

The Egmont Trust

Annual Report and Financial Statements

31 December 2010

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Reference and administrative details

Trustees

Clare Evans
Jeremy Evans
William Garrett, Chairman
Rory Powe
Martin Woodcock

Chief Executive

Colin Williams

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Clydesdale Bank
35 Regent Street
London SW1Y 4ND

Principal Office

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info@egmonttrust.org

Investment Advisor

CCLA Investment Management Ltd
COIF Charity Funds
80 Cheapside
London EC2V 6DZ

Accountants

Haines Watts Wales LLP
7 Neptune Court
Vanguard Way
Cardiff CF24 5PJ

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 2010.

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.

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

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 2010, despite the continuing climate of economic uncertainty and associated pressure on charitable fundraising, Egmont's annual income showed an increase of 6.4 per cent to £749,833. This enabled us not only to maintain support for 23 existing partners' work to improve family nutrition, health and economic security, but also to establish three new partnerships with a focus on education.

Structure, governance and maintenance

Governing document

The Egmont Trust is a non-company 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
- 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.

Trustees' report

Structure, governance and maintenance (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 area 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 organisations. 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.

Principal funding source

The principal funding sources are donations from individuals, foundations and corporations. All grant expenditure serves to fund community level work in Africa which is of direct benefit to children and families affected by HIV and AIDS.

Achievements and performance

During 2010, 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.

Trustees' report

Achievements and performance (continued)

Specific results to date include:

- Internationally approved standards of home based care developed, implemented across Zimbabwe, shared with other organisations and recognised by the Global Fund (HOSPAZ)
- More than six-fold increase in children and young people going for HIV testing in northern Malawi (HAWIP)
- Production of nutritious crops and rearing of livestock for consumption and sale leading to improved nutrition and increased household income (NASFAM, Chipata Farmers, K-PEN and others)
- Street children rehabilitated, reunified with families and given access to education and healthcare (Meninos, Streets Ahead)
- Informal self-help groups becoming properly constituted organisations, able to provide a more systematic and professional service to their communities (Mitengo, Pride, Envirocare)

International recognition for our partners during the year gave further testament to the value and quality of their work. Pride Community Health Club (Zambia) received a UNAIDS Red Ribbon Award in July, while Action in the Community Environment (Kenya and Tanzania) received a STARS Foundation Impact Award in October – both with unrestricted funding attached.

In operational terms, we have continued to emphasise effective partner selection and contract management processes with minimal bureaucracy. Fundraising consultants took on specific tasks in both the US and UK during the first half of the year. In addition, full-time administrative support in Cardiff led to a significant improvement in IT systems for easier tracking of both partner performance and financial reporting. A change to our international payment method reduced costs and streamlined the process at both the UK and Africa ends.

External factors affecting achievement

A welcome increase in financial stability in Zimbabwe enabled us to disburse funds with more favourable exchange rates to our partners there. A negative trend in east and southern Africa generally was the reduction in support for local HIV & AIDS interventions from both government and non-governmental sources. For example, the National AIDS Commission of Malawi withdrew all funding from community-level work to mitigate the impact of the epidemic, diverting its support instead to national-level biomedical responses such as funding antiretroviral treatment. This worrying development makes the kind of support Egmont provides all the more vital.

Financial review

Against the backdrop of continuing economic uncertainty during the year, we are delighted that Egmont was able to increase its annual income by 6.4 per cent to £749,833 (2009 – £704,962). Egmont continued to diversify its donor base, recruiting significant new individual, corporate and foundation donors as well as seeing a welcome 'repeat' rate for existing supporters. Cumulatively, this means that since its establishment in 2005, Egmont has raised a total of £3.4 million and supported 59 partner organisations in six African countries.

Investment policy

The trustees have the power to invest in such assets as they see fit. The charity 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. A brokerage account was established in late 2010 to facilitate donations of shares which can then be liquidated, as it is not our policy to hold investment property.

Trustees' report

Financial review (continued)

Reserves policy

Trustees have pledged to cover operational costs until the end of 2011. No grant commitments are made beyond the level of funds already received or pledged.

Plans for the future

Egmont has recently undertaken a strategic review and is in the process of finalising a new 5-year plan. This reaffirms our commitment to making grants to effective, locally driven organisations as the best way to invest resources in overcoming the impact of HIV & AIDS in sub-Saharan Africa.

During 2011 we will focus on driving forward continued improvement in the following five main components of our work:

- Income – increase the size and sustainability of current relationships with key donors and actively seek new ones
- Partnerships – continue to select high quality local partner organisations and projects, with a mix of one-off grants, mid-level core support and higher level, longer term strategic grants as funds permit
- Contract management – maintain efficient, responsive and timely administration of contracts and partner communication
- Evaluation of impact – create a reporting, evaluation and learning structure that is distinctive, owned by and relevant to our partners and enables us to assess results and communicate these to donors
- Governance and management – continue to develop relevant decision-making, communications and support systems and procedures in line with Egmont's culture and size.

Trustees' report

Trustees' responsibilities

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).

Trustees are required by the law applicable to charities in England and Wales to prepare financial statements for each financial year which give a true and fair view of the charity's state of affairs and its incoming resources and application of resource for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 the financial position of the charity and enable them to ensure the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

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 ("the trust") for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 December 2010, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 1993.

Independent auditors' report

to the trustees of The Egmont Trust

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Statutory Auditor

London

Date:

Ernst & Young LLP is eligible to act as an auditor in terms of section 112 of the Companies Act 2006.

Statement of financial activities

for the year ended 31 December 2010

		<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds 2010</i>	<i>Total funds 2009</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<i>Incoming resources</i>					
Incoming resources from generated funds					
Voluntary income	2	532,731	213,616	746,347	702,496
Investment income	3	1,667	–	1,667	2,031
Incoming resources from charitable activities	4	1,819	–	1,819	435
<i>Total incoming resources</i>		536,217	213,616	749,833	704,962
<i>Resources expended</i>					
Charitable activities	5	532,369	225,089	757,458	507,221
Governance costs	6	–	1,175	1,175	1,150
<i>Total resources expended</i>		532,369	226,264	758,633	508,371
Net (outgoing)/incoming resources before transfers		3,848	(12,648)	(8,800)	196,591
<i>Transfers</i>					
Gross transfers between funds		(58,817)	58,817	–	–
Net movement in funds		(54,969)	46,169	(8,800)	196,591
<i>Reconciliation of funds</i>					
Total funds brought forward		335,081	4,717	339,798	143,207
<i>Total funds carried forward</i>		280,112	50,886	330,998	339,798

All incoming resources and resources expended derive from continuing activities.

The charity has no recognised gains or losses for the year other than the results above.

Balance sheet

as at 31 December 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Fixed assets			
Tangible assets	9	73	113
Current assets			
Debtors	10	111,668	114,523
Cash at bank and in hand		472,052	398,918
		583,720	513,441
Creditors: amounts falling due within one year	11	(252,795)	(173,756)
Net current assets		330,925	339,685
Net assets		330,998	339,798
 The funds of the charity:			
Restricted funds in surplus		50,886	4,717
Unrestricted funds			
Unrestricted income funds		280,112	335,081
Total charity funds		330,998	339,798

Approved by the Board onand signed on its behalf by:

.....

William Garrett

Chairman

Registered number: 1108199

Notes to the financial statements

at 31 December 2010

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 structure policy

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.

Designated funds are unrestricted funds set aside at the discretion of the trustees for specific purposes.

Further details of each fund are disclosed in note 13.

Fund transfers

Transfers are made between funds to prevent individual funds falling into a deficit and for the purpose of reimbursing individual funds where expenditure has been paid in advance.

Incoming resources

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

Investment income is recognised on an accruals basis.

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

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.

Notes to the financial statements

at 31 December 2010

1. Accounting policies (continued)

Tangible 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:

Fixtures, fittings and equipment – 33% straight line basis

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

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds 2010</i>	<i>Total funds 2009</i>
	£	£	£	£
<i>Donations and legacies</i>				
Appeals and donations	532,731	213,616	746,347	702,496
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

3. Investment income

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds 2010</i>	<i>Total funds 2009</i>
	£	£	£	£
Interest on cash deposits	1,667	–	1,667	2,031
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

4. Incoming resources from charitable activities

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds 2010</i>	<i>Total funds 2009</i>
	£	£	£	£
Foreign currency gains/(losses)	1,819	–	1,819	435
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2010

5. Details of charitable activities

All grants are to institutions.

	2010	2009
	£	£
Grants payable		
Kenya	77,169	65,964
Malawi	42,738	–
Mozambique	70,106	22,000
Tanzania	114,873	46,837
Zambia	87,345	60,716
Zimbabwe	161,419	107,995
	<u>553,650</u>	<u>303,512</u>
Support costs		
Staff costs	121,330	121,087
Fundraising	47,016	47,105
Travel	10,739	11,892
Office costs	24,723	23,625
	<u>203,808</u>	<u>203,709</u>
	<u>757,458</u>	<u>507,221</u>

6. Governance costs

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds 2010</i>	<i>Total funds 2009</i>
	£	£	£	£
Accountancy fees	–	1,175	1,175	1,150
	<u>–</u>	<u>1,175</u>	<u>1,175</u>	<u>1,150</u>

Audit fees are provided pro bono by Ernst & Young LLP.

7. Trustees' remuneration and expenses

No trustee received any remuneration during the year (2009 – Nil). Trustees received reimbursement for expenditure of £2,501 during the year (2009 – £2,041).

Notes to the financial statements

at 31 December 2010

8. Employees' remuneration

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

	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>
Charitable activities	3	3
	<u>3</u>	<u>3</u>

The aggregate payroll costs of these persons were as follows:

	<i>2010</i>	<i>2009</i>
	<i>£</i>	<i>£</i>
Wages and salaries	104,956	105,083
Social security	8,290	6,478
Other pension costs	8,084	9,526
	<u>121,330</u>	<u>121,087</u>
	<u>121,330</u>	<u>121,087</u>

No employee received emoluments of more than £60,000 during the year (2009 – nil).

9. Tangible fixed assets

	<i>Fixtures, fittings and equipment</i>
	<i>£</i>
Cost:	
At 1 January 2010	3,402
Additions	104
	<u>3,506</u>
At 31 December 2010	3,506
Depreciation:	
At 1 January 2010	3,289
Charge for year	144
	<u>3,433</u>
At 31 December 2010	3,433
Net book value:	
At 31 December 2010	<u>73</u>
	<u>73</u>
At 1 January 2010	<u>113</u>
	<u>113</u>

Notes to the financial statements

at 31 December 2010

10. Debtors

	2010	2009
	£	£
Trade debtors	95,000	78,037
Other debtors	13,746	36,486
Prepayments and accrued income	2,922	–
	<u>111,668</u>	<u>114,523</u>

11. Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	252,795	173,756
	<u>252,795</u>	<u>173,756</u>

12. Related parties

Controlling entity

The charity is controlled by the trustees.

13. Analysis of funds

	<i>At 1 January 2010</i>	<i>Incoming resources</i>	<i>Resources expended</i>	<i>Transfers</i>	<i>At 31 December 2010</i>
	£	£	£	£	£
Designated funds					
Waterloo Foundation	–	100,000	–	(83,500)	16,500
General funds					
Unrestricted income fund	335,081	436,217	(532,369)	24,683	263,612
Restricted funds					
Operational costs	4,717	181,153	(204,984)	70,000	50,886
Anonymous donation	–	10,547	–	(10,547)	–
TICAH Kenya	–	636	–	(636)	–
The Walter Fund	–	21,280	(21,280)	–	–
	<u>4,717</u>	<u>213,616</u>	<u>(226,264)</u>	<u>58,817</u>	<u>50,886</u>
	<u>339,798</u>	<u>749,833</u>	<u>(758,633)</u>	<u>–</u>	<u>330,998</u>

Notes to the financial statements

at 31 December 2010

13. Analysis of funds (continued)

The designated fund (Waterloo Foundation) was set up to monitor and distribute funds to recommended projects elected by the trustees. The following distributions have been made from this fund:

- 1) £16,500 to Zambian partner Kucetekela Foundation.
- 2) £16,500 to Malawi Mzuzu Academy.
- 3) £17,500 to Zambia Mitengo Women's Co-operative.
- 4) £16,500 to Zimbabwe Batsirai Group.
- 5) £16,500 to Zimbabwe Rafiki Girls' Centre.

The Operational fund is used to fund operating costs. During the year, £70,000 was transferred to this fund from general unrestricted reserves in connection with trustee donations received in 2009.

An anonymous donation was received during the year to the Rungwe Tea Growers project in Tanzania. This fund was transferred to the general unrestricted income fund to reimburse expenditure already funded.

The TICAH Kenya fund was a single donation from Goldman Sachs Gives to be used for an interactive radio programme in Kenya. This fund was transferred to the general unrestricted income fund to reimburse expenditure already funded.

The Walter Fund is for the work of one of the partners, Sibambene in Zimbabwe.

14. Net assets by fund

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Total funds 2010</i>	<i>Total funds 2009</i>
	£	£	£	£
Tangible assets	73	–	73	113
Current assets	532,834	50,886	583,720	513,441
Creditors: Amounts falling due within one year	(252,795)	–	(252,795)	(173,756)
Net assets	<u>280,112</u>	<u>50,886</u>	<u>330,998</u>	<u>339,798</u>