



# Faith Welfare Trust

## Annual Report 2015-16

FAITH WELFARE TRUST

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Registered Charity number 327557

# **Faith Welfare Trust**

## **Annual Report for year ended September 30, 2016**

### ***Introduction***

Faith Welfare Trust (FWT) is constituted by Trust Deed, established in 1987. It provides support to 2 homes (one for girls, one for boys) for deprived children near Chennai, South India, and Faith School in Rajahmundry, Andhra Pradesh state, India, 350 miles to the North. The objects of the charity are: to promote the welfare of disadvantaged and/or destitute children and young people in the area of benefit (India); and to support disadvantaged children and young people in the area of benefit in their education and training.

The trustees have regard to both the Charity Commission's general guidance on public benefit and prevention and relief of poverty for the public benefit. Our work is in accordance with both these guidelines and the main objects set out in the trust deed.

### ***Governance***

The Trustees of FWT remain unchanged for the year 2015-16, and comprise:

Brian Tugwell, Elsie Tugwell, Alistair Coomer, Chris Sayers, Tessa Sayers, John Fisher, Rachel Fisher, Joy Rafferty-Smith, Helen Webster.

Tessa Sayers is the chair of trustees and she and Chris Sayers have the role of "managing trustees". They arrange the twice-yearly trustee meetings and oversee the financial affairs of the charity, banking and acknowledging all donations received, keeping records of these in a spreadsheet and reconciling this with the bank statements. They ensure that Gift Aid is claimed and prepare the annual accounts for the independent examiner. They carry out the annual return for the Charity Commission.

John and Rachel Fisher prepare the twice-yearly newsletter and their contribution is much appreciated by the trustees and also the supporters who often comment favourably on the content and presentation of the newsletters. Printing and mailing is done by John and Rachel Fisher and Joy Rafferty-Smith and her husband Karl. Joy's experience and skills as a medical doctor are useful in informing the discussions of the trustees about health matters related to the work in India.

Brian and Elsie Tugwell play a major role in liaising with the charity's projects in India as they are based in India for 6 or 7 months each year. They attend the meetings of Nambikkai Illam Trust whenever possible and are in regular contact with the staff at the children's homes and Faith School. They keep the other trustees informed of any changes or developments.

Helen Webster's experience and qualifications as a school teacher and her first-hand knowledge of the children's homes and school in India make her advice especially relevant to the operation of FWT.

Alistair Coomer has been on the board of trustees from the charity's inception and this long-term view, together with financial and managerial experience, are very beneficial to the governance of FWT. A recent visit (March 2015) to the children's homes has given him a first hand view of the operation of the charity. He visited many local businesses representing the charity and made valuable contacts.

The trustees usually meet twice a year (spring and autumn). Due to their geographical dispersal in the UK, it is not practical to meet in person more often, but correspondence is conducted by email on relevant matters arising between meetings, to inform and consult with trustees. The governing document does not specify the number of trustees but there are usually 8-9 at any one time and when vacancies arise, potential new trustees are invited by the existing board. They are usually existing supporters of FWT.

Each year, some trustees usually visit the school and homes in India to see for themselves how things are and chat to the staff and trustees of the Nambikkai Illam Trust (NIT), the Indian charity that manages the homes and school. In the year from Oct 2015 to Sept 2016, Chris and Tessa Sayers visited the children's homes in November/December 2015 and Brian and Elsie Tugwell visited the homes and Faith school on numerous occasions during their spell in India from Autumn 2015 to Spring 2016. The costs of all visits were met by the trustees themselves and no expenses associated with visits to India were charged to FWT funds. None of the Trustees received any remuneration for their services.

The homes are managed locally by the trustees of the Nambikkai Illam Trust (NIT), based in Chennai, who meet approximately every 2 months to deal with strategic and practical issues as they arise. The chair of trustees is R Prabakaran, a lawyer, who has been on the board of trustees for over 20 years. The other trustees comprise Dr Esther (a GP), Mrs Soundrakumari (retired children's hostel warden), Mr Dhyaneswar, Mr Dinakaran (local school teacher) and Dr Livingstone (retired teacher at Madras Christian College). NIT holds a bank account at ICICI bank to which FWT sends funds as necessary to meet the costs of the homes and Faith School. Minutes of their meetings are sent to FWT trustees as well as copies of their bank statements and their audited accounts. The wardens of the homes send a monthly breakdown of income and expenditure to both NIT trustees and FWT trustees as well as regular summaries of what has been happening at the homes.

Faith School is managed locally by Dr Samuel Moses and his wife Kamala. This year a board of advisers was set up to give a wider forum for strategic discussions and to help oversee the operation of the school as it increases in size. Its members are mainly experienced educationalists, a doctor and an economist. The school's management and finance arrangement are overseen by trustees of Nambikkai Illam Trust who arrange for appropriate funds to be sent from the main Nambikkai Illam bank account to the school.

### ***Nambikkai Illam Children's Homes***

FWT supports 2 children's homes near Sriperumbudur, just outside Chennai, Tamil Nadu State, South India. The accommodation comprises:

- Junior and Senior Boys Home at Vengadu village
- Junior and Senior Girls Home at Navalur village

The two homes are less than a mile apart. From the beginning of the year until May 2016, 42 children were accommodated at the Homes (20 girls and 22 boys). In June 2016, 1 of the older girls left the home having completed 10<sup>th</sup> standard public examinations to rejoin her family. The younger brother of one of the existing boys joined the boys' home but no other new children were admitted as a restriction had been placed by the social board such that we could only receive new applicants from the Kanchipuram district (the local district) and we usually

take children from further afield – either Chennai or Pernampet. The children attend the local primary and secondary schools and are taken there by bus each day. The older children are found appropriate further education or training when appropriate and, where possible, continue to live at the homes.

Shalini and Sudha were warden and assistant warden of the girls' home during the whole year. Chandra and his wife Sumathi continued to be warden and assistant warden of the boys' home, having held these posts for around 12 years.

Members of the Church of God in Pernampet assist with the spiritual development of the children and visit the Homes regularly. A Sunday service for all the children is held each week at the church hall in Navalur. In addition, other Christian activities take place from time to time, such as a weekend “camp” run at the homes by a local Scripture Union group, which is much enjoyed by the children. When FWT trustees visit the homes they also help with talks, activities and singing.

During 2015-6, the normal level of payments (adjusted for inflation) was made towards the running of the Homes, staff wages, food, clothes, school materials, transport, and so on. The girls' home was repainted in May 2016.

SIPCOT, the development agency, had informed NIT in April 2015 that they would require a plot of land adjacent to the boys' home where the boys currently have small gardens. There has been no activity by SIPCOT on this plot of land in the current year. They proposed rather inadequate compensation which the NIT trustees are still disputing. This compulsory purchase, while unwelcome, should not impact on the day-to-day life at the home as the accommodation and main play area are not affected. As ever, the situation is being monitored closely, particularly by Mr Prabakaran, the chair of NIT trustees so that we get maximum notice of any new developments.

### ***Faith School, Rajahmundry***

The Faith Public School opened at the start of the academic year in June 2004, with the aim of providing a free English medium education for poorer students who would not otherwise be able to afford to go to school. Those who can afford it pay the normal fee. Its classes go from lower kindergarten to 7th standard, providing an education for children from the ages of 4 (lower kindergarten) to 13 (7th standard). All pupils are provided with a nutritious free lunch every day. The school is gaining a good reputation locally and though it started the year with 250 on the roll, there were 320 admitted at the start of the school year in June 2016. Extra staff were recruited to cope with the higher numbers. The children are mainly from Hindu families, with some Muslim children also attending. They receive some Christian teaching and singing at their assembly every day and the ethos of the school is generally Christian.

### ***Fund raising***

The vast majority of FWT's funds continues to be raised through standing orders from individual supporters and one-off donations by individuals and collections from various churches in the United Kingdom and North America, together with boxes in shops, stalls at fetes, sponsored walks and the like. All one-off donations are acknowledged with a personal letter of thanks. Supporters worldwide receive two copies of the FWT newsletter each year to keep them updated about events at the homes and school and reporting the progress the children are making. There is also a website and a Facebook page which are updated intermittently. FWT does not operate any individual child sponsorship scheme.

Over the year from October 2015 to September 2016, income was £33,034, of which £0 was gift aid payment from HMRC (it was claimed after the year-end) and £862 was bank interest. Outgoings were £45,725, of which £45,000 went directly to India to fund the school and homes and the remainder was spent on administrative costs (mainly newsletter-related).

Funds in FWT bank accounts at the end of the financial year 2015-16 total £80,592.

## ***Risk assessment***

The Trustees have identified the following major risks, their potential severity, and impact. The principle direct risk to Faith Welfare Trust is financial, as the projects in India are carried out under the direction of the Nambikkai Illam Trust. However, the Trustees have worked with the Nambikkai Illam Trust and staff to identify other risks to the children, and have identified appropriate actions. The table summarises the systems and procedures in place to mitigate each risk. This is reviewed annually.

<b>Risk</b>	<b>Proba- bility</b>	<b>Severity</b>	<b>Impact</b>	<b>Mitigating actions</b>
Financial fraud in UK	Low	Moderate	<ul style="list-style-type: none"> <li>▪ Loss of donors' funds</li> <li>▪ Damage to trust's reputation making future fund-raising difficult or impossible.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2 signatories are required on all cheques</li> <li>▪ Accounts are audited in accordance with Charity Commission requirements</li> </ul>
Exchange rate change weakens pound vs. rupee	High	Moderate	<ul style="list-style-type: none"> <li>▪ Current cost of work in India rises and income is not sufficient, reserves are used up, work in India would have to be cut back.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Fundraising activities would need to increase to bring income in line with for higher costs.</li> </ul>
Financial fraud in India	Medium	Moderate	<ul style="list-style-type: none"> <li>▪ Loss of donors' funds</li> <li>▪ Damage to trust's reputation making future fund-raising difficult or impossible.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low balances are kept in overseas accounts</li> <li>▪ A local board of Trustees (N.I.T.) is appointed to oversee operations in India.</li> <li>▪ Regular visits are made by FWT Trustees to check on project progress and to review activities of the local board of Trustees.</li> <li>▪ New projects are only considered if UK Trustees have visited and approved them.</li> <li>▪ Regular reports are made from the projects on how the funds are being used.</li> <li>▪ NIT accounts are professionally audited annually.</li> </ul>
Falling (or static) level of donations insufficient to meet costs.	Medium	High	<ul style="list-style-type: none"> <li>▪ Work in India has to be cut back in some areas.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A regular donor base is nurtured, with whom we have regular contact by newsletter and mail.</li> <li>▪ New projects are selected and budgeted carefully, and financial controls are put in place.</li> </ul>
Legislative Change to Govern-	Medium	High	<ul style="list-style-type: none"> <li>▪ School Roll drops to unsustainable number.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staff in India are informed of latest govt recommendations by the social board (govt body in India),</li> </ul>

ment Schools or Homes			<ul style="list-style-type: none"> <li>▪ Current Homes become unsuitable</li> </ul>	<ul style="list-style-type: none"> <li>▪ maintaining awareness.</li> <li>▪ Project(s) are adjusted to suit local needs after research, discussion and consultation.</li> </ul>
Compuls- ory Purchase of Land necessary to operating of Homes or School	Low- Medium	High	<ul style="list-style-type: none"> <li>▪ Major changes would be required to continue operation.</li> <li>▪ Major expense for which reserves might be inadequate..</li> <li>▪ Prolonged period of uncertainty for staff and children</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ultimately little can be done to stop this sort of process. However, presenting a properly reasoned and robust case consistently through the correct channels with legal backing should secure the best possible outcome.</li> <li>▪ Financial reserves are held by FWT to allow different options to be considered.</li> </ul>
Damage to buildings by fire	Low	High	<ul style="list-style-type: none"> <li>▪ Damage and destruction to buildings</li> <li>▪ Death and/or injury to children and staff</li> </ul>	<ul style="list-style-type: none"> <li>▪ The local Fire Department has provided advice to the staff. Regular training is given.</li> <li>▪ The homes have an up-to-date fire certificate.</li> <li>▪ Extinguishers are provided</li> </ul>
Damage to buildings by earth-quake or weather	Medium	High	<ul style="list-style-type: none"> <li>▪ Damage and destruction to buildings</li> <li>▪ Death and/or injury to children and staff</li> </ul>	<ul style="list-style-type: none"> <li>▪ Insurance protection is in place in India</li> <li>▪ Reserve funds are maintained in the UK</li> <li>▪ The children's homes are built on 2 separate sites.</li> <li>▪ Low rise construction (2 storey maximum)</li> <li>▪ Building are inspected regularly for structural condition and maintained appropriately..</li> </ul>
Road traffic accidents	High	High	<ul style="list-style-type: none"> <li>▪ Death and/or injury to children and staff, public</li> <li>▪ Damage to bus</li> </ul>	<ul style="list-style-type: none"> <li>▪ Insurances are arranged locally.</li> <li>▪ Vans owned by NIT are maintained and used to transport children safely</li> <li>▪ Qualified and trained drivers are used</li> </ul>
Harmful contact with workers from factories near the homes	Low	Medium	<ul style="list-style-type: none"> <li>▪ Factory workers may have a bad influence on the children.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Children are given guidance on contact with factory workers.</li> <li>▪ Children stay mostly within the compound and travel to school on the bus. If they go out it would not be alone.</li> <li>▪ A solid perimeter wall at both homes and CCTV at both homes provide security and privacy.</li> <li>▪ Watchman is always present at both homes.</li> </ul>
Abuse of children by staff or visitors	Low	High	<ul style="list-style-type: none"> <li>▪ Physical or mental Injury suffered by children</li> <li>▪ Legal proceedings against NIT</li> <li>▪ Loss of reputation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Visitors from UK read visiting policy and fill in form. They are not left alone with children.</li> <li>▪ Boys' and girls' sleeping area is locked at night.</li> <li>▪ Male visitors never visit the girls home unaccompanied and never stay overnight if the compound.</li> <li>▪ Safeguarding guidelines are in place for NIT staff. Children know how to safely report abuse to warden or NIT trustee.</li> <li>▪ A locked box for complaints is provided at both homes and monitored by the local social welfare board.</li> </ul>

				<ul style="list-style-type: none"> <li>▪ We comply with all relevant Indian legislation and guidelines</li> <li>▪ Good recruitment practice for staff at homes and school is encouraged</li> <li>▪ Social worker visits the homes regularly.</li> </ul>
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## **Reserves**

The policy of the Trustees is to hold adequate reserves of funds to ensure that standing commitments to support the trust's projects can be met.

It is important that a regular flow of funds to the projects is maintained as a high proportion of the disbursed funds go towards food, salaries, clothing and medical costs. A reserve of 3 months' projected costs is currently maintained for this purpose. At current expenditure levels this amounts to £18,000.

Trustees are also mindful that currently FWT is operating on a deficit budget, with projected expenditure likely to outstrip income by up to £25,000 in the coming years and it is thus necessary to hold reserves of at least that amount, until fundraising efforts increase income to keep pace with expenditure.

This reserve can also act as a contingency fund against major disasters, as the region around the Nambikkai Illam children's homes has been subject to earthquakes on more than one occasion. There is also a risk of damage during the monsoons, which occur each year. While insurances are maintained, in the event of a natural disaster it would be many months before the homes could be repaired and re-built, so it is deemed prudent to retain a reserve against this eventuality.

In addition, no written guarantee has been received from SIPCOT that they will not require some or all of the land currently occupied by the boys' home, although nothing has been heard from them for some years. It is therefore prudent to keep reserves to at least cushion that eventuality until such a guarantee can be obtained.

The Trustees therefore consider it prudent to hold at least £25,000 in reserve.

Reserves are currently above this agreed amount. Since a significant portion of the reserve fund is required to cover annual expenditure, it will inevitably reduce over the next few years. The higher the current reserve, the longer we have to raise income to necessary levels and avoid reserves being depleted entirely, which would mean severe cuts to current operations in India.

## **Future Developments**

The Trustees plan to carry out the following development of FWT's work:

- Continue to monitor staffing levels and competence at the children's homes to ensure appropriate capacity and capability of staff running the two homes.
- Monitor the effectiveness of the Board of trustees of Nambikkai Illam Trust and the advisory committee at Faith School and recommend courses of action to improve, if appropriate.
- Give guidance to Faith School management about the numbers of pupils that FWT can sustainably fund.
- Encourage trustees in India to explore supplementary local sources of funding and to consider ways to cut costs.

- Continue to increase the number of standing order donors to strengthen the predictable income stream to FWT by widening the supporter base to include a younger generation of Church of God members and those not involved with Churches of God.
- Encourage more giving from North American churches.

### ***Declaration***

The trustees declare that they have approved the FWT annual report above.

Signed on behalf of the Trustees:

<b>Signature(s)</b>		
<b>Full name(s)</b>		
<b>Position</b>		
<b>Date</b>		



**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2016**

**For**

**FAITH WELFARE TRUST**

**FAITH WELFARE TRUST**

**GENERAL INFORMATION**  
**for the Year Ended 30 September 2016**

**ADDRESS:** The Old Vicarage  
Acklington  
Morpeth  
NE65 9BL

**ACCOUNTANTS:** 60 North Accounts Ltd  
Hillside Cottage  
Voe  
Shetland  
ZE2 9PT

**NOTES:**

1. These accounts have been prepared on a receipts and payments basis in accordance with the SORP 2015 Accounting and Reporting by Charities and the Charities Act 2011.
2. All funds received from donors are unrestricted.

## **FAITH WELFARE TRUST**

### **Independent Examiner's Report to the trustees of Faith Welfare Trust**

I report on the accounts of the charity for the year ended 30 September 2016, which are set out on pages 2 and 3.

#### **Respective responsibilities of trustees and examiner**

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required this year under S144 (2) of the Charities Act 2011 and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the Act
- to follow the procedures laid down in the general direction given by the Charity Commission under section 145 (5) (b) of the Act; and
- to state whether particular matters have come to my attention

#### **Basis of independent examiner's report**

My examination was carried out in accordance with the general directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently, no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

#### **Independent examiner's statement**

In connection with my examination, no matter has come to my attention:

1. Which gives me reasonable cause to believe that, in any material respect, the requirements:

- to keep accounting records in accordance with section 130 of the Act; and
- to prepare accounts in accord with the accounting records and to comply with the accounting requirements of the 2011 Act

have not been met;

or

2. To which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Rosalind Nicol

R Nicol ACCA

Independent Examiner

10 April

2017

60 North Accounts Ltd

Hillside Cottage

Voe

Shetland

ZE2 9PT

**FAITH WELFARE TRUST**

**RECEIPTS AND PAYMENTS ACCOUNT  
for the Year Ended 30 September 2016**

<b>GENERAL FUND</b>	<b>2016</b>	<b>2015</b>
<b><i>Income Receipts:</i></b>		
From Voluntary Sources		
Legacy	0	29526
Donations	13938	17834
Donations under Gift Aid	18234	19197
Gift Aid: Tax Claims	0	7808
 From Assets:		
Deposit Interest	862	580
<b><i>TOTAL RECEIPTS</i></b>	<b><u>33034</u></b>	<b><u>74945</u></b>
 <b><i>Payments:</i></b>		
Charitable Activity Direct Expenditure		
Transfers to Nambikkai Illam Trust	45000	55000
 Management and Administration		
Telephone, Fax, Postage & Stationery	500	943
Travel	0	0
Accountancy	175	355
Bank Charges	50	50
	<u>725</u>	<u>1348</u>
<b><i>TOTAL PAYMENTS</i></b>	<b><u>45725</u></b>	<b><u>56348</u></b>
 Net Receipts (Payments)	 -12691	 18597
Bank Deposit and Current Account Balances at 30 September 2015	93283	74686
 Bank Deposit and Current Account Balances at 30 September 2016	 <u>80592</u>	 <u>93283</u>

**FAITH WELFARE TRUST**

**STATEMENT OF ASSETS AND LIABILITIES**

**As at 30 September 2016**

<b>MONETARY ASSETS:</b>	<b>2016</b>	<b>2015</b>
Bank Current Account	663	6252
Bank Deposits	<u>79929</u>	<u>87031</u>
	80592	93283
<b>DEBTOR: Tax on gift aid</b>	<u>5289</u>	<u>2616</u>
<b>TOTAL CURRENT ASSETS</b>	<u><u>85881</u></u>	<u><u>95899</u></u>
 <b>LIABILITIES:</b>		
Accountancy	75	180
Other expenses	<u>0</u>	<u>0</u>
	<u><u>75</u></u>	<u><u>180</u></u>

The statement of accounts are approved by the Board of Trustees

_____	)	Tessa Sayers
	)	
	)	Trustees
	)	
_____	)	Alistair Coomer

Dated: 2017