

Children in Distress

Report and Financial Accounts

For the year ended 30 September 2004

Charity No: 1001327

Children in Distress

Charity Information

TRUSTEES

Most Reverend & Right Honourable Archbishop Hope

Mr Alisdair Forsyth Barron Chairman of Trustees

Mr John Boyle (resigned 20 September 2004)

Mrs Julia Clarke

Dr Robin Dunn

Mr Michael East

Ms Christine Henderson

Reverend Clive Parnell- Hopkinson

Reverend Chris Samuels

Sir Neil Thorne

LEGAL AND INVESTMENT ADVISORS

Brechin Tyndal Oats Solicitors
48 St Vincent Street
Glasgow G2

City Law Partnership
99 Charterhouse Street,
London
EC1M 6N

Bell Lawrie White
48 St Vincent Street
Glasgow
G2 5TS

AUDITORS

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

ADMINISTRATIVE STAFF

Dermot Lamb
Director of Operations

Ms Liz Cliff
Office & Sponsorship Co-ordinator

Ms Sunita Salaam
Administrative Assistant

ADMINISTRATIVE OFFICES

91 Mitchell Street
Glasgow G1 3LN

CHARITY REGISTRATION NUMBER

1001327 (England & Wales)

BANKING AND FINANCIAL ADVISORS

Royal Bank of Scotland
10 Gordon Street
G1 3P

National Westminster Bank plc
133 High Street
Ilford
Essex
IG6 2BU

Barclays Bank plc
193 High Street
North Allerton
DL7 8LF

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

PATRON

The Trustees continue to seek a number of candidates of standing and renown, from differing walks of life, to give active involvement, support, to bring an enhanced public profile and focus to both the Charity and its work caring for the children of Eastern Europe with HIV/AIDS and terminal and incurable illness

TRUSTEES AND ADVISORS

The Responsibility for the overall management Children in Distress is vested in the Trustees who are appointed in terms of the Founding Trust Deed of the Charity. Those who have served throughout the year except where specifically noted are named in Page 1 of this report, together with details of the Advisors to the Charity and its Administrative team.

The Board of Trustees is authorised to appoint new Trustees to fill vacancies arising through resignation and death of an existing Trustee.

In September with the resignation of John Boyle one of the longer serving Trustees, the Charity's lost a wealth of experience and commercial acumen. The genuine regret expressed in accepting this decision, reflects on his generous support and active contribution over many years, recent recognition, of his contribution to enterprise and industry with the award of an Order of the British Empire is richly and justifiably deserved. John now wishes to give greater emphasis to family and business interests, however has assured the Trustees of his continued personal commitment to the work of Children in Distress. He and the team at the Hamilton Portfolio will also continue to sponsor and inspire the annual CID Charity Ball held in Glasgow

INVESTMENT POWERS

The Trustees are authorised to invest in securities and property using the general funds of the Charity, but no such investments have been made in this report year. However, 2002's exceptional donation of a parcel of pre-flotation shares in Futura Medical came to fruition with flotation of that company on the Unlisted Securities Market. The value of the share holding involved is now recorded in the attached accounts and forms a substantial part of the Charities financial reserve. Bell Lawrie White have been appointed by the Trustees to offer guidance, advice and assistance on investment matters with a brief to adopt a minimum risk strategy based on maximising the real value of the investment in the short to medium term

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

CONSTITUTION, OBJECTS AND POLICIES

Children in Distress continues to operate in terms of the original Deed of Trust enacted in December 1990 and amended November 1992, and re-registered with the Charity Commission of England and Wales This extended the objectives of the charity to providing relief of poverty and sickness amongst children throughout Eastern Europe.

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

On the advice of officers of the Charity Commission, the Trustees are reviewing the Founding Deed of Trust to recognise changes in operation, objectives and the need of sick and disadvantaged children in the future.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

OUR MISSION

The Mission of Children in Distress continues to be **“To offer love and care to Children with HIVAIDS and other incurable and terminal illness”**. We will achieve our mission and vision independently or jointly with the help and support of partner organisations, or increasingly on behalf of local and national authorities as part of longer-term agreements or contractual arrangements.

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

STRATEGIC VISION

Our Vision is to ensure that each of the projects operated by Children in Distress and Copii in Dificultate, our sister foundation in Romania, and our other partner charities, operate as centres of excellence, setting standards and sharing experience in child centred care. We aim to underpin all of our activity by continuous improvements in the quality that focus, on individually tailored care plans and child development preferably set in a home in the community environment.

We have where ever possible assisted with the development of child care legislation within Romania and proposed for early 2005, in doing so agree, that in future, care will be best delivered in the community. As funds permit therefore, the Charity's Community HIVAIDS Nursing Service (CHANS) and Community Palliative Care Nursing Service (CPCNS) projects will be extended.

However we retain a continuing commitment to residential hospice and respite care, and as part of our three year development plan, accept that our existing facilities continue to require some continued investment and redevelopment to maximise their role in a comprehensive care strategy. We also actively seek new uses for buildings such as the main building at St Laurence which no longer is ideal for the needs of the young people based there.

Looking to the future, we will work with the newly established local and national agencies to ensure that our young people, particularly those living with HIVAIDS, have life skills and are prepared for independent life in the community. For those who are younger and those less able, that they can achieve their full potential, in a warm and nurturing home environment. In recognition of the changing age, medical and needs profile of each of our children, we continue to invest in the recruitment, training and development of our professional and care staff to ensure the delivery of best practice and the highest standards of individually tailored, medical treatment, child development and care. We will continue to foster community based palliative care by offering insight training in concert with the Dangel clinic in Warsaw

We look to a future when Romania and Bulgaria take their place within the European Union and seek to develop within the management team of Copii in Dificultate (Children in Distress Romania), all of the skills required for independent operation and long-term project sustainability. That team continues to demonstrate financial commitment and initiative, increasing managing the supervision and assessment of projects and future project proposals. The Teams at St Andrew's Children Centre and St Margaret's Hospice have had considerable success in the current report year in leading joint project funding applications.

Our other Partnership programmes particularly those with Local Authority participation continue to develop as an efficient and effective vehicle to deliver treatment and care to children out with the immediate areas served by our own hospices and community programmes. These serve as a model for future projects.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

PEOPLE AND ORGANISATION

The Trustees with differing backgrounds, expertise and experience, give generously of their time on a voluntary basis, to supervise the day-to-day operation of Children in Distress. We generally meet bi-monthly and the meeting programme includes a formal Annual General Meeting. In addition the Trustees are committed to ensuring that each project is visited as often as possible by one or other of our number throughout the year.

Our Trustee Management Group and the Trustee Groups on Finance, Audit, and Funding meet as required. These Sub Committees, co-opt members to offer specialist guidance and advice. Each Committee has written terms of reference, which are reviewed regularly.

Our Advisory Panel includes, volunteer doctors, nursing, physiotherapist, paramedical, child education and social work experts. This very active group leads the programme of continuous improvement in project childcare standards, and offers guidance and advice to the Trustees, the projects' Romanian and Bulgarian medical, nursing, therapy professionals and childcare staff and bi-annually they carry out medical and educational audit and review visits. Without the leadership of this team the successful programme of conferences and seminars on Palliative and child care which have established our projects as centre of excellence would not have been so successful

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

That we have achieved our goals of continuous improvement in facilities and the quality of care is due directly to the exceptional contribution of the management and staff both in Children in Distress in the United Kingdom and Copii in Dificultate, in Romania

CID's Director of Operations, two (2) administrative assistants, and a part-time accountant, based in Glasgow and the project management teams lead by Paul Kubaszky the Administration Director of Copii in Dificultate, have all risen to the dual challenge of strict budget control and the increasing need to develop local funding initiatives. The management, nursing and care of our children increasingly are in the hands of local recruited professional and staff committed to our work. We continue to encourage and develop this local management approach with the recruitment and training, of the medical, nursing, care and support teams.

VOLUNTEERS AND SUPPORTERS

We recognise and appreciate that much of our work, is made possible by committed volunteers, prepared to give of their time to work with our children, to work in of our charity shops and to assist in other fundraising initiatives. We would like to record our thanks for all that they do working tirelessly on our behalf of our children, Volunteers spread the message of Children in Distress, share news of our work and raise funds through outreach and increasing support.

We record with gratitude, the continued generosity, and support of individual and corporate donors, of Church groups, congregations, schools, grant making Organisations, Trusts and Charities

Without the work of volunteers and the support of donors and sponsors throughout the country, we would have been unable, this year, to improve the existing facilities, the quality of care, deliver existing projects, or consider the need of other children and families desperately in need of help and assistance.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

PRO BONO SUPPORT

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

City Law Partnership
Brechin Tyndal Oats Solicitors
The Hamilton Portfolio

The Kelvin Partnership
MTP
ML2 Computer Services

ACTIVITIES AND ACHIEVEMENTS

Despite the on-going challenge of a reducing donation income the Trustees have completed the penultimate phase of the Charity's facilities redevelopment programme. This year the programme saw the opening of a Child Development Day Centre within the grounds of St Andrew's Children's Centre Pitesti, the redevelopment of the back range of buildings including a central day ward pavilion at St Margaret's Hospice in Bucharest and the redevelopment phase of the first building opened in Craiova as a day centre for children with HIVAIDS.

These developments were partial funded and only made possible with the help of a small group of individual supporters, the Fund-a-Physio Group and the readership of the Scottish Catholic Observer.

Perhaps more importantly the continuous improvement in quality of physiotherapy services across our projects, the development of individually tailored development programmes and the increasing availability of professional guidance and equipment has made a considerable improvement in the condition of many of the children with special physical and motor rehabilitation needs.

In a joint initiative with Smile, a German Charity, we have been fortunate to begin the first of forty planned operations to relieve cranial pressure for children suffering with Hydrocephalus.

The year on year reduction in donation income continues to focus the need to develop interest and retain new donors by reaching out to share the detail of our work. Earmarked funds within the budget have been used to generate donor development and create greater awareness of the ongoing need to care for Europe's largest group of young people touched by HIVAIDS. In some key areas of our donor constituency there has been a heartening trend with small but significant increases in the numbers committed to regular giving by standing order and direct debit.

The Child Sponsorship Scheme has been radically overhauled and offers a greater sense of personal contact for all those involved particularly the young people who welcome the knowledge that someone cares. Regular if controlled contact via newsletters and cards and improved administration has given this scheme new life. The Trustees would like to congratulate Liz Cliff the scheme's Co-ordinator for her personal initiative and very sensitive approach to child sponsorship

Like many other charities we continue to encourage the sporting challenge as a potential source of funding. In this financial year, in addition to the Hungerford Big Wheel Bike Ride, the cause of Children in Distress was represented in the Britannic Asset Managements Women's 10K, The Great Scottish Run Half Marathon and 10K, and the Junior Great Scottish Run. The Trustees would like to record our thanks to all those who were prepared to give of themselves, their time and effort, to raise funds to further our work.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

We have tried to expand the opportunities by looking to the London Marathon and Great North Run however note with regret that the sponsored charity entry lists have been closed and that allocated places are unlikely to become available in the foreseeable future under this system.

The Annual Charity Ball organised in Glasgow by volunteers and the staff of The Hamilton Portfolio has become a key element of our fund raising activity over the last few years. Charity Balls have a long tradition in Glasgow and are always well supported however this is justifiably the City's most successful social and fundraising event. Significantly each year the Ball offers the chance to raise the profile of Children in Distress in the West of Scotland and more importantly offers the opportunity to recruit new regular giving donors

In the longer term, the Trustees aspire to hold a minimum of six months total operational costs as a strategic financial reserve. However the current target of a three months operating reserve is seen as a realistic alternative and Copii in Dificultate in line with current labour regulations in Romania hold a financial reserve to cover a minimum of one month's labour costs and benefits.

Operational cost in the United Kingdom continue to be closely monitored and individually each of our Project Management teams are committed to demonstrate best value spending and to review current project organisation and operations to ensure, that they deliver the highest quality of care for the children involved, within their agreed annual budgets.

We continue to advocate that both in Romania and Bulgaria that Projects aim to achieve a contribution from Local Authorities, National Government or local commerce and industry of up to twenty five percent (25%) of the annual running costs. In the first year we are pleased to report that St Andrew's Children's Centre and St Margaret's Hospice have been exceptionally resourceful and successful. It is particularly gratifying that the parental support group for the National Autism Centre in Bucharest have achieved substantial sponsorship funding in their first year of activity.

The approach at St Andrew's included extensive community involvement and generated considerable publicity for the Centre and the work carried out there.

The protection of the Charity's logo against fraudulent use, last year resulted in successful registration in the United Kingdom Romania and Bulgaria. The final phase of registration within the European Union has encountered objection from Save the Children International and although not yet resolved both Charities are working to achieve a mutually beneficial solution to the dispute.

PROJECT DEVELOPMENTS

From budgeted funds and with generous individual bequests and corporate donations we have been able, not only to continue our planned maintenance, facilities redevelopment programmes. We have also been able to introduce a range of service quality improvements and to tailor services to meet the specific needs children in each of our Children's Centres and Hospices

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

ST ANDREW'S CHILDREN'S CENTRE

St Andrew's Hospice continues to deliver exceptional palliative and respite care to children with severe hydrocephalus and other neurological problems. As part of a joint initiative, the project team have arranged a programme of forty-five hydrocephalus shunt cranial pressure relief operations. These will be carried out at Cluj Paediatric Hospital by doctors sponsored by Children's Smile a German charity which is our partner in this programme. All of the community programmes based within the Hospice have proven very successful in treating children in the community and encouraging parents to consider respite and palliative care as an alternative to intensive home nursing care or longer term hospitalisation. The community conferences organised by the team as part of the PHARE funding consultation process have been particularly successful and have highlighted the need for a comprehensive care programme for children specialised care needs excluded for one reason or another from services supplied by the medical and social services within Arges County

The construction of the Child Development Day Centre has provided an ideal centre for a range of therapies and parental counselling services and an excellent education and training centre for children touched by HIVAIDS otherwise excluded from schools and isolated in their local community. Additional rooms have allowed the development of a much needed junior kindergarten class for children with special educational and physical needs which again have proven very successful.

The Local Child Protection Agency is intimately involved and supportive of the project's operation and in addition strong links have been developed with the Consultant of the Infectious Diseases (HIVAIDS) Clinic of the County Hospital.

The working relationship with the Local Authority in respect of the European Union funded PHARE grant has proven to be an interesting and challenging experience for all those involved. The Local Authority has been given financial control of the grant aid although they have made no financial contribution to the Day Centre project. Officers of the Council appointed to oversee spending have perhaps taken an overtly cautious approach and shown little initiative or flexibility in the administration of funds or the provision of essential equipment detailed as part of the original grant submission. The project was therefore delayed and its success to date is the result of the perseverance of the Copii in Dificultate management team, the motivation of the professional staff and the personal intervention of President Constantin Nicolescu, President of Arges Council, whose intervention and interest has resolved most of the problems encountered to date.

The Trustees would like to express their appreciation to the Project Management Team and staff for their perseverance and to President Nicolescu for his active involvement.

We would also like to express our thanks to Baroness Nicholson of Winterbourne who accepted an invitation to formally open the centre and set aside time from her busy schedule in February 2005 to carryout the ceremony.

Carmen Teodor, the Project Director of St Andrew's Hospice has been proactive in community involvement and the recruitment of local business sponsors and donors.

A token of her enterprise and initiative being the inclusion of a fundraiser in the Day Centre Budget proposal, the St Andrew's Day charity ball 2003, and the planned concert organised for 2004 which has already attracted support from a number of Romanian pop groups. These events both raise awareness and funds but more importantly involved local schools, colleges and companies in an event, and generate comprehensive press and media coverage.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

ST CHRISTOPHER'S HOLIDAY CENTRE

St Christopher's has fully fulfilled its promise as an ideal centre for sheltered activity holidays for children who would otherwise be unable to consider a break in the country. Some work still requires to be done to widen the number and diversity of groups using the centre and to seek local sponsorship. These matters will be addressed in the year ahead once a new suitably qualified Project Manager is appointed.

The Trustees recognise the contribution made by Udo Stiller who originally as a volunteer and latterly as part of the management team of Copii in Dificultate has helped managed this and other projects. Udo has decided to further his career with a new challenge in Germany

ST MARGARET'S HOSPICE AND CHILDREN'S' CENTRE

The Director and staff at St Margaret's have continued to build on earlier successes and to strengthen and expand this Centre's existing programmes. Increasingly their focus of activity looks beyond Yorkshire House to Bucharest and elsewhere in Romania. To increasing community care and work supporting families and other self help groups caring for children with Autism, HIVAIDS, and terminal neurological disorders or in need of palliative care in general.

THE CENTRE FOR AUTISTIC CHILDREN

This Project Team, continue to operate in addition to an intermediate class for those children, who benefit from the positive reinforcement of the Picture Exchange Communication System (PECS), a junior class which uses the Lovaas one to one Method intensive child education and care. To reinforce the teaching involved, and the key role that they play parents have also been given training and understanding of the philosophy which underpins both of these systems of education and care for this challenging group of young people.

Staffing and recruitment remains a contentious issue since once trained our staff are seen as a natural resource by other organisations and local authorities, however our core team who remain, have committed to intensive personal training to ensure that the children involved maximise the benefit from their time in class.

The team continue to operate a community based outreach programme, which offers assessment training and care to families dealing with older children and teenagers, The Centre's facilities need to be improved with additional space and the children would benefit from inclusion in the state school system. The Child Protection Department in Bucharest Sector 2 has committed to increase their involvement and to provide a building better suited to the needs of the children. A building was identified and earmarked for use in early 2005 however the re-organisation of social work services arising from recent legislation, staff changes and changes in the newly unified department's priorities and have delayed this programme however it very much remains a key element of the department's long term plan. The proposal also has the personal and political support of the Sector 2 Mayor.

The financial support arranged by the Nedescu fundraising initiative has continued although the group now actively support two other projects offering specialised education to children with autism.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

THE CENTRE FOR AUTISTIC CHILDREN

The Project Team continue to foster the concept of a National Centre for Children with Autism. Sharing expertise and training others is a key part of the services provided by the team at St Margaret's, in the last year several self-help parents groups have visited the centre and had help and assistance in setting up projects and the management of a day centre being set up within St Katherine's Orphanage sought a consultancy service in setting up their operation.

The Romanian web site has continues to offer insight into the treatment and care of those with Autism.

YORKSHIRE HOUSE STREET CHILDREN'S LITERACY PROJECT

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

Credit is due to the two tutors who work closely with the children involved and who for many are their sole positive role models.

The Trustees wish to record their appreciation of the support of this project by Pat Allan and Sue Goldby who continue to fund this much valued programme. These two long term supporters are so committed to the benefits it affords to the young people of Bucharest and the new life opportunities it offers through education, which they actively seek to, develop the programme elsewhere.

ST MARGARET'S CHILDREN'S HOSPICE

The final phase of development at St Margaret's has seen a complete rebuilding of the back range of buildings creating a new kitchen, staff area, junior ward, bathrooms, toilets and day room and physiotherapy pavilion. Despite the disruption of building development in a restricted site the work of caring for the children was carried on without problems. This was in no small way due to the dedication of the Nursing and Care Staff within the Hospice.

Alyth Hughes the driving force behind the continued improvement in physiotherapy services at St Margaret's was invited to actually carry out the official opening of the newly developed buildings. A numbers of supporters of Fund-a-Physio the support group which makes all her work possible were there to witness the event. The day room and physiotherapy pavilion has already greatly benefited all of the children within the Hospice by offering them an all weather play area with dedicated space for the equipment that help develop their mobility. The professional guidance offered by all of the physiotherapy team has markedly improved the well-being of all of the children in care and one or two have been assessed as ready for return to a more normal family life. The Child Protection Department have been actively involved and prospects of suitable foster care or family connections have been explored.

For many of the children however life at St Margaret's remains currently the only option. Life expectancy and condition of life within the hospice with its high dependence care services, are greatly enhanced however as the children's health improves and they are reassessed as incurable rather than terminally ill this allows the care team to plan for their future.

Building on the success and proven track record in child development the Management Team at St Margaret's are actively seeking funding and partners in the creation of a Child Development Centre to be based within the building and to occupy the rooms vacated by the Autism Centre when it relocates to a new school. They have already been offered start-up funding by the Romanian Way and are actively seeking European Union funds to further develop this project.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

ST LAURENCE CHILDREN'S CENTRE

The Project Team at St Laurence have developed a new programme to meet the needs and changing age profile of the children in their care, the benefit from the quality of care and advances in HIV treatment and medication is that we now have thirty-six children all but three of whom are older than fifteen years of age

Working with the local council we have found a new role for the main hospice building which has been an enormous drain on the Hospices resources. The upper floors will offer refuge to the elderly and infirm in a number of individual flats whilst the lower floors will be retained for education and community use.

Two Independent Living Units, now meet the needs of the two groups of six young people are being prepared for life in the community. A number of our older young people have already decided to return to the care of their families and we plan to support their decision, as long as required as part of their transition process. The other houses within the compound have been reorganised and earmarked for redevelopment to tailor their facilities to the needs of the children. The Christmas Appeal 2004 will focus on the redevelopment we envisage and will no doubt be generously supported.

Lorna Jamieson who leads the management team at St Laurence has indicated that for personal, family and health reasons she intends to return to the United Kingdom in June 2005. The Trustees recognise her dedication and commitment to the children at St Laurence and express their admiration and appreciation of all that she has achieved on their behalf.

PARTNERSHIP PROGRAMMES

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

CRAIOVA

This partnership programme with the Asociata Vasiliada of the Metropolitan Archdiocese of Craiova cares for over one hundred and fifty-four (154) children from the counties of Dolj, Gorj, and Mehedinti. Many of these children are from the very poorest of families, from carriage homes, with few of the basic facilities such as electricity or even running water. The project's basic and currently successful philosophy continues to be that proactive intervention with counselling, medication and nutrition will defer the onset of opportunistic infection and prolong life. The programme offers in addition to health counselling and social work support, material assistance by way of basic food packages the content determined by the Projects Dietician to meet the nutritional needs of a child with HIV. Given the poor communications, condition of the rural roads and the spread of homes across a large country catchment area there have always been problems ensuring the food parcels medication and firewood are delivered to the Romanian and Roma families involved.

Each year this exceptional professional and highly motivated team and project continues to build on what they have already achieved and in this report year they have been increasingly pro-active in dealing with education, and the discrimination and alienation issues, which arises directly from the ignorance of HIV and AIDS prevalent throughout the three counties. As part of their HIV AIDS awareness programme, with the help, assistance and funding from Children in Distress the team published an educational pamphlet, which was widely circulated though out the three counties high schools.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

CRAIOVA

The first phase of construction of their drop in and counselling centre, opened in a former parish house donated by the Metropolitanate. The re-development work was funded by the readers of the Scottish Catholic Observer, as part of that newspaper's Lenten Appeals in 2003 and 2004. The second phase building which will also be funded with the help of Children in Distress is under construction. Together these buildings will offer an exceptional facility. In the most recent development computers donated by Glasgow District Council have found a new home within a computer training centre recently opened as part of the development.

In recognition of the warmth and generosity of the people of Glasgow, the Centre has been named after Glasgow's patron saint St Mungo, and Archbishop Conti the Roman Catholic Archbishop of the City has been invited to officially open the centre when it is completed in late 2005.

BRAILA COMMUNITY CARE PROJECT

The Fundatia Cuvioasa Paraschiva based within the orphanage in Slobozia continues to support thirty-nine (39) children throughout the County of Ialomita, which is one of the poorest rural agricultural areas in Romania. This large rural area has the country's poorest road network and Braila especially depends on an intermittent ferry service, all of which makes regular contact, treatment visits and food and firewood deliveries, particularly in the winter months difficult if not impossible.

The first of the partnership projects funded by Children in Distress involves those from the poorest families in the area, whose children have been touched by HIV/AIDS and who require not merely medication and nursing care but support with all the basic necessities of life, firewood for heating and cooking, food and clothing. The greatest challenge for many of the project families remains that there is insufficient anti-retroviral medication available within the County's health system.

A second project identified a further group of thirty (30) bed-ridden children with a range of cancers and other illnesses some of which are terminal who currently receive no help or support in the community since there are, no appropriate local authority or medical support services available to meet their needs. This project assisted by Children in Distress has been set up and will ensure that these children will not be ignored.

The small project team of nurses and assistants led by Noreen O'Gorman are from time-to-time overwhelmed by the demands for palliative care and support and all who visit are greatly impressed by all that they achieve.

BULGARIAN PROJECTS

THE VIDIN THERAPY PROJECT

Directly funded from the United Kingdom this project continues to offer a model of excellence in the delivery of the highest standards of professional care and greatly benefits all of the children involved based at the Orphanage in Vidin and, directly managed by the local Director, the staff offer a range of professional physiotherapies and speech therapy to children in the town and rural hinterland. Over fifty (50) children a week with diseases of the central nervous system and motor function problems benefit from the work of the small dedicated team.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

PROJECT ANALYSIS 2003/2004

PROJECTS	RESIDENTS	HOME BASED	DAY CENTRE	FOSTERED ADOPTED	DEATHS	HOLIDAYS
ST ANDREW'S	12				1	
HIV AIDS DAY CENTRE		22	6			
CHILD DEVELOPMENT CENTRE			60			
ST CHRISTOPHER'S						595
ST LAURENCE'S	30	6			1	
ST MARGARET'S	13	20			1	
AIDS NURSING SERVICE		30				
AUTISM CENTRE			12			
AUTISM COMMUNITY		40				
LITERACY PROJECT			15			
CRAIOVA		164	24			
BRAILIA		75				
VIDIN THERAPY			50			

FUTURE DEVELOPMENT PLANS

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

Each project has submitted a three year plan and budget highlighting their objectives and realistic operational cost involved.

As a result we have agreed a number of key objectives for the year ahead:

At St Laurence the continued development of the independent living programmes and supported family care or fostering for the young people who would benefit from a return to community care. The development of an additional education and tutoring programme including language and computer skills course based within a newly set up computer training centre. A reassessment of staffing levels with improved skills training and performance assessment as part of a quality care improvement plan.

At St Andrew's Pitesti aim to further involve the Child Protection Department in the funding of the all aspects of the Centre in line with the protocol negotiated as part of the European Union Funding agreement for the operation of the Child Development Day Centre. To deliver a very active HIV AIDS and Special needs day centre offering education, social and family support to children of Arges County. To develop the awareness of services for those who are terminally ill or in need of Palliative or Respite Care services within the St Andrew's

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

FUTURE DEVELOPMENT PLANS

From St Margaret's, operating in conjunction with the main Infectious Disease (HIV) Clinics at the Victor Babes and Colintina Hospitals Sunflower Centre, our community based palliative care service initially operating in Bucharest and already assisting thirty families and children, continues to provide training in community based paediatric palliative care for medical staff and care professionals. To work closely with the Social Protection Department of Sector 2 Bucharest, to find suitable foster or family care for children within the Hospice, whose condition has been radically improved by the nursing care available to them and whose development needs would be better addressed by care in a family setting. To seek from Social Protection Department Sector 2 resources, a suitable building, which would allow the relocation of the National Centre for Autistic Children and the training of suitably qualified staff and an expansion of the number of children enrolled and benefiting from the curriculum.

At the child development centre in Vidin Bulgaria complete a comprehensive review of services to consider the development of facilities and the numbers of children offer the opportunity for physiotherapy and other forms of treatment.

FINANCIAL AND ECONOMIC OVERVIEW

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

Although each of the shops maintain the Charity's footprint in the High Street and consequently contact with their local community, they face considerable competition and increasing commercialism from other charity shops. The costs of operation, particularly rental, maintenance and wage cost increases have impacted adversely on the net contribution our work. The Trustees are concerned and closely monitor gradual fall in real on year income. They are also mindful of advice given by representatives of the Charity commission will review the future of each shop as their leases fall to review.

The Trustees wish to pay tribute the Shop Managers and their dedicated teams of volunteers for all they have achieved and to the general public who as donors and shoppers make it possible.

The Trustees will continue this prudent approach to finances

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

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

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

FINANCIAL AND ECONOMIC OVERVIEW

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

Mr. B Bath	Staff and Inmates of HMP Coldingley
The Birse Trust	Moffat Trust
Children's Aid	Earl of Portsmouth
Reverend D Rake	Sir Cliff Richard Foundation
The Hamilton Portfolio	Estate of Mr J Hoof
Lossiemouth Baptist Church	The Volant Charitable Trusts
The Scottish Catholic Observer	

THE ECONOMIC BACKGROUND

Both Bulgaria and Romania have advanced negotiations for entry to the European Union with a target date in 2007, a date which has been endorsed by the Council of Ministers and the European Parliament. Recent Parliamentary elections in Romania have resulted in a change of government and suggestion of changes in emphasis in current economic policies. However the current cost and wage inflation within both the Romania and Bulgaria although moderating continues to adversely impact on our work. Increases in basic food, utility and wages costs, in turn puts considerable upward pressure on each project's operating costs. Preferential exchange rates for the Euro currency and the fall in the value of the US Dollar continue to impact unfavourably on the value of monthly operation costs and funding transfers.

The real improvements in the economy which have occurred in the last year have taken considerable time to trickle down to benefit those living on the lowest incomes and continue to be of little benefit to the majority of the children and families associated with our projects particularly those involved in our community based care programmes. The transfer of budget funding from central government department control to local authorities has also put pressure on the funds available for state subsidy and labour cost support.

NEW OPERATIONAL ISSUES

The Romanian Government passed into law new legislation governing child care with strict operational criteria the operation and registration of foreign Non Governmental Organisation's (NGOs), with and to devolve authority for many of the social work, health and welfare services to the larger Local Authorities. Effective in early 2005 this will improve the standards of care and facilities for the child; this will in the longer term also mean the continued professionalism of care and the need for additional investment in staff training and development. Considerable work has been done within our projects to prepare for the new guidelines.

Children in Distress continue discussions with The Commission for Child Protection and Adoption to assist in the implementation of these policy initiatives and building on the strong working relationships which currently exist with Local Authorities. We have had some success working closely with the Child Protection Department of Arges Council in respect of St Andrew's Children Centre. We have also developed together with the Child Protection Department of Sector 2 Bucharest, a joint approach to the care, education and development of children with autism. It's hoped that in the year ahead both of these initiatives will lead to concrete joint project initiatives.

Children in Distress

Report of the Trustees For The Year Ended 30 September 2004

NEW OPERATIONAL ISSUES

There is an underlying and ongoing resistance to change within Child Protection Department which will only be addressed by the development of continued mutual trust and respect and the culturing of strong working links through shared experience.

Our project teams continue to feel frustrated by the bureaucratic approach adopted by representatives of some of the local and national government agencies and officials who supervise the work of foreign NGOs particularly those caring for children with special educational, medical and physical needs.

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

RESERVES POLICY

Hitherto CID's activities have been medium to long-term and funded from donation income. Over the last three years the strategy has been to increasingly ensure short term project specific grant aid funding wherever possible to ensure the continuous improvement in services and facilities. The Trustees take a longer term view of the Charity's activities regularly assessing the funding risk to projects and seek to ensure through sound financial management and budget controls that funds will continue to be available.

The Trustees intend, funds permitting, to establish a reserve fund to secure the future of the charity however they are realistic that this will depend on the generosity of current and future donors.

In the interim operations are carried out on a very tight cash flow which varies from time to time according to the difference of the timing of income and expenditure.

The Trustees continue to closely monitor the Charity's finances, with the agreed policy objectives of reducing costs, securing the future of the Charity's projects by maintaining over the next three years a working reserve to provide at least three (3) months full operating costs, and maximising the funds available to provide love and care for the children already with us, or other children still in distress.

RISK MANAGEMENT

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

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

Children in Distress

**Report of the Trustees
For The Year Ended 30 September 2004**

APPOINTMENT OF AUDITORS

The Trustees and Operational staff continue to welcome the assistance offered by The Kelvin Partnership of Glasgow in their role as Auditors. Their advice and their commitment to deliver a comprehensive and objective view of the finances and operation of the Charity have greatly assisted with both the day-to-day financial administration and the preparation of this Annual Trustees Report and Statement of Accounts.

The Kelvin Partnership will be recommended as Auditors, to the Trustees at their Annual General Meeting in April 2005.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the Financial Statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Select suitable accounting policies and apply them consistently;

Make judgements and estimates that are reasonable and prudent;

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

Prepare the Accounts on a going concern basis unless it is inappropriate to assume that the Charity will continue in operation and to state whether applicable law, accounting standards and Statement of Recommended Practices- Accounting and Reporting by Charities (SORP) have been followed, subject to any departures disclosed and explained in the financial statement.

Alisdair Barron
Chairman

APPROVAL

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

.....Alisdair F Barron, Chairman of Trustees

.....Michael East, Trustee

..... Dated

Children in Distress

Report of the Independent Auditors to the Trustees of

Children in Distress

We have audited the financial statements of Children In Distress for the period ended 30 September 2004 on pages 19 to 30 which have been prepared in accordance with the financial reporting standard for smaller entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 16 the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards.

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

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

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

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

Basis of opinion

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

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

Children in Distress

Report of the Independent Auditors to the Trustees of

Children in Distress

Opinion

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

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

Dated:

Children in Distress

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

	Notes	Restricted £	Unrestricted £	2004 Total £	Restated 2003 Total £
INCOME AND EXPENDITURE					
Incoming resources					
Donations, legacies and gifts in kind		25,734	656,473	682,207	734,922
Other incoming resources from operating activities					
- Charity Shops income		-	85,591	85,591	92,567
Investment income		-	992	992	1,461
		-----	-----	-----	-----
Total incoming resources		25,734	743,056	768,790	828,950
		-----	-----	-----	-----
Resources Expended					
Cost of generating funds	2	3,200	249,825	253,025	277,956
Charitable expenditure					
- Direct charitable expenditure	3	-	505,314	505,314	606,012
- Support costs	4	400	13,694	14,094	36,513
Management & administration	5	400	30,297	30,697	33,324
		-----	-----	-----	-----
		4,000	799,130	803,130	953,805
		-----	-----	-----	-----
		21,734	(56,074)	(34,340)	(124,855)
Other recognised gains & losses					
Loss/gain on revaluation of investment asset		-	(5,268)	(5,268)	90,264
		-----	-----	-----	-----
Net movement in funds for the year		21,734	(61,342)	(39,608)	(34,591)
		-----	-----	-----	-----
Total funds brought forward		-	158,401	158,401	192,992
		-----	-----	-----	-----
Total funds carried forward		21,734	97,059	118,793	158,401
		=====	=====	=====	=====

CONTINUED OPERATIONS

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

Children in Distress

Balance Sheet As At 30 September 2004

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

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

.....

A Barron, Chairman of Trustees

.....

M East, Trustee

Date:

The notes on pages 21 to 30 form part of the Accounts

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

1. ACCOUNTING POLICIES

Accounting Convention

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

Incoming resources

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

Turnover of charity shops

The turnover of charity shops represents sales of donated goods.

Gifts in kind

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

Grant giving

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

Investments

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

Resources expended

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

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

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

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

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

ACCOUNTING POLICIES CONTINUED

Book-keeper	100% management and administration
Audit and accountancy	100% management and administration
Telephone	30% fundraising costs 60% direct charitable expenditure 10% support costs
Hotel and travel expenses	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 four charity shops, together with head office costs which are apportioned on an estimate of the proportion of time spent by staff.

Support costs

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

Taxation

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

Tangible fixed assets

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

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

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

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

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

ACCOUNTING POLICIES CONTINUED

Finance and operating leases

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

Subsidiary undertaking

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

Pensions

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

Funds

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

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

2. COSTS OF GENERATING FUNDS

	Restricted	Unrestricted	2004	Restated 2003
	£	£	£	£
Printing, appeals advertising, publications and exhibitions	-	65,294	65,294	99,963
Shop expenses				
Wages and salaries	-	32,543	32,543	28,723
Rent and rates	-	32,586	32,586	39,849
Heat and light	-	1,455	1,455	1,784
Repairs, sundries and telephone	-	1,971	1,971	2,445
Motor expenses	-	2,802	2,802	-
Wages and salaries	-	44,622	44,622	45,769
Pension costs	-	5,485	5,485	4,570
Rent and rates	-	17,612	17,612	15,960
Heat and light	-	686	686	1,122
Insurance	-	2,181	2,181	2,029
Repairs and renewals	-	773	773	1,147
Postage, stationery, copying, advertising and computer costs	-	13,973	13,973	14,714
Motor expenses	-	4,474	4,474	4,285
Refurbishment	-	6,324	6,324	-
Telephone	-	1,521	1,521	1,727
Equipment leasing	-	10,251	10,251	9,479
Hotel and travel expenses	-	525	525	588
Bank interest	-	35	35	88
Sundry expenses	-	372	372	1,225
Depreciation	3,200	4,340	7,540	2,489
	-----	-----	-----	-----
Total fund raising expenditure	3,200	249,825	253,025	277,956
	=====	=====	=====	=====

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

3. DIRECT CHARITABLE EXPENDITURE

	Restricted	Unrestricted	2004	Restated 2003
	£	£	£	£
Gifts in kind	-	18,200	18,200	4,000
Grants	-	416,057	416,057	531,823
Wages and salaries	-	34,608	34,608	32,409
Telephone	-	3,043	3,043	3,454
Travel and subsistence	-	20,246	20,246	23,902
Sundry expenses	-	2,596	2,596	1,511
Carriage and general transport	-	4,918	4,918	3,732
Romanian Children's visit	-	2,481	2,481	-
Bank charges	-	3,165	3,165	5,181
	-----	-----	-----	-----
Total direct charitable expenditure	-	505,314	505,314	606,012
	=====	=====	=====	=====

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

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

4. SUPPORT COSTS

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

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

5. MANAGEMENT AND ADMINISTRATION EXPENSES

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

6. TRUSTEES REMUNERATION AND EXPENSES

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

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

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

7. TANGIBLE FIXED ASSETS

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

8. FIXED ASSET INVESTMENTS

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

Unlisted investments

The Charity has a 100% subsidiary, Romcraft Limited, which undertook trading activities. This company was wound up after the year end and its assets/funds transferred to Children in Distress. The funds transferred amounted to £5,000 which was received in December 2004.

Listed investments

Futura Medical

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

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
VAT	84	1,052
Prepayments	20,398	5,464
	-----	-----
	20,482	6,516
	=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

11. RESTRICTED FUNDS

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

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

12. UNRESTRICTED FUNDS

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

	2004	2003
	£	£
Core costs (3 months provision)	165,000	162,000
Shortfall	(67,941)	(3,599)
	-----	-----
General fund balance	97,059	158,401
	=====	=====

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

Children in Distress

Notes to the Accounts For The Year Ended 30 September 2004

13. EMPLOYEES

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

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

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

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

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

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

14. FINANCIAL COMMITMENTS

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

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

	31,580
	=====

15. INDEMNITY INSURANCE

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

Children in Distress

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