

The Egmont Trust

Annual Report and Financial Statements
for the Year Ended 31 December 2009

The Egmont Trust

Contents

Reference and Administrative Information	1
Trustees' Report	2
Independent auditors' report	6
Statement of Financial Activities	8
Balance Sheet	9
Notes to the financial statements	10

The Egmont Trust
Reference and Administrative Information

Charity name	The Egmont Trust
Charity registration number	1108199
Principal office	Temple Court Cathedral Road Cardiff CF11 9HA
Trustees	Clare Evans Jeremy Evans William Garrett (Chairman) Rory Powe Martin Woodcock
Bankers	Clydesdale Bank 35 Regent Street London SW1Y 4ND
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Accountants	Haines Watts Wales LLP Chartered Accountants 7 Neptune Court Vanguard Way Cardiff Cardiff
Investment Advisor	CCLA Investment Management Ltd 80 Cheapside London EC2V 6DZ

The Egmont Trust

Trustees' Report

The Trustees are pleased to present their report along with the financial statements of The Egmont Trust (the "Trust") for the year ended 31 December 2009.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

Introduction

The Egmont Trust's core mission is to improve the lives of children and families affected by HIV & AIDS. Because we aim to reach countries and communities hardest hit by the epidemic, we have chosen to focus our support to date on organisations in Kenya, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe.

During 2009 we continued to innovate and successfully piloted a system of peer evaluation in Zimbabwe and Zambia. Despite the economic downturn and severe pressure on charitable fundraising, Egmont's annual income showed a slight increase of 1.3 per cent to £704,962 (2008: £695,622).

THE TRUSTEES

The Trustees who served the charity during the period were as follows:

Clare Evans

Jeremy Evans

William Garrett (Chairman)

Rory Powe

Martin Woodcock

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Trust is a charity established by trust deed on 9 February 2005, and registered with the Charity Commission in that same month under registration number 1108199.

Trustees and organisational structure

The Trustees who held office during the financial year and at the date of this report are listed above and on page 1. Trustees meet quarterly and also participate in three sub-committees to assist with particular areas of work:

- Programme Committee – programme strategy; assessment and selection of grant recipients; monitoring of project performance;
- Finance & Governance Committee – annual budget and accounts; compliance with statutory requirements; terms and conditions for staff; and
- Fundraising Committee (from July 2009) – fundraising strategy, targets and co-ordination; supporter communications.

Trustees have the power to co-opt additional members as necessary. The current skills base includes financial expertise and experience of HIV and development work in Africa. Induction and training of new Trustees, covering their duties and the work of the Trust, is undertaken by existing board members.

Day-to-day running of the Trust is delegated by the Trustees to the Chief Executive, who is based in Zambia, and the UK-based Executive Director. The work supported by the Trust is carried out by partner organisations in southern and eastern Africa to which Egmont gives grants and technical assistance.

The Egmont Trust

Trustees' Report (continued)

Risk management

The Trustees have identified potential risks to the work of the Trust and put in place systems and procedures to manage these. Risks include financial exposure, personal health and security of staff, programming risks and changes to the socio-political environment in which we and our partners operate. We take care to minimise the potential impact of the risks in each of these areas and review them on a regular basis. Egmont has strong local contacts in each country and we are guided by their advice. Our disbursement, monitoring and reporting systems also contribute to minimising risk. They are sufficiently flexible to enable partners to make appropriate adjustments to external factors, such as exchange rate fluctuations, without undermining the basic objectives or integrity of their projects. We aim to learn and adjust our systems and procedures as necessary as we grow.

OBJECTIVES AND MAIN AREAS OF ACTIVITY

The Egmont Trust's primary aim is to alleviate the impact of HIV & AIDS on children and their families in severely affected countries. This means addressing issues including (but not limited to) poverty, livelihoods, education, nutrition, food security and sexual abuse, as well as efforts to raise awareness about HIV & AIDS and prevent further infections. We have a related aim of encouraging partners to learn from each other, thus further increasing the value of the support they receive. The Trustees confirm that they have referred to the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives, planning future activities and setting the grant-making policy for the year.

Grant-making policy

We accept applications exclusively from African-based organizations. Preference is given to locally driven non-governmental initiatives in identified countries (Kenya, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe).

We look for projects that can achieve a visible and defined result, and organisations need to show clearly what this will be and how it will be achieved. Successful proposals may address any aspect of HIV & AIDS response; should be innovative and/or able to be scaled up or replicated; will show a positive impact on the lives of defined groups of people who are poor and vulnerable, particularly children and young people, within the timeframe of the project.

ACHIEVEMENTS AND PERFORMANCE

During 2009, Egmont-supported programmes continued to achieve impressive results in counteracting the toll of poverty and AIDS. They have done so in diverse ways, whether focusing on increasing children's access to education and nutrition, improving household livelihoods, providing HIV testing and treatment, or raising awareness about HIV & AIDS in order to prevent further infections.

In the autumn, Egmont's partners successfully piloted an innovative system of peer evaluation in Zimbabwe and Zambia, demonstrating how, with little or no added cost to their organisations, partners can join forces to share the best and most effective ways of achieving results.

For example, our partner Hospice Association of Zimbabwe (HOSPAZ) is the sector leader in provision of home-based and palliative care to both adults and children. Through peer assessment and constructive advice to other Egmont partners, HOSPAZ has helped them to raise the standard of care they provide – a vital contribution in a region so heavily affected by AIDS.

Similarly, a number of our partners are working on how to improve immunity and health through better nutrition. By linking together for mutual assessment and support, organisations such as AIDS Counselling Trust in Harare and the Sikhethimpilo Centre near Bulawayo have shared knowledge about what food and herbal crops work best with least input, and what food production and preparation methods are most acceptable and beneficial to local people.

The power in this horizontal learning amongst peers is that it is more constructive and more valuable on the ground than any external intervention. Further, as the process is internally driven, it stands a far greater chance of being sustained and thus continuing to raise quality and effectiveness over the long term.

In operational terms, we have continued to emphasise effective partner selection and contract management processes with minimal bureaucracy. Trustees took a strategic decision to employ fundraising consultants in both the US and UK during the year. In addition, administrative capacity in Cardiff was increased from part-time to full-time from 1st December 2009. The small office arrangement in Lusaka was discontinued from July 2009 as the facilities and services on offer proved unsuitable.

The Egmont Trust

Trustees' Report (continued)

External factors affecting achievement

The elections in Zimbabwe and associated violence and intimidation restricted – but did not halt – Egmont partners' activities there. Flexibility has been key in finding the best ways to support their work. In global terms, the economic downturn obviously affected fundraising for Egmont and all its partners.

FINANCIAL REVIEW

2009 was clearly an extremely challenging year for all charities. Against this backdrop, we are delighted that the Trust was able to achieve a small increase in annual income, which grew by 1.3 per cent to £704,962 (2008: £695,622) during the year. Given the prevailing economic climate and the associated severe pressure on charitable fundraising, we believe that 'holding our own' in this way is a significant achievement. The Trust brought about a step change in the diversity of its donor base following its first public fundraising events, two in London (including a very enjoyable and well attended rock concert) and two in New York City. Cumulatively, this means that since its establishment in 2005, the Trust has raised a total of £2.64 million and supported 56 partner organizations in six African countries.

Investment policy

The Trustees have the power to invest in such assets as they see fit. The Trust operates three interest-bearing current accounts (including a US dollar account from October 2009), as well as a short-term deposit account for a better return on funds not immediately needed, which can still be accessed readily. It is not our policy to hold investment property.

Reserves policy

Trustees have pledged to cover operational costs until the end of 2010. No grant commitments are made beyond the level of funds already received or pledged.

PLANS FOR THE FUTURE

The Trust will continue to follow a strategy that focuses on medium-sized grants to effective, locally driven organisations in the 6 current countries. We continue to believe, and have proved, that by focusing strongly on the process of project and organisation selection we will identify the best way to invest resources in overcoming the impact of HIV & AIDS. We also follow a strategy, again based on experience, of building minimal bureaucratic support systems. Equally importantly, we encourage lateral partner-to-partner learning to achieve higher quality results than (more expensive) top-down training and technical support.

During 2010 we will:

- continue to build long-term partnerships with organisations that deliver results;
- expand the disbursement fund as resources permit to increase the number of partners supported;
- strengthen our systems for due diligence assessment, especially as the portfolio grows;
- further evolve the peer evaluation system in all respects;
- continue to seek innovations and best practice in addressing the impact of HIV & AIDS; and
- provide more and better presentations of the results being achieved with The Trust's funds.

To achieve this we intend to secure substantial increase and diversification in our income. This will enable us to expand our support for our best performing projects, which have demonstrated they have the people and skills to deliver value with increased resources. At the same time, we will continue to source potentially successful and scaleable smaller projects, seeking the stars of the future for our portfolio.

RESPONSIBILITIES OF THE TRUSTEES

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity for that period.

The Egmont Trust
Trustees' Report (continued)

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993. The Trustees 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.

Each trustee has taken steps that they ought to have taken as trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information. The Trustees confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as the trustee at the date of signing this report is aware, there is no relevant audit information, being the information needed by the auditors in connection with preparing its reports of which the auditors are unaware. The trustee has taken all steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

The auditors, Ernst & Young LLP, were appointed to audit this year's financial statements and have expressed their willingness to continue in that capacity on a pro bono basis.

Approved by the Trustees and signed on their behalf by:

.....
William Garrett
Chairman
Date:.....

Independent Auditors' Report to the Trustees of The Egmont Trust

We have audited the financial statements of The Egmont Trust for the year ended 31 December 2009 which comprise statement of financial activities, balance sheet, and related notes 1 to 13. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. 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 Trustees, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described in the Statement of Responsibilities of the Trustees, the charity's Trustees are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. 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 prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only Reference and Administration Information. 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 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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 statements.

**Independent Auditors' Report to the Trustees of
The Egmont Trust (continued)**

Opinion

In our opinion;

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the charity as at 31 December 2009 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Ernst & Young LLP
Registered Auditor
London
June 2010

The Egmont Trust
Statement of Financial Activities for the Year Ended 31 December 2009

		Unrestricted Funds	Restricted Funds	Total Funds 2009	Total Funds 2008
	Note	£	£	£	£
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	492,868	209,628	702,496	686,197
Investment income	3	2,031	–	2,031	9,425
Incoming resources from charitable activities	4	435	–	435	–
Total incoming resources		<u>495,334</u>	<u>209,628</u>	<u>704,962</u>	<u>695,622</u>
Resources expended					
Charitable activities	5	280,384	226,837	507,221	662,842
Governance costs	5	1,150	–	1,150	1,116
Total resources expended		<u>281,534</u>	<u>226,837</u>	<u>508,371</u>	<u>663,958</u>
Net movements in funds		213,800	(17,209)	196,591	31,664
Reconciliation of funds					
Total funds brought forward		<u>121,281</u>	<u>21,926</u>	<u>143,207</u>	<u>111,543</u>
Total funds carried forward		<u>335,081</u>	<u>4,717</u>	<u>339,798</u>	<u>143,207</u>

All incoming resources and resources expended derive from continuing activities.

The charity has no recognised gains or losses for the year other than the net movement in funds above.

The Egmont Trust
Balance Sheet as at 31 December 2009

		2009		2008	
Note	£	£	£	£	£
Fixed assets					
Tangible assets	8		113		914
Current assets					
Debtors	9	114,523		140,196	
Cash at bank and in hand		398,918		285,268	
		513,441		425,464	
Creditors: Amounts falling due within one year	10	(173,756)		(283,171)	
Net current assets			339,685		142,293
Net assets			339,798		143,207
 The funds of the charity:					
Restricted funds			4,717		21,926
Unrestricted funds					
Unrestricted income funds			335,081		121,281
Total charity funds	12		339,798		143,207

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

.....

William Garrett
Chairman

The Egmont Trust

Notes to the Financial Statements for the Year Ended 31 December 2009

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities (SORP 2005)', issued in March 2005, applicable accounting standards and the Charities Act 1993.

Fund accounting

Unrestricted income funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Incoming resources

Donations are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

Investment income is recognised on an accruals basis.

Resources expended

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Charitable activities

Costs of charitable activities include grants made and support costs as shown in note 5.

Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of trustee meetings and the cost of any legal advice to Trustees on governance or constitutional matters.

Grants

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the trust. Single or multi-year grants are accounted for when the recipient has a reasonable expectation that they will receive the grant and the Trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive the grant and any condition attaching to the grant is outside the control of the trust.

Fixed assets

Individual fixed assets costing £100 or more are initially recorded at cost.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Office equipment	33% straight line basis
------------------	-------------------------

The Egmont Trust

Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the statement of financial activities.

2 Voluntary income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Donations and legacies				
Appeals and donations	492,868	209,628	702,496	686,197

3 Investment income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Interest on cash deposits	2,031	–	2,031	9,425

4 Incoming resources from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Support costs				
Foreign currency (gains)/losses	435	–	435	–

The Egmont Trust

Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

5 Details of charitable activities

	2009	2008
	£	£
Grants payable		
Kenya	65,964	84,820
Malawi	–	40,791
Mozambique	22,000	59,979
Tanzania	46,837	124,445
Zambia	60,716	63,510
Zimbabwe	107,995	139,177
	<u>303,512</u>	<u>512,722</u>
Support costs		
Staff costs	121,087	111,477
Fundraising	47,105	–
Travel	11,892	9,170
Office costs	23,625	29,473
	<u>203,709</u>	<u>150,120</u>
Governance		
Accountancy costs	1,150	1,116
Audit services are provided pro bono by Ernst & Young LLP.		
	<u>508,371</u>	<u>663,958</u>

6 Net incoming resources

Net incoming resources is stated after charging:

	2009	2008
	£	£
Depreciation	<u>801</u>	<u>1,134</u>

The Egmont Trust

Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

7 Employees' remuneration

Total staff costs

	2009	2008
	£	£
Wages and salaries	105,083	96,260
Social security costs	6,478	5,920
Pension costs	9,526	9,297
	121,087	111,477

Particulars of employees

No employee received emoluments of more than £60,000 during the year (2008 - £Nil).

The Trustees received no remuneration in either accounting period, but were reimbursed expenses for costs incurred in the furtherance of their duties as Trustees amounting to £2,041 (2008 - £402) in the year.

The average number of persons employed by the charity during the year was as follows:

	2009	2008
	No.	No.
Charitable activities	3	2

8 Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
As at 1 January 2009 and 31 December 2009	3,402
Depreciation	
As at 1 January 2009	2,488
Charge for the year	801
As at 31 December 2009	3,289
Net book value	
As at 31 December 2009	113
As at 31 December 2008	914

The Egmont Trust

Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

9 Debtors

	2009	2008
	£	£
Trade debtors	78,037	109,442
Other debtors	36,486	30,754
	114,523	140,196

10 Creditors: Amounts falling due within one year

	2009	2008
	£	£
Trade creditors	173,756	283,171
	173,756	283,171

11 Controlling entity

The Trust is controlled by the Trustees.

12 Analysis of funds

	At 1 January 2009	Incoming resources	Resources expended	At 31 December 2009
	£	£	£	£
General Funds				
Unrestricted income fund	121,281	495,334	(281,534)	335,081
Restricted Funds				
Woodcock Charitable Trust	8,426	200,000	(203,709)	4,717
Anonymous donation	13,500	9,628	(23,128)	–
	21,926	209,628	(226,837)	4,717
	143,207	704,962	(508,371)	339,798

The donation from the Woodcock Charitable Trust was received to fund operating costs.

An anonymous donation was received during the year to the Rungwe Tea Growers project in Tanzania.

The Egmont Trust

Notes to the Financial Statements for the Year Ended 31 December 2009 (continued)

13 Net assets by fund

	Unrestricted Funds	Restricted Funds	Total Funds 2009	Total Funds 2008
	£	£	£	£
Tangible assets	113	–	113	914
Current assets	508,724	4,717	513,441	425,464
Creditors: Amounts falling due within one year	(173,756)	–	(173,756)	(283,171)
Net assets	<u>335,081</u>	<u>4,717</u>	<u>339,798</u>	<u>143,207</u>