



**Annual Report and Financial Statements
For the Year Ended
30th April 2008**

**Charity No. 1020488
Company No. 2815817**

Children in Crisis
Annual Report and Financial Statements
For the year ended 30th April 2008

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Children in Crisis
Trustees' Report
For the year ended 30th April 2008

Reference and Administrative Information

Charity Registration Number: 1020488

Company Registration Number: 2815817

Registered Address and Principal Office: 206-208 Stewart's Road
London SW8 4UB

Founder Members The Duchess of York
G. W. Harding
P.N. Szkiler

Trustees: O. Taffin de Givenchy (Chair)
M.A. Olbrich (Treasurer)
G.W. Harding
P.N. Szkiler
J. Lowther
D. Helsby
N. Kneale
K. Hellawell (resigned 4 December 2007)
Rev. W. Babatunde
A. Dedman
A. Loseff
Y. Ike (appointed 22 February 2007)

Chief Executive: M O. McKeown

Auditors Kingston Smith LLP
Chartered Accountants
Devonshire House
60 Goswell Road
London EC1M 7AD

Bankers: Coutts & Company
440 Strand
London WC2R 0QS

Solicitors: Simmons & Simmons
CityPoint
1 Ropemaker Street
London EC2Y 9SS

Children in Crisis

Trustees' Report

For the year ended 30th April 2008 (Continued)

The trustees present their report and the financial statements for the year ended 30th April 2008.

Structure, Governance and Management

Children in Crisis is a company limited by guarantee, incorporated on 30th April 1993 and not having a share capital. It was also registered as a charity with the Charity Commission on 30th April 1993. Members of the Board of Trustees are the Directors of the company.

Trustees retire from office at each Annual General Meeting and are automatically eligible for re-election. New trustees with the necessary skills to contribute to the charity's management and development are nominated by members of the board of trustees, interviewed by a panel and appointed by a resolution taken by the Trustees. When new trustees are appointed they are given an introduction to the work of the Charity and provided with the information they need to fulfil their roles, which includes information about the role of trustees and charity law.

The Board of Trustees administers the charity, meeting bi-monthly. The Chief Executive is appointed by the Trustees to manage the day to day operations of the charity, reporting on the performance against the strategic plans approved by the Trustees.

Children in Crisis works closely with Children in Crisis Italy in implementing programmes. The Chief Executive of Children in Crisis is on the Board of Trustees of Children in Crisis Italy. CiC Italy raise funds for some of Children in Crisis overseas programmes and have recently implemented a drugs and alcohol education programme in Italy based on the **d:side** programme in the UK.

Risk Management

The Trustees consider the risks affecting the Charity and its activities as part of its short and long term planning procedures. These are reviewed regularly and plans amended accordingly to mitigate those risks. A Risk Register has been created, which will help us to consider the level of risk being faced and to reduce the higher risks to a level acceptable to Children in Crisis' governing body. In assessing risk the trustees recognise that some areas of our work require the acceptance and management of risk if our key objectives are to be achieved.

Objectives and Activities

The objects of the charity are the relief of hardship, distress and sickness of persons in need, particularly children, in any part of the world and is governed by its Memorandum and Articles of Association.

The Charity was established to respond to the increasing needs of children world wide, especially those who are in forgotten, or hidden crises

The work of the Charity is focussed under three main headings: Education, Healthcare and Protection. The Charity seeks out local partners in the countries in which it works to provide and implement programmes that deliver assistance under these headings to the most disadvantaged children.

Achievements and Performance

The charity continues to develop its work in education with a particular focus on children in post conflict environments and in communities where HIV/AIDS is having a devastating effect. The charity's work reaches some of the most vulnerable children who have missed years of education because of war, displacement and poverty. Emphasis is placed on training teachers in the formal and non-formal sectors in primary education, peace-building, HIV/AIDS prevention and child protection.

Children in Crisis

Trustees' Report

For the year ended 30th April 2008 (Continued)

Achievements and Performance (Continued)

Afghanistan

The Karte Char Day Care Centre provides primary education, a midday meal and healthcare facilities to some of the most disadvantaged children from the Karte Char District of Kabul. Each year children are enrolled following a needs assessment to ensure that they are not receiving education from other NGOs or from state run schools, and are from families who earn less than US\$50 per month. During the last financial year a daily average of 495 children attended the Day Care Centre and the health clinic provided treatment to nearly 450 children. During the winter holidays, 200 children took part in a winter course at the Centre which provided lessons in the core subjects as well as tailoring, singing, performing and English. An evaluation of Karte Char Day Care Centre was conducted in November 2007 and the charity found that it remains a necessary and valued resource within the Karte Char Community. In addition, using the knowledge and resources developed as part of the Day Care Centre, the charity has conducted assessments of vulnerable children in the provinces of Mazar e Sharif and Herat.

Teacher Trainers from the charity trained teachers in Ghor and Badghis Provinces. This programme is currently in its fifth year and within the last financial year 710 teachers have been trained in these provinces. The Teacher Training Programme is based on the needs of teachers as identified by the Ministry of Education. The Ministry of Education's ongoing assessment of work has informed the charity's activities throughout the past year and the need for materials for the teachers has been highlighted. As a result the Teacher Trainers have been developing low-cost maths, science and geometry manuals for teachers in both Ghor and Badghis provinces.

The charity is a member of the Child Rights Consortium in Afghanistan; a group of national and international NGOs working to protect the rights of children living or working on the streets in Kabul. The second phase of the programme came to an end in March 2008. The programme aimed to reintegrate disadvantaged and marginalised boys and girls into mainstream society and from 2005-2008 the charity provided non-formal education and accelerated learning to 561 children at street working children centres. Through additional outreach work 357 children were integrated into mainstream state school and 29 young people completed vocational training and are now earning an income. Family support was provided to 473 children and their families. This support included health education, family visits, attendance at parents meetings and grants for income generation activities. As part of the charity's commitment to the Rights of the Child, it also trained 72 teachers in mainstream schools in Child Rights and Protection.

The charity has also been providing education to a previously nomadic Kuchi community, who have now settled in Kabul. The Kuchi community is marginalised in society due to their traditional beliefs and because they are uneducated, the community has found it difficult to integrate into urban life. 80 children attended accelerated learning classes in grades 1 and 2 and 59 women attended literacy classes. Lifeskills lessons, including sessions on how to cross roads safely and learning the location of local hospitals and health services, as well as health and hygiene education sessions, were provided to the community. The first year of this project came to an end in February 2008 and an internal evaluation was conducted involving interviews with children, parents, staff and the Wakil involved in the project.

Building on the charity's experience, a project with a second Kuchi community but in the Qarabagh district of Kabul Province began in March 2008. This project will be similar to the first and will provide an accelerated course of education to 70 children in the community. To date, 68 children have started lessons in grade 1 and 40 young girls and women have attended literacy classes. 65 families in the community have also been provided with hygiene kits.

Children in Crisis

Trustees' Report

For the year ended 30th April 2008 (Continued)

Achievements and Performance (Continued)

An important element of the charity's projects with Kuchi communities is to provide training for representatives from within the community to become teachers themselves. Two women from each of the communities are trained to a government recognised standard of teaching and are provided with the materials required to continue instruction. In this way the charity ensures the sustainability of the project with the teachers continuing to teach children within the community whilst families are travelling during the winter season. Throughout the past year the charity has worked closely with the Ministry of Education to conduct research into the educational situation of the Kuchi community.

It has become clear, through UNICEF's work in implementing an effective provincial Child Protection Action Network (CPAN), that there are many difficulties for social work staff in the provinces of Afghanistan, where they have little support from qualified people to assist them in coping with extremely difficult situations involving children. The charity started a year long social work coaching programme in June 2007. A team of mentors provided support, advice and solution focused coaching sessions to 93 social workers in 3 provinces in the central region. This will enable them to have an increased knowledge about social work/ child rights/ child protection and to work in a way that respects children's right and enables child protection.

2007 was the charity's 10th Anniversary of working in Afghanistan and celebrations were held in November to mark the occasion.

China

The charity works in remote Western China on a healthcare project with local organisation, Jinpa. The programme began in January 2004 and aims to establish health education and basic healthcare in the remote, rural areas of the Tibetan High Plateau by training young women from nomadic communities in basic health, hygiene, first aid and midwifery skills. Since the programme started 100 young women have been trained in Dritog and Qumaleb Counties.

The charity and Jinpa have collaborated to run a third midwife training course in Nangchen County, which started in January 2007. 50 young women were chosen by their communities and over the last year have participated in a 7 month training course. The training has given the young women enormous confidence as well as valuable skills. They have learnt to perform dramas, puppet shows and role plays which they can use to convey important health messages to their villages about using condoms, how to treat diarrhoea, and how germs are spread.

In September 2007, the charity completed the rehabilitation of Dosoc School in Qumaleb County. During our 2006 health education roadshow, which visited every school in the county, Dosoc School was discovered to be in a particularly poor condition and provided the children, who both study and board there, little protection from the elements. As a result of the improvement to the school, more families have started sending their children to school and the Chinese Government has committed itself to supporting the running costs of the school and the teacher's salaries.

The charity intended to carry out a visit to China in April 2008 to review how the partnership will continue with Jinpa after the completion of the Nangchen County training course and to consider an expansion of the charity's work in China and make contact with other possible partners. However, there was political unrest in the region during March and it was necessary to cancel the visit. The unrest has not disrupted the running of the project so far, but it remains a politically sensitive time and the situation is being monitored carefully.

Children in Crisis

Trustees' Report

For the year ended 30th April 2008 (Continued)

Achievements and Performance (Continued)

DRC

The charity aims to contribute to the improvement of education provision for children in the isolated communities in the South Kivu region of DRC. A 3-year teacher training project in partnership with Eben-Ezer Ministries, started in January 2007. This year 105 teachers and 35 head teachers participated in two residential training courses which introduced a range of teaching methodologies through role-play and micro teaching lessons. The training included modules in literacy and numeracy, the new national curriculum, peace and health education, professional ethics, the rights of the child, and psychosocial education. Test results after the first residential training showed a 37% improvement from pre-training tests.

As part of the project, the charity has trained partners and local people to carry out community-based performances in order to raise awareness amongst the local community of the importance of education and in particular girls' education. More than 14,000 people have attended sessions held in 39 primary schools, 10 secondary schools and in 45 local churches.

The charity started building 3 schools in the remote villages of Mishashu, Mikalati, and Itombwe in June 2007. Construction on the fourth school site, Bibokoboko started in October. Once built these schools will provide a minimum of 600 children with access to education every year. In anticipation of the opening of Bibokoboko School, enrolment of children has already increased by 15%.

The rebuilding of the Secondary School and the rehabilitation of the grinding mill in the Bushushu Village was completed in September 2007. The grinding mill has historically been used by the community to grind flour for the surrounding villages as means of generating funds and this income is now being used to pay for school equipment and uniforms for the poorest children.

East Timor

The charity worked in partnership with the Instituto Católico para Formação de Professores and the Catholic Schools Foundation on a teacher training programme which trained in-service primary school teachers in four districts of East Timor. 133 teachers were trained in the summer of 2007 and a further 190 teachers will complete the fourth and final module of training in May 2008. The teachers were also provided with school tool kits containing educational games and equipment made from local and recycled materials to support them in their lessons. Each school involved in the training received a play box with sports equipment and materials.

An evaluation of the School Rebuilding Project was carried out in spring 2008. Two schools needed completion and a number of schools will benefit from more equipment, materials and furniture as communities have not always been able to provide these themselves.

Kenya

Contact was maintained with local NGO ACE Africa with a view to supporting them on programmes in the future should they request it. However, ACE-UK were proceeding well with fundraising and were looking to apply to many of the trusts the charity would apply to, making the possibility of doing a discrete project difficult and increasing the risk of duplicating projects. As a result the charity has decided not to continue working in Kenya.

Children in Crisis

Trustees' Report

For the year ended 30th April 2008 (Continued)

Achievements and Performance (Continued)

Liberia

The charity launched a 4-year teacher training project in partnership with FAWE (Forum for African Women Educationalists) Liberia at the beginning of February 2008 aiming to train 200 teachers in Montserrado and Rivercess to enable them to deliver good quality basic education for girls and boys, with a particular emphasis on gender, peace and civic education, and the provision of teaching and learning materials and classroom equipment.

In addition, the charity worked with FAWE on a school rebuilding project. In July 2007, the first of these schools was completed and the opening ceremony was attended by the charity's Founder and Life President, Sarah the Duchess of York. 6 teachers were recruited for the school and received one week of training in basic teaching methodology. Construction on a second school began in October, and once built it will enable up to 300 children to attend primary school.

The charity aims for the schools built to benefit the whole community and as such they will act as formal primary schools in the morning and as non-formal community education centres in the afternoon. The schools will provide literacy classes to young women within the community. In February, adult literacy lessons were started at the completed school, 43 students have enrolled in the programme so far.

Sierra Leone

The charity worked in partnership with local organisation FAWE (Forum for African Women Educationalists) on an HIV/AIDS education programme for children in primary schools in both the capital Freetown and in a rural town, Kambia. Over the course of the project 300 teachers were trained in an HIV/AIDS education curriculum and they have gone on to deliver lessons to 37,755 children. During 2007/08 the trained teachers received refresher training and 2 teachers from each of the targeted schools were trained as resource teachers. Resource teachers provide support and advice to other teachers in their school and ensure that HIV/AIDS lessons continue to be provided using the participatory methods learnt during training. An external evaluation of the project was conducted in June 2007 and the project came to an end in January 2008 after a four month no-cost extension.

A consultant conducted gender sensitisation training with all the staff and worked with the training team to review the peer education programme and revise the training of teachers manual. In addition, in August 2007 the charity printed 1200 copies of a Teacher's Lesson Book designed by the training team and the consultant. The book is a comprehensive manual containing lesson plans on teaching HIV/AIDS to classes 3-6 using participatory techniques. This is the first lesson book of this kind that has been produced for Sierra Leone.

The Sierra Leone National Aids Secretariat and Ministry of Education, Youth and Sport are keen to continue work with FAWE and the Charity and are putting forward a proposal to a Parliamentary Action Group to have HIV and AIDS made an examinable subject at a Parliamentary Action Group.

Tanzania

In Kilimanjaro District the charity worked in partnership with local NGO Mkombozi on a three year project to provide appropriate education for out of school children and those children at risk of dropping out of school. The project came to the end in June 2007.

The charity carried out a visit to Tanzania in June 2007 to evaluate the project and meet with other organisations to investigate working with a new partner. It was agreed that the charity would work with FAWE (Forum for African Women Educationalists) Tanzania on an HIV/AIDS education programme for secondary school teachers and students.

Children in Crisis

Trustees' Report

For the year ended 30th April 2008 (Continued)

Achievements and Performance (Continued)

UK

The **d:side** programme has undergone a number of exciting changes over the course of the last year in line with nationwide changes for all organisations working with children and young people. The programme has continued to reach children living in Southwark and Leeds and expansion to additional deprived parts of the capital has begun.

In 2007/08, the programme reached 11,633 pupils in Southwark, and 26,656 pupils in Leeds, delivering interactive sessions in primary schools. **d:side** was also part of a Healthy Schools pilot in Southwark to train school staff to deliver high quality drug education to their pupils. The charity conducted 2 training sessions with staff in 5 schools and provided them with materials which are now being developed into an interactive CD-Rom. Building on the results of the pilot, training is being offered to staff in all schools that we visit in the coming year to help increase their knowledge and confidence in delivering their own sessions in drug education.

During the summer holidays, sessions were delivered to young people between the ages of 12 and 16 at Southwark Summer University. The team worked with small groups, engaging the young people in discussion about drugs and alcohol and how it affected their lives. Sessions were also delivered at a play scheme for children between the ages of 7 and 11.

Ukraine

The charity made a visit to Kharkov in May 2007 to see the "Life Without Drugs" programme being delivered to classes of both primary and secondary pupils and the visit also gave the opportunity to speak to staff and the Head teacher of schools involved in the programme. In October 2007 the Ukraine team visited the UK and met with teams from the UK and from CiC Italy who run a similar programme in Milan. This was an excellent opportunity for all parties to meet, exchange information and share ideas.

The team in Ukraine used the summer holidays for strategic planning of the programme, and they shared this with the teams from the UK and Italy during the exchange visit. Based on a similar model to the UK, the programme has started a pilot to train school staff. The aim of the work is to increase teachers' knowledge and ability to be able to deliver consistent messages after receiving the "Life Without Drugs" session. 36 teachers from 7 schools have taken part in the seminar sessions.

The charity has continued to deliver sessions to year 5 and 6 in October and Lenin districts, as well as to primary school age children in the Chervonozavodskij area. The programme reached 7,375 children in 2007/08.

Financial Review

During the year the charity raised £2.6 million from the general public, corporations, governments and other agencies and through its fundraising events. The bulk of this income was spent in the current year. As shown in the restricted funds column of the Statement of Financial Activities £1.5 million of the income was for specific projects. We spent £1.5 million of the restricted funds and hold £1 million at the end of the year which will be spent as projects progress.

£1 million of unrestricted funds was raised through individual and corporate donations, and fundraising events. Our investment in individual donor development continues to provide encouraging results becoming an important income stream for the future growth and stability of the charity.

Children in Crisis

Trustees' Report

For the year ended 30th April 2008 (Continued)

Financial Review (Continued)

We spent £1.8 million in furtherance of the objects of the charity. The charity continues to closely monitor the infrastructure costs with the intention of maximising the amount of funds received to be spent on our programmes.

One of the restricted funds, Afghanistan - EC (Street Children) fund is showing a £16,437 deficit at the year end. This project finished during the year and the deficit represents the final amount receivable from EC for the project. It is envisaged that this will be received in 2008/09.

Children in Crisis Trading

The charity has one wholly owned subsidiary, Children in Crisis Trading Limited. It was established as a fundraising company for the charity. The company was very successful in the year, raising over £137,000 for the charity through a number of fundraising events. Since the year end, it has been decided that a separate fundraising company is not required and future fundraising activities will go through Children in Crisis. Therefore, from 1 May 2008, the trading company will become dormant.

Investments

The charity may invest amounts not immediately required for the above objectives in such investments, securities or property as may be thought fit, subject nevertheless to such conditions and such consents as may for the time being be imposed or required by law.

The Trustees' investment policy is to hold cash reserves on money market deposits so as to safeguard the capital value of the reserves.

Reserves Policy

We recognise the need to have reserves in place to ensure the continuation of our programmes in the event of an unforeseen downturn. This is particularly true for a charity like Children in Crisis, which is going through a period of growth, where reliable income streams are being established. We are also very conscious of the need to balance the necessity for reserves with our intrinsic drive for providing value for money and maximising the resources available for our programmes. To this end, we try to achieve a reserve of three to six months of operating costs, which equates to between £574,000 and £1,148,000. At present free reserves, at £441,074 do not reach this target level. The trustees are considering ways of raising additional funds to reach the target.

Plans for Future Periods

Afghanistan

The charity will continue to provide primary education, a midday meal and healthcare facilities for children at the Karte Char Day Care Centre. Annual evaluations of the Day Care Centre will continue to take place in order to ensure that it is still needed within the community. Furthermore the assessments of vulnerable children in provinces Mazar e Sharif and Herat will be used to form the basis of work in the coming years.

The regional teacher training programme is now in its fifth phase and will come to an end in September 2008. Building on the charity's expertise in this area, it has submitted a proposal as part of a Consortium to provide teacher training to Secondary School teachers in Ghor and Badghis.

The Social Worker Training project has been extended until July 2008. Following the completion of this project the charity will seek funds for a second phase of the project, which will continue to focus on the 3 provinces, Bamiyan, Paktiya and Ghazni. The charity has also been asked to submit a proposal to replicate this project within orphanages in Kabul.

Children in Crisis

Trustees' Report

For the year ended 30th April 2008 (Continued)

Plans for Future Periods (Continued)

Afghanistan (Continued)

The charity will continue to work with the two Kuchi communities during the next year. The project will provide lessons in grades 3 and 4 to the 80 children currently participating in the project; they will then be able to enrol in Government School to continue their education. 70 children from the community in Qarabagh will be taught grades 1 and 2. The charity is one of the very few organisations who are committed to working with Kuchi communities and throughout the coming year will continue to research into Kuchi communities and develop new proposals for working with them.

The charity is in discussions with the Child Rights Consortium about a third phase of the programme which would be an extension of the charity's existing community work in Kabul as well as providing Child Rights Training for all members of the Consortium. In addition, the charity is in the process of submitting proposals to other donors to support our work with vulnerable children.

China

The health roadshow in Nangchen using the trained midwives as community educators will run in Spring/Summer 2008. The charity will continue to monitor the political situation in Western China and if possible will carry out a visit in the next year to discuss potential future projects with Jinpa.

DRC

The charity aims to expand its work in improving the education provision in the South Kivu region of DRC and has submitted funding proposals for teacher training projects. If successful, the charity will extend the teacher training programme to all 168 primary schools across the mid and high Plateau of South Kivu. In addition, the charity plans to work with local women's organisation Association de Femmes Chretiennes (AFEC) to pilot a Women's Literacy Programme with the communities in the mid and high Plateau.

The rebuilding of the four schools should be completed by the end of July 2008. The charity plans to continue its school rebuilding programme and aims to secure funds to rebuild another 2 schools and rehabilitate a further 4 in 2008/09.

East Timor

The teacher training project is due to finish at the end of November 2008 and the final 6 months will be spent observing the trained teachers and training 30 teachers who have missed some of the sessions in the course due to conflict of schedule. In addition, 200 teachers will take part in a 1-day workshop on the school tool kits. This will include training on how to produce their own low-cost educational materials. The charity will apply to the donor for a three month no cost extension to the end of February 2009.

Because of our success to date in teacher training, the charity has been approached by UNICEF and the Ministry of Education to be the implementing partner in a pilot project on Multigrade Teacher Training. Preparatory assessment and project development will be carried out in the second half of 2008 followed by a workshop that will bring together key stakeholders to discuss findings and agree the way forward.

In response to the evaluation of the school rebuilding project, the charity will provide furniture and equipment to those schools which are most in need.

Children in Crisis

Trustees' Report

For the year ended 30th April 2008 (Continued)

Plans for Future Periods (Continued)

Liberia

Throughout the first year of the Girls' Education Project the charity will support FAWE Liberia with finance training and training on Child Protection Policy design and implementation. The training team will work with a consultant to design the specialised teacher training curriculum including gender and post-conflict issues and the training and teachers' manuals will also be designed. By the end of 2008, the first group of 100 teachers will be trained in basic teaching methodology and have participated in a two-week specialised training.

The charity will continue its school rebuilding programme by building a third school.

Sierra Leone

During the first year of the expansion of the programme, the charity will train 105 teachers, 22 Community Teacher Associations, and 440 parents from the Freetown and Kambia districts in HIV/AIDS education.

Tanzania

The charity is seeking funding for an HIV/AIDS education programme. The project aims to train 300 in-service secondary school teachers in HIV/AIDS education in 3 districts in the Southern Highland region of Tanzania. This region is one of the more remote areas and as a result levels of both poverty and HIV prevalence are relatively high but NGO activity is reduced.

UK

In London the charity will expand its service to 4 more boroughs in London, providing comprehensive drug education to primary schools in Lambeth, Lewisham, Tower Hamlets and Wandsworth. A new mobile Life Education Centre is being built and will be completed in summer 2008.

In Leeds the staff training component of the programme will be developed. The charity aims to reach all primary schools across the city by delivering sessions in alternate years to each half of the city, and using training so that teachers can deliver sessions in the years that **d:side** does not visit.

Ukraine

The pilot to train teachers will be expanded over the course of the next year. Materials will be developed to support teachers to deliver sessions during "class hour", a time for teachers to discuss personal, emotional, social and health matters with their classes. The materials will be published and used to reach further schools across the city. Using expertise and learning from other programmes, the charity will also explore the potential to expand the charity's work to include HIV/AIDS education.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the surplus or deficit of the group for that period. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis and in accordance with applicable accounting standards

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985 and the Statement of Recommended Practice (2005). They are also responsible for safeguarding the assets of the group and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Children in Crisis
Trustees' Report
For the year ended 30th April 2008 (Continued)

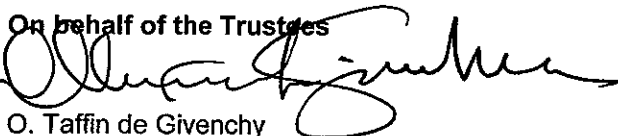
Disclosure of Information to Auditors

So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

On behalf of the Trustees



O. Taffin de Givenchy
Chairman

Date: 4 September 2008

Auditors' Report to the Members of Children in Crisis

We have audited the financial statements of Children in Crisis for the year ended 30th April 2008 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention, and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's members as a body, for our audit work, for this report, or for the opinions we have

Respective Responsibilities of Trustees and Auditors

The trustees' (who are also the directors of Children in Crisis for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial

Opinion

In our opinion the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the charity's and the group's affairs as at 30th April 2008 and of their incoming resources and application of resources, including the income and expenditure of the charity for the year then ended, have been properly prepared in accordance with the Companies Act 1985 and the Trustees' Annual Report is consistent with the financial statements.

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 4/9/2008

K.S. I.S. LLP

Kingston Smith LLP
Chartered Accountants
and Registered Auditors

Children in Crisis
Consolidated Statement of Financial Activities
For the year ended 30th April 2008

Income and Expenditure Account

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2008	Total Funds 2007
		£	£	£	£
Incoming Resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Legacies		5,480	-	5,480	23,269
Grants		42,109	270,109	312,218	377,083
Donations		705,675	522,544	1,228,219	1,160,265
Activities for generating funds:					
Event income		222,355	-	222,355	20,336
Investment Income		63,572	-	63,572	33,225
<i>Incoming resources from charitable activities:</i>					
Contracts for operational programmes	2	-	723,953	723,953	782,706
Total Incoming Resources		<u>1,039,191</u>	<u>1,516,606</u>	<u>2,555,797</u>	<u>2,396,884</u>
Less: Costs of Generating Funds					
Cost of generating voluntary income	4	525,410	-	525,410	448,560
Cost of events		85,239	-	85,239	11,498
		<u>610,649</u>	<u>-</u>	<u>610,649</u>	<u>460,058</u>
Net Incoming Resources available for Charitable Application		<u>428,542</u>	<u>1,516,606</u>	<u>1,945,148</u>	<u>1,936,826</u>
Charitable Expenditure					
Charitable activities	5	329,580	1,485,889	1,815,469	1,638,533
Governance costs	6	34,406	-	34,406	32,020
Total Charitable Expenditure		<u>363,986</u>	<u>1,485,889</u>	<u>1,849,875</u>	<u>1,670,553</u>
Total Resources Expended		<u>974,635</u>	<u>1,485,889</u>	<u>2,460,524</u>	<u>2,130,611</u>
Net income/(expenditure) for the year		64,556	30,717	95,273	266,273
Other Recognised Gains and Losses:					
(Loss)/ Gain on investments		(1,841)	-	(1,841)	(57)
Net movement in funds		62,715	30,717	93,432	266,216
Total funds brought forward		<u>385,763</u>	<u>1,003,607</u>	<u>1,389,370</u>	<u>1,123,154</u>
Total funds carried forward		<u>448,478</u>	<u>1,034,324</u>	<u>1,482,802</u>	<u>1,389,370</u>

All amounts relate to continuing activities.


The notes on pages 16 to 23 form part of these financial statements.

Children in Crisis

Consolidated Balance Sheet at 30th April 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed Assets					
Tangible assets	9		10,834		35,027
Investments	10		<u>6,158</u>		<u>8,000</u>
			16,992		43,027
Current Assets					
Debtors	11	306,076		53,444	
Cash at bank and in hand		<u>1,296,530</u>		<u>1,401,795</u>	
		1,602,606		1,455,239	
Creditors: Amounts falling due within one year	12	<u>(136,796)</u>		<u>(108,896)</u>	
Net Current Assets			<u>1,465,810</u>		<u>1,346,343</u>
Total Assets less Current Liabilities			<u><u>1,482,802</u></u>		<u><u>1,389,370</u></u>
 Funds					
Restricted funds	13		1,034,324		1,003,607
Unrestricted funds:					
Funds represented by functional fixed assets			7,404		16,376
Free reserves			<u>441,074</u>		<u>369,387</u>
			<u><u>1,482,802</u></u>		<u><u>1,389,370</u></u>

The financial statements were approved by the Board of Trustees and authorised for issue on 4/9/08 and signed on its behalf by:

O. Taffin de Givenchy  Director

The notes on pages 16 to 23 form part of these financial statements.

Children in Crisis

Balance Sheet at 30th April 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed Assets					
Tangible assets	9		10,834		35,027
Investments	10		<u>6,160</u>		<u>8,002</u>
			16,994		43,029
Current Assets					
Debtors	11	394,549		57,270	
Cash at bank and in hand		<u>1,205,697</u>		<u>1,395,609</u>	
		1,600,246		1,452,879	
Creditors: Amounts falling due within one year	12	<u>(134,436)</u>		<u>(106,536)</u>	
Net Current Assets			<u>1,465,810</u>		<u>1,346,343</u>
Total Assets less Current Liabilities			<u><u>1,482,804</u></u>		<u><u>1,389,372</u></u>
 Funds					
Restricted	13		1,034,324		1,003,607
Unrestricted:					
Funds represented by functional fixed assets			7,404		16,376
Free reserves			<u>441,076</u>		<u>369,389</u>
			<u><u>1,482,804</u></u>		<u><u>1,389,372</u></u>

The financial statements were approved by the Board of Trustees and authorised for issue on and signed on its behalf by:

4/9/08

O. Taffin de Givenchy.....  Director

The notes on pages 16 to 23 form part of these financial statements.

Children in Crisis

Notes to the Financial Statements

For the year ended 30th April 2008

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments. The financial statements have been prepared in accordance with the Statement of Recommended Practice -Accounting and Reporting by Charities (SORP 2005) published in March 2005, applicable accounting standards and the Companies Act 1985.

The consolidated accounts incorporate the financial statements of the charity and all of its subsidiary undertakings. The results of the subsidiary are consolidated on a line by line basis.

Stocks

Stocks are valued at the lower of cost or net realisable value. Unsold donated items are not included.

Income

All grants and voluntary income are accounted for gross when receivable, as long as they are capable of financial measurement. This includes gifts in kind, included at estimated valuation.

Legacies are accounted for as incoming resources when the charity becomes legally entitled to the income and the when the amount can be quantified with reasonably accuracy. The charity is deemed to be legally entitled to legacy income from the date of notification of an impending distribution, or if later, receipt of the legacy.

Expenditure

All expenditure is accounted for gross, and when incurred. Irrecoverable VAT is charged against the category of resources for which it was incurred.

Charitable activities: Charitable activities includes the direct costs of the activities and depreciation on related assets and the proportion of overheads to support these costs. It includes the direct costs of relieving the hardship, distress and sickness of the persons in need.

Cost of generating funds: The cost of generating funds include the direct cost of fundraising activities and the proportion of the overheads of Children in Crisis required to support these activities.

Governance costs: Governance costs comprise all costs incurred in the governance of the charity. These costs include costs related to statutory audit together with an apportionment of overhead and support costs.

Allocation of overheads and support costs: Overhead and support costs include central functions and have been allocated to categories on a basis consistent with the use of resources e.g staff costs by the time spent.

Depreciation

Tangible fixed assets costing more than £500 are capitalised. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful lives as follows:

Plant	over 4 years
Furniture and equipment	over 4 years
Motor vehicles	over 4 years

Assets for use in overseas operational projects are not capitalised but expensed in the period of acquisition.

Investments

Investments are shown in the balance sheet at their market value. The market value of investments is determined by reference to stock exchange prices at the balance sheet date.

Children in Crisis

Notes to the Financial Statements

For the year ended 30th April 2008 (Continued)

1 Accounting Policies (Continued)

Funds

Unrestricted funds are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. They are to be spent in their respective geographical locations and project activity. The aim and use of each fund is set out in the notes to the financial statements.

Gifts in Kind

Gifts in kind donated to the charity for distribution are included in income only when distributed. Items are valued by the donor at the time of the gift.

Foreign Currency

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of these transactions. Monetary assets and liabilities are denominated in foreign currencies at the balance sheet date and are translated at the rates ruling at that date. All exchange differences are taken to the Statement of Financial Activities.

Parent Undertaking's Income and Expenditure

As permitted by section 230 of Companies Act 1985 and paragraph 304 of the SORP, the income and expenditure of the parent undertaking is not presented as part of these accounts. The consolidated income and expenditure account includes a surplus of £93,432 (2007 - surplus of £266,216) which is dealt with in the accounts of the parent undertaking.

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pension Costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Cash Flow Statement

The group has taken advantage of the exemption under FRS 1 not to prepare a cash flow statement as the group is small.

2 Contracts for Operational Programmes

	2008	2007
	£	£
Big Lottery	132,408	304,853
Comic Relief	160,000	-
DFID	-	25,789
European Commission	155,855	147,248
Leeds City Council	77,127	64,272
London Borough of Southwark	85,777	133,847
Unicef	70,244	-
US AID	-	83,441
Other	42,542	23,256
	<u>723,953</u>	<u>782,706</u>

Children in Crisis
Notes to the Financial Statements
For the year ended 30th April 2008 (Continued)

3	Trading Subsidiary	2008	2007
		£	£
	Turnover	222,355	20,336
	Cost of sales	(74,148)	(5,669)
	Administration expenses	(11,091)	(5,829)
		<u>137,116</u>	<u>8,838</u>
	Gift Aid	(137,116)	(8,838)
	Net profit	<u>-</u>	<u>-</u>

4	Cost of generating voluntary income	Total	Total
	Group	2008	2007
		£	£
	Staff costs	205,135	181,603
	Other direct fundraising costs	289,805	239,701
	Support costs	30,470	27,256
		<u>525,410</u>	<u>448,560</u>

5	Charitable Activities		Total	Total
	Group	Unrestricted	Restricted	2008
		£	£	£
	Afghanistan	131,507	375,563	507,070
	China	-	63,634	63,634
	DRC	59,236	235,111	294,347
	East Timor	29,674	117,776	147,450
	Kenya	-	-	20,273
	Liberia	18,005	71,462	89,467
	Poland	1,068	52,183	53,251
	Russia	-	-	158
	Sierra Leone	31,124	120,003	151,127
	Sri Lanka	-	113,548	113,548
	Tanzania	11,040	27,520	38,560
	Ukraine	11,735	-	11,735
	United Kingdom	36,190	309,090	345,280
	Other	-	-	2,020
		<u>329,579</u>	<u>1,485,890</u>	<u>1,815,469</u>
				<u>1,638,533</u>

Programme expenditure includes goods in kind in relation to the donation of food, equipment and services towards our various programmes. The amount included for each donation is a market value estimate of the cost to Children in Crisis of purchasing the goods or services. The amount of goods in kind provided was £32,400 (2007: £28,800). This includes £28,800 (2007: £28,800) relating to rent of offices and £3,600 relating to flights.

Children in Crisis
Notes to the Financial Statements
For the year ended 30th April 2008 (Continued)

6 Analysis of Support Costs

Group	Charitable activities £	Voluntary income generation £	Events £	Governance £	Total 2008 £	Total 2007 £
Support Staff costs	134,406	18,736	5,237	16,172	174,551	167,665
Office costs	66,350	8,172	2,451	8,172	85,145	79,546
Communications	19,579	2,543	763	2,543	25,428	23,334
Legal and professional	7,843	1,019	306	7,519	16,687	9,968
	<u>228,178</u>	<u>30,470</u>	<u>8,757</u>	<u>34,406</u>	<u>301,811</u>	<u>280,513</u>

Support costs are allocated on the basis of staff time.

7 Auditors' remuneration

Group	2008 £	2007 £
Auditors' remuneration		
-Statutory UK audit	9,100	8,535
-Other	3,208	2,315
	<u>12,308</u>	<u>10,850</u>

8 Staff Costs

Group	2008 £	2007 £
Wages and salaries	743,047	666,396
Social security costs	62,124	67,502
Pension costs	35,184	33,647
	<u>840,355</u>	<u>767,545</u>

The total average monthly number of employees by function was:

	2008 No.	2007 No.
Management and administration	3	3
Project operation and logistics	17	17
Fundraising	7	6
	<u>27</u>	<u>26</u>

The trustees did not receive any remuneration nor reimbursed expenses during the year (2007 - Nil).

One employee was paid over £60,000 during the year (2007 - none). During the year, pension costs on behalf of this employee amounted to £4,326.

Children in Crisis
Notes to the Financial Statements
For the year ended 30th April 2008 (Continued)

9 Tangible Fixed Assets	Restricted			
Group and Charity	Leeds Plant and Machinery	Furniture and Office Equipment	Motor Vehicles	Total
Cost	£	£	£	£
At 1st May 2007	53,028	39,459	146,352	238,839
Additions	-	-	-	-
Disposals	(53,028)	-	-	(53,028)
At 30th April 2008	<u>-</u>	<u>39,459</u>	<u>146,352</u>	<u>185,811</u>
Depreciation				
At 1st May 2007	53,028	23,083	127,701	203,812
Charge for the year	-	8,972	15,221	24,193
Disposal	(53,028)	-	-	(53,028)
At 30th April 2008	<u>-</u>	<u>32,055</u>	<u>142,922</u>	<u>174,977</u>
Net Book Value				
At 30th April 2008	<u>-</u>	<u>7,404</u>	<u>3,430</u>	<u>10,834</u>
At 30th April 2007	<u>-</u>	<u>16,376</u>	<u>18,651</u>	<u>35,027</u>

Motor vehicles are mobile classrooms with a net book value of £3,430 (2007 - £18,651).

At the year end, the charity had capital commitments of £30,284 (2007-nil). This was for the final payment for mobile classrooms.

10 Investments	Group		Charity	
	2008 £	2007 £	2008 £	2007 £
Market value at 1st May 2007	8,000	8,057	8,002	8,059
Unrealised gain/(loss) in the year	(1,842)	(57)	(1,842)	(57)
Market value at 30th April 2008	<u>6,158</u>	<u>8,000</u>	<u>6,160</u>	<u>8,002</u>

The investments listed on a recognised stock exchange are analysed as follows:

	2008 £	2007 £
Pearson	4,036	5,217
Glaxosmithkline	<u>2,122</u>	<u>2,783</u>
	<u>6,158</u>	<u>8,000</u>

The investments were originally donated and the book value at this time was £12,501. All investments are in the UK. Investments held by the charity also include an additional £2 (2007: £2) investment in the subsidiary company at cost.

Children in Crisis
Notes to the Financial Statements
For the year ended 30th April 2008 (Continued)

11 Debtors

	Group		Charity	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	209,563	36,520	209,563	36,520
Amounts owed by group company	-	-	88,473	3,826
Prepayments	96,513	16,924	96,513	16,924
	<u>306,076</u>	<u>53,444</u>	<u>394,549</u>	<u>57,270</u>

12 Creditors: Amounts falling due within one year

	Group		Charity	
	2008	2007	2008	2007
	£	£	£	£
Trade creditors	36,148	36,794	36,148	36,794
Other creditors	59,663	35,407	59,663	35,407
Other taxation and social security	23,550	25,196	23,550	25,196
Accruals and deferred income	17,435	11,499	15,075	9,139
	<u>136,796</u>	<u>108,896</u>	<u>134,436</u>	<u>106,536</u>

Included in above is £4,243 (2007 - £5,544) of pension costs outstanding at year end.

Children in Crisis
Notes to the Financial Statements
For the year ended 30th April 2008 (Continued)

13 Group Restricted Funds

	Balance 1st May 2007 £	Incoming Resources and Transfers £	Outgoing Resources and Transfers £	Balance 30th April 2008 £
Afghanistan - EC (Street Children)	46,142	155,855	218,434	(16,437)
Afghanistan - General	29,126	181,140	157,129	53,137
China - Midwives	31,219	187,854	63,634	155,439
China - Other	5,099	-	-	5,099
DRC - Schools	134,704	24,015	126,365	32,354
DRC - Teacher Training	64,931	126,307	108,746	82,492
East Timor - Teacher Training	54,116	100,635	117,176	37,575
East Timor - General	2,766	12,921	600	15,087
Liberia- Teacher training	-	160,000	30,209	129,791
Liberia - Other	32,250	74,611	41,253	65,608
Poland	51,933	250	52,183	-
Sierra Leone - Big Lottery (HIV/AIDS)	71,972	33,182	105,154	-
Sierra Leone - General	4,465	37,360	14,849	-26,976
Sri Lanka	311,922	94,711	113,548	293,085
Tanzania - Other	28,039	(1,769)	26,270	-
Tanzania - Big Lottery (Street Children)	-	1,250	1,250	-
United Kingdom - Cody Hall	9,502	-	-	9,502
United Kingdom - Leeds d:side	25,053	146,176	138,212	33,017
United Kingdom - London d:side	100,368	182,108	170,877	111,599
	<u>1,003,607</u>	<u>1,516,606</u>	<u>1,485,889</u>	<u>1,034,324</u>

Afghanistan

The funds to manage the Afghanistan programme were raised through European Commission, trusts and donations. The fund is showing a £16,437 deficit at the year end. This project finished during the year and the deficit represents the final amount receivable from EC for the project. It is envisaged that this will be received in 2008/09.

China

Income to fund the China programme was received from trusts and donations.

DRC

Income to fund the DRC programme was received from trusts and donations.

Sierra Leone

Funds were received from Big Lottery, trusts, groups and donations.

Sri Lanka

Income to fund the Sri Lanka programme was received through donations.

Tanzania

Income to fund Tanzania programme was received from Big Lottery.

UK Programme - d:side

The Children in Crisis d:side Programme is based in Leeds and Southwark (London), the funding for these projects is received from local authority contracts, trusts, groups, schools and other donations. The programme receives both cash and gifts in kind.

Children In Crisis
Notes to the Financial Statements
For the year ended 30th April 2008 (Continued)

14 Analysis of Group Net Assets between Funds

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total 2008 £	Total 2007 £
Unrestricted Funds	7,404	6,158	434,916	448,478	385,763
Restricted Funds					
Afghanistan	-	-	36,700	36,700	75,268
China	-	-	160,538	160,538	36,318
DRC	-	-	114,846	114,846	199,635
East Timor	-	-	52,662	52,662	56,883
Liberia	-	-	195,400	195,400	32,250
Poland	-	-	-	-	51,933
Sierra Leone	-	-	26,976	26,976	76,437
Sri Lanka	-	-	293,085	293,085	311,922
Tanzania	-	-	-	-	28,039
United Kingdom	3,430	-	150,687	154,117	134,922
	<u>3,430</u>	<u>-</u>	<u>1,030,894</u>	<u>1,034,324</u>	<u>1,003,607</u>
Total Funds	<u>10,834</u>	<u>6,158</u>	<u>1,465,810</u>	<u>1,482,802</u>	<u>1,389,370</u>

15 Limited Liability

Children in Crisis is a company limited by guarantee. The Memorandum and Articles of Association restrict the liability of members on winding up to £10. In case of winding up none of the accumulated funds are distributable to the members, but shall be given, or transferred to, some other charitable institution having similar objectives.

16 Subsidiary Company

Children in Crisis owns 100% of the two £1 ordinary shares in Children in Crisis Trading Limited, a company registered in England and Wales. Children in Crisis Trading Limited acts as a fundraising company for Children in Crisis and at 30th April 2008 its aggregate capital and reserves amounted to £2 net assets. The subsidiary donates its profits to the charity by Gift Aid. Since the year end, it has been decided that a separate fundraising company is not required and future fundraising activities will go through Children in Crisis. Therefore, from 1 May 2008, the trading company will become dormant.

17 Future financial commitments

At 30 April 2008, the group had annual commitments under non-cancellable operating leases as set out below:

	2008 £	2007 £
Operating leases which expire:		
Land and Building		
in the second to fifth years	<u>48,175</u>	<u>48,175</u>