

At 30 September 2007 the Charity has annual commitments under non-cancellable leases as follows:-

	Land and Buildings £
Expiry date	
Less than one year	16,340
Two to five years	6,800
Over five years	-

	23,140
	=====

16. INDEMNITY INSURANCE

Trustee's liability insurance was taken out by the Charity at a cost of £998.

17. RELATED PARTIES

The Chief Executive (Alisdair Barron) and two Trustees (Dr Robin Dunn and Alyth Hughes) hold appointments as directors of the board of Copii in Dificultate, a key strategic partner and sister organisation, which manages those projects supported by Children in Distress.