Registered Company Number : 4193179
Registered Charity Number : 1089490

HOPE AND HOMES FOR CHILDREN

TRUSTEES' ANNUAL and STRATEGIC REPORT
and
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2014

LEGAL AND ADMINISTRATIVE INFORMATION

Status
Hope and Homes for Children is a charitable company limited by guarantee. It was incorporated on 3 April 2001 (Company number: 4193179) and registered as a charity on 26 November 2001 (Charity number: 1089490).

Governing document
The company was established under a Memorandum of Association which sets out the objects and powers of the charitable company and is governed by the powers set out in its Articles of Association.

Founder Presidents
Mark Cook OBE
Caroline Cook OBE

Patrons
Kate Adie OBE
The Rt Hon The Lord Ashdown of Norton-sub-Hamdon GCMG KBE PC
Martin Bell OBE
Matt Bell
Arpad Busson
The Rt Hon The Lord Carrington KG
General The Rt Hon The Lord Dannatt GCB CBE MC
Rick Foulsham CMG
David Furnish
Nick Hewer
Alistair Humphreys
The Lady Jopling
Jay Jopling
Gordon McInally
The Rt Hon Sir Donald McKinnon GCVO ONZ
Natalie Pinkham
Mrs Lily Safra
Dame Kristin Scott Thomas DBE
The Rt Hon The Lord Selkirk of Douglas PC QC
Princess Marina Sturdza
Sam Taylor-Johnson OBE
James Whiting
Claire Wright

Trustees and Directors

Natalie Acton	x		Carol Haslam	^	
Arpad Busson		*(appointed 21 Oct 2014)*	Jim Rice	*	
Lucy Caldicott		*(appointed 21 Oct 2014)*	Tim Richards		Chairman
Bridget Cluley	^		Kate Stanley	x	
Joanne Drew	*^	Board Secretary	Tony Swayne	*	Treasurer *(retired 5 Feb2015)*
Alan Gosschalk	*	*(retired 22 July 2014)*	Dean Williams	^	
Mark Grinnoneau	*	Treasurer (appointed 5 Feb 2015)			

* = member of Finance, Audit and Risk Committee, ^ = member of Nominations and Remuneration Committee,
x = member of Programmes Advisory Group

Senior Management Team

Mark Waddington	Chief Executive
Delia Pop	Director of Programmes and Global Advocacy
Sue Rooke	Company Secretary and Director of Resources
Sarah Whiting	Director of Fundraising

Registered Office
East Clyffe, Salisbury, Wiltshire SP3 4LZ

Auditor
Baker Tilly UK Audit LLP, Davidson House, Forbury Square, Reading RG1 3EU

Bankers
Royal Bank of Scotland plc, 48 Blue Boar Row, Salisbury, Wiltshire, SP1 1DF

Website - more information about the charity can be found at www.hopeandhomes.org

STRUCTURE AND GOVERNANCE ISSUES

Organisational Structure

Our operations stem from offices in Salisbury, England where a team of professional staff manages our work in Africa and Central and Eastern Europe. Policy is devised and implemented in conjunction with the Country Director and staff in each country of operation. This office is also the base from which we raise funds, primarily from a variety of non-governmental sources. Our programmes are operated either through directly managed organisations or through independent partners. In both instances annual plans of activity and associated budgets are agreed and funding is remitted directly to our own operations or by a grant to partners. In Romania and South Africa we operate through wholly owned subsidiary companies, which use the Hope and Homes for Children name and brand.

We are managed on a day-to-day basis by our professional Senior Management Team under the leadership of the Chief Executive who is responsible to the Board.

Governance

The trustees constitute directors of the charitable company for the purposes of the Companies Act 2006 and trustees of the charity for the purposes of the Charities Act 2011. As set out in the Articles of Association (dated 30 March 2001), the Board comprises a minimum of three trustees. New trustees are appointed at duly convened meetings for a period of three years after which they are eligible for re-election for a further three years. The trustees meet five times a year when they consider the strategic direction and governance of Hope and Homes for Children.

During the year trustees appointed one of their number to act as Board Secretary with the remit of ensuring that the Board adopts best practice with regard to governance and that it complies with its own governance framework and the law. As a result of this initiative, the Board has developed a new governance manual and reviewed its committee structure. It is supported now by two sub-committees: Finance, Audit and Risk Committee (FARC) which holds at least 3 meetings a year and Nominations and Remuneration Committee (NRC) whose meetings are scheduled as required. In addition, the Programmes Advisory Group has been established to oversee and monitor implementation of the Child Protection Policy and to facilitate the sharing of knowledge and understanding of our programmes among the Board of Trustees in order to strengthen their ability to assess and take strategic decisions that affect successful delivery of our programmes.

Public benefit

The aims and benefits of Hope and Homes for Children are contained within the main body of this Report under Mission, Vision and Strategic Aim on pages 3 to 4 and under Strategic Report on pages 5 to 11. We have considered the key principles of the Charity Commission's general guidance about public benefit and have concluded that Hope and Homes for Children meets all the requirements.

MISSION, VISION AND ACTIVITIES OF HOPE AND HOMES FOR CHILDREN

Vision

Our vision is a world in which children no longer suffer institutional care.

Mission

Our mission is to be the catalyst for the global eradication of institutional care of children.

We are convinced that the world is ripe for change and conditions exist to end institutional care for good. We have found:-

- *A clear body of evidence* - that proves that the kind of nurture which characterises a loving family environment is essential for brain development. Even the smallest baby will suffer if they do not have this close loving contact from the earliest age.
- *The injustice of institutional care is being widely acknowledged* - policy makers are beginning to recognise the terrible injustice of institutional care, not only at national level but in international bodies such as the European Union.
- *Funds are being made available for childcare reform* - recognition from policy makers is being backed by funding and, for the first time, we are able to unlock this additional funding – multiplying the impact we can have many times over.
- *A body of best practice* - our practice is being recognised by international experts, which demonstrates that institutional care can be successfully replaced with more cost effective family-based care which delivers better outcomes for children.

Strategic Aim

In order to seize this unique opportunity, we have developed a strategy through which we will develop our global reach. Our strategic aim is by December 2022, we will have put in place the mechanisms to benefit a quarter of a million children every year who are at risk or already confined within institutional care by ensuring that they can enjoy quality care with their families or quality care within a suitable alternative family-based setting.

Our four point plan which will deliver this aim is:

- *National flagships* - Through our work to date, we have established flagship programmes which demonstrate how a country can transform its entire childcare system from one based on orphanages to one based on families. In Rwanda and Romania we are already only a few years from achieving this.
- *Regional impact* - Our experts in each flagship country will advise and assist others across the region to create a domino effect, as well as influence change in neighbouring countries and stimulate reform across entire regions.
- *Global movement* - We will use this domino effect to create a global groundswell of commitment to create a better future for all children. We will work in partnership with other organisations to shape international policy and practice.
- *Closing the gap* - In order to deliver change on the scale we envisage, we need to grow our capability as an organisation. This will require investment in our organisational development, the first part of which we have already secured.

Goals for the next three years

Our organisational strategic goals are that by December 2017:

- We will be working directly with a focus on a small number of countries across four continents to demonstrate national child care reform, and we will further expand our impact, indirectly, through technical assistance and harnessing regional networks to influence global policy. We will also work across a network of partners to establish the foundations for a coordinated global movement that will set about the eradication of the institutional care for children.

- We will have substantially grown the annual voluntary and grant income available for spending on our programmes and advocacy, and we will be generating enough revenue overall to ensure an increasing surplus that can be made available for reinvestment in further sustainable growth towards enabling us to achieve our programmes and advocacy spending target.

- In order to have the ability to deliver our impact and secure the resources that we need, we will have propelled our programmes communications and policy work, and our fundraising communications and partnerships forward in a way that identifies and develops our engagement with new targeted markets, while enabling us to expand our influence and support from existing target markets. We want to achieve this in a way that enables many of the actors in these markets to do our asking and influencing for us such that our blue heart will become the visa/stamp/kite mark for effective action in child care reform on the global stage.

- Because we operate in a diversity of locations with different and changing contexts, by December 2017 our resource management systems will be driving our adaptability in a way that continually strengthens our organisational resilience, while developing our capability to claim as well as develop the big opportunities to expand our impact.

STRATEGIC REPORT

Organisational achievements

Our strategy requires significant organisational growth and this year improve the financial stability of the organisation and at the same time has seen us secure an increased level of organisational capacity building funding (up from £200k in 2013 to £427k in 2014). Expenditure was directed towards the following priorities:

a) investing in our fundraising capability - we have used funds to increase the level of technical and front line fundraising staff which paid dividend in the second half of the year through our successful application to the Department For International Development (DFID) under the UK Aid Match Scheme and the implementation of this through our Numb3rs appeal, which raised £2million in 2014. The matched funding grant of £2million secured from DFID as a result of the appeal will fund a significant expansion of our programme in Africa over the next three years, not only in Rwanda and Sudan but also in three new countries. The investment in new areas of fundraising has significant potential particularly in the arena of international fundraising and the cultivation of ultra-high net worth individuals. In 2014, a number of new fundraising events and initiatives were piloted by our fundraising team, raising funds and delivering opportunities for replication in the future. These included our Ten Stores Challenge and Artist in Residence events. We also ran events which enabled our senior volunteers to target influential people in their community groups and to introduce new supporters to us.

b) expanding our global reach - our European advocacy campaign, Opening Doors for Europe's Children is one of the most significant and successful areas of our wider advocacy work. In partnership with Eurochild, the campaign has brought together over 80 national NGOs, through 12 lead partners, to deliver a campaign calling for the end of institutional care in Europe. In 2014 the campaign achieved one of its key objectives in Bosnia and Herzegovina by securing €1.5million of IPA (Instrument for Pre-Accession) funding from the EU for DI for the next three years. Across the 12 countries local partners have benefitted from capacity building support and made smaller, but still significant gains, in their national level advocacy work.

c) forming strategic partnerships - during 2014, we have increased our engagement with relevant networks and policy hubs. The three most important relationships for us are with the Better Care Network in New York and Africa, Eurochild in Brussels and Child Rights Connect in Geneva. We are members of all three network organisations and involved in their management and leadership. In 2014 we took part in work on the development of a tracking tool which will measure the implementation of the UN Guidelines for Alternative Care (developed five years ago). This is an inter-agency

initiative and our role additionally involved testing the tracking tool through our work in Rwanda and Romania.

During 2014 we developed regional strategies for our work in Eastern and Southern Africa, Central and Southern Europe and Eastern Europe and Central Asia (with Rwanda, Romania and Ukraine respectively acting as our hub in these regions). These strategies capitalise on the significant outcomes of our direct work, using them to build regional movements for change, fuel regional advocacy and deliver impact for children and families in neighbouring countries. We have also made the initial steps to expanding into new territories, including South America, through hosted study visits that we anticipate will lead to a programme of work in 2015 and beyond.

Finally, 2014 marked Hope and Homes for Children's 20th Anniversary. We celebrated with cake, dinners and balls in staff teams, with supporters and with beneficiaries. Most notably we celebrated with Mark and Caroline Cook, our founders who at the end of the year announced their retirement from the charity. We are grateful for their determination and hard work which has resulted in so many children growing up in a home rather than an institution and know that their vision will inspire our future work.

Our major achievements, in more detail, in 2014 included:

Rwanda – in 2014 we significantly progressed child care reform in Rwanda through direct work which resulted in 420 children being moved from three institutions. This work is co-funded by USAID via World Learning and the project, called *Ishema Mu Muryango* or Pride for the Family (IMM) is one in which HHC Rwanda is a sub-grantee of Global Communities. It includes the closure of the Noel de Nyundo Institution, the country's oldest and largest institution. In June, we were thrilled when five children moved out of the Home of Hope Institution in Kigali. This appears a modest statistic but is the outcome of four years of effort to include this faith-based institution in our programme. During July, we were asked to respond to an emergency to support the closure of an illegal and unregistered institution in Kimisagara Sector, Nyarugenge District, Kigali. The institution was located in an isolated building and lacked the most basic living conditions. Children had little clothing and only one adult supervised all 32 children. In collaboration with national and local authorities, our team conducted a rapid assessment and developed an intervention plan. All children living in the institution were placed into emergency foster care or with parents and extended family members. The closure of the Kimisagara institution was intensive, challenging and unplanned but was possible because of our existing work in training foster carers, developing Child Care Networks in the district.

At a national level, we have continued to make a significant contribution to the Rwandan government's *Tubarerere Mu Muryango* (TMM) initiative to reform child care systems across the country. In partnership with Tulane University and funded by UNICEF, in February the team completed the last stage of the training course for the first cohort of staff who will form the national team of social workers and psychologists. Trained professionals are a key pillar of the reform process.

HHC Rwanda was awarded the prestigious Larissa Award for children's rights by the African Child Policy Forum in Addis Ababa in October. Initiated by The African Child Policy Forum (ACPF), a prominent pan-African policy, research and advocacy platform, the Award recognises exemplary initiatives addressing child deprivation and vulnerability in Africa. There was a unanimous decision by the panel to award the prize to HHC Rwanda for our Community Hub model, within the context of deinstitutionalisation and child protection system reform. Our work was recognised for its "innovativeness" and for "giving voices to the voiceless, and making the invisible visible".

Sudan – the focus of our work in Sudan was to implement the second year of a three year project funded by DFID. The project's core purpose is developing and supporting family care for the most vulnerable babies in nine states in Sudan and reforming the child care system for Orphans and Vulnerable Children. We have continued to lead the development of alternative care for children at national and local level and during the year had impact in all nine states targeted by the project.

In 2014 we achieved a number of significant breakthroughs including the opening of the country's first Mother and Baby Unit, to provide services to support unmarried mothers, by our partner NGO. In November a high profile conference celebrating the outcomes of our work also secured further commitments to the development of a referral system in Khartoum and two new Mother and Baby Units which will ultimately enable the successful closure of the notorious Maygoma Institution and the eradication of institutional care for children under the age of three across the country.

South Africa – as last year, our operations in South Africa were dormant during 2014. Towards the end of the year, we secured matched funding from UBS Optimus Foundation for an 18 month project in South Africa which will be launched early in 2015. This will include mapping the number of children under the age of three in institutions which will provide the evidence to inform a pilot deinstitutionalisation project.

Belarus – during the first half of the year, we concluded our World Childhood Foundation funded project on work in the Gomel region of the country with the final work focusing on sustainable service development and handovers of existing cases to the local authorities. We then started a process to evaluate our work in Belarus in the framework of the Eastern European and Central Asian regional strategy and determine ways of using the learning to advocate for change and build momentum for deinstitutionalisation in the region. This process will continue into 2015.

Bosnia and Herzegovina (BiH) – as already mentioned, the highlight of the year for this programme came in July via the Opening Doors campaign when the government's Council of Minsters approved a package of nine priority areas for EU funding over the next three years. Deinstitutionalisation of children and adults with disabilities and children without parental care was one of the priority areas, with €1.5m awarded to BIH over the next three years. This is significant for our work in BiH as not only will it provide crucial funding to support the transition to family and community-based care, it also positions deinstitutionalisation as a key national priority for the government and for the EU as BIH moves closer to becoming an EU member state in the future.

A second milestone came in September when we signed a Memorandum of Understanding with the local authorities in Sarajevo to begin the process of deinstitutionalisation of the Bjelave Institution, which is the institution which we rebuilt when the charity was formed 20 years ago. Closure of this institution has been a key target for us organizationally for some time and so the agreement with the authorities is testament to the relentless work of the local staff team.

Our direct project work in Tuzla, Herzegovina-Neretva and Sarajevo Cantons continues to be delivered in patnership and with the financial support of UNICEF. Othe donors contributed funds for an Emergency Reception Centre which opened in December as part of the complex of child and family support services being developed within the building of the Tuzla institution. The centre offers temporary emergency accommodation and support for children aged 5-18 who are without parental care until a longer term family-based alternative can be found. Nationally, the team was awarded the first ever federal grant by the Federal Ministry of Labour and Social Policy to carry out research activities outlined in the Action Plan for the implementation of Child Protection Reform in the country.

Bulgaria – in Bulgaria, our work is focused on closing all institutions for children under three. Our initial focus has been on eight institutions but during 2014 we have been able to expand this scope by identifying and subsequently signing five further Memoranda of Understanding with authorities responsible for institutions for babies in Pleven, Ragrad, Silistra, Vetren and Sofia. With the growth in scale and visibility of our work, we are having much more impact on the wider issue of institutions in the country. As an example, we were pleased to note that a number of institutions for children over three years old have closed in the initial eight districts in which we work. The Know How Centre in Sofia conducted an independent assessment of the impact of our work outside the eight target institution closures and their findings confirmed that sustainable change for children, families and communities can be evidenced.

Later in the year we launched IMPACT which is training designed to assist professionals working with children with disabilities. The training was developed in response to the request of local professionals who were concerned by the lack of specialist attention given to children with disabilities during implementation of deinstitutionalisation processes. It was successful and not only has it had a transformational impact on the children involved in the programme but has been applied more generally across the country.

In recognition of the progress made by our staff team, we were thrilled that they were awarded the Tulip Award at a national gala organised in Sofia by the Tulip Foundation. The award scheme is run to recognise the outstanding initiatives of charities that are having impact on social issues in Bulgaria.

Moldova and Transnistria – through the work of our partner agency, CCF Moldova, we had a critical role in shaping a strategy that was adopted at the end of May by the government for the protection of children and family for the period 2014–2020. This is the first time that a national strategy in Moldova identifies the imposition of a moratorium as an objective which will gradually stop the institutionalisation for children under three and makes specific provisions to support existing and further develop family support services.

There were several significant milestones for our direct work in Chisinau:

- a new Social Assistance Service for Children and Families officially opened in June and is crucial to ensure long-term and ongoing prevention of family breakdown. The service will provide the necessary support to young children and families and be an information resource centre for other specialists in child protection.
- in November the official opening of the first Emergency Placement Centre took place. The new service supports the closure of the Chisinau Institution for babies and offers short term placement where there are new cases of children who cannot stay with their families in spite of prevention efforts and there are no immediate places in foster families. This will stop the flow of new children entering the residential part of the Chisinau Institution and allow us to move out into family care more than half of the 30 children still remaining in the Institution. The rest of the children who have severe and complex disabilities will be moved to a Small Family Home which we currently have under construction but hope to complete in 2015.

In Transnistria, we were able to celebrate Christmas and the official opening of a Small Group Home in Bender. This has been a long process as there have been a series of challenges to overcome in making this service a reality. The children who moved into the new accommodation are thriving and we are pleased that the opening ceremony has caused the government to recommit to broader child care system reform.

Romania – in 2014 we closed two more institutions in Romania:

- in partnership with Bucharest Sector 6 Child Protection Department, we opened the two small group homes needed to close the St Andrei Institution for children with disabilities in the capital Bucharest. One opened in April and the second in August and are the first such homes for children with disabilities in the capital.
- in June, the final group of 21 children from the Teaca Institution in Bistrita Nasaud county moved into two newly-opened Small Group Homes The Teaca institution had been 'home' to 52 children, 18 of whom have now been reintegrated with their parents, 21 have moved into the newly-opened SGHs, 3 have been placed in alternative services that better suit their needs and 10 are being supported to live independently. During the implementation of the project 129 children from 45 families have also been prevented from separation.

At the national level in 2014 we continued the rounds of consultations with representatives of county administration, child protection services, local authorities and regional development authorities. The focus of the discussions will shape the process of accessing structural funding and help ensure that institution closures will remain a centrepiece in the planning and execution of county reforms.

Work at national and EU level also ensured that deinstitutionalisation continues to be a priority for EU funding and we now expect in the region of €80 million to be secured by the Romanian Government for child protection reform projects by 2022.

Fundraising and awareness raising events have continued in Romania throughout 2014. They included:

- The second Twin Art Gala was held at a concert hall in Bucharest in March. The event was a huge success, raising awareness of our work and raising money through donations and a silent auction of paintings by children who had attended an art summer camp.
- On October over 200 runners took part in the Bucharest International Marathon and Half Marathon as part of Team Hope. .
- In November, we held our first Hope Ball. Over 150 guests attended and they were able to watch the story of two young people we have helped to build a better future for themselves.

Ukraine – despite a hugely challenging political and security situation and a reduction in budgets for social services at county level, we made significant progress with our work in the eastern province of Dnipropetrovsk. We worked to complete a second Centre of Social Support based on a similar service set up in Kiev in 2012. It was named 'It is Good at Home' Centre and is located in the old institution building. The services run by the Centre will provide support to vulnerable children and their families across the region, including an Emergency Placement Centre, a Mother and Baby Unit and an Early Intervention and Family Support service. Between June and December when the Centre was officially opened, staff were recruited and trained and they beginning operating in November.

Our staff team hosted an event to raise awareness of the harmful effects of institutional care in December to coincide with the 25th Anniversary of the UN Convention on the Rights of the Child. Held at the Kiev Centre of Contemporary Art, the event featured the work of eight modern Ukrainian artists who created one-off paintings and sculptures expressing the experience and outcomes of institutional care on children. The event created a very high level of interest thanks to the wide support of the media.

Future activities
During 2013 and 2014 we have made progress in building momentum across the delivery of our strategy, including through strategic partnerships in South America and Russia, influence with global networks like Child Rights Connect, in developing pipeline, and in growing income. Our 2015 objectives will focus on key areas where continuing momentum is critical, namely:

- Progress the closures of 35 institutions across at least seven countries to demonstrate that alternative family-based care is not only possible and more cost-effective, but that it delivers far better outcomes for children.
- Commence the delivery of our Regional strategies in at least four Continental Regions in order to drive impact outwards across more countries to benefit more children.
- Link our Regional work with our Global work to focus attention and action on deinstitutionalisation of child protection, and to win targeted and focused commitments that over time will deliver international support in terms of know-how, funding and the political will to ensure that no child ever suffers institutional care.
- Grow core sustainable fundraised income to £5.3 million, as the next step toward achieving the scale of operation that we need to be to deliver our mission, and map opportunities, put in place plans and start scaling up our engagement of major strategic funding partnerships – existing and new.
- Put in place the capacity to develop our brand in a way that supports the delivery of the above objectives and our work as we move into 2016.

Internal control and risk management
The Board has overall responsibility for the Charity's system of internal control and for monitoring its effectiveness. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Charity's systems are designed to provide the trustees with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. We have established an on-going process for identifying, evaluating and managing risks faced by the Charity. This process has been in place during the year and up to the date the financial statements were approved.

The Senior Management Team reviews risk management activities within the Charity, so that the significant risks facing the Charity can be reported to the Finance, Audit and Risk Committee and the Board. The risk assessment process includes a review that covers all controls, including financial, operational and compliance controls and risk management. The Charity has an established organisational structure with clearly defined lines of authority, responsibility and accountability which is reviewed regularly. Internal audits are carried out at overseas operations on a rolling basis.

Financial review
We are pleased to report strong financial results which reflect our aims of strengthening the core financial stability of the organisation as a base to build and develop our ambitious growth plans.

In 2014, our voluntary income rose from £5.7 million to £6.3 million, an increase of 10%. Undoubtedly the Numb3rs appeal run as part of DFID's UK Aid Match Scheme played a significant part as much of the increase came from individual donations. Our grant income increased from £2.5 million to £2.8 million. In part the increase came from higher value grants from existing relationships, most notably related to our organisational capacity building grants. We have also received grants from funders that we have not previously worked with, the most significant of these being an unrestricted grant from the UBS Optimus Foundation.

There has been a fall in the level of overseas programme income from £1.6 million to £0.9 million. The level of this funding stream is determined by specific pieces of work. We completed a significant project in Romania and have allocated time this year applying for future project funding.

As reported earlier we are investing in future income growth. This is reflected in the increase in the level of the fundraising costs from £0.8 million to £1.3 million.

Our expenditure on charitable activities has reduced – from £6.5 million to £6.3 million. We have noted the reduced level of directly funded, country specific projects although we expect this dip to be temporary with plans for it to revert back to 2013 levels in 2015.

The result for the year is a surplus of £0.1 million which is 25% higher than last year. Because of the completion of a number of pieces of work funded by restricted grants (and replaced with unrestricted funding in 2015) there is a deficit of £0.7 million on the restricted fund. Therefore, we have been able double the value of our general reserve from £0.7 million to £1.5 million. This brings the level of the general reserve to a point at which there is a stronger working capital base for developing the new funding streams to support organisational growth plans.

Reserves Policy
Hope and Homes for Children needs reserves to ensure the Charity can meet its objectives; both its current commitments and its longer term sustainability. We have determined that the reserve needs to be in a range, calculated with reference to the risk assessment of:

- The viability of income streams
- Opportunities to invest in new projects prior to securing funding
- Cash flow requirements

We have further determined that we need to hold the equivalent of approximately two months total expenditure as reserves of which at least one month's essential core expenditure should be held as an unrestricted cash reserve.

As at 31 December 2014, these measures indicate a required cash reserve of between £1 million and £1.1 million, including an unrestricted cash reserve of £400k. The reserves policy was exceeded at the year end and so our 2015 Business Plan included a budget in which expenditure exceeds income.

Investment Policy
Our Memorandum and Articles of Association provide us with the powers to make investments as we see fit. The policy we have set aims to invest funds held in fixed term cash deposits to generate income. All other cash balances will be held to ensure funds are available to meet day to day commitments with any funds that are not instantly needed being placed on term deposits until needed.

Going Concern
Hope and Homes for Children is funded by voluntary donations and, as such, can only operate to the extent that these donations allow. There is, however, a degree of probability regarding some future donations. The Charity has in place certain contingency plans should donations fall materially. We consider that Hope and Homes for Children has adequate resources to continue in operational existence for the foreseeable future and therefore it is appropriate to adopt the going concern basis in preparing the accounts on pages 14 to 27.

AUDITOR
We will put a resolution to the Annual General Meeting proposing that Baker Tilly UK Audit LLP be re-appointed as auditor.

TRUSTEES' RESPONSIBILITIES

We are responsible for preparing this Annual and Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires us 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 incoming resources and application of resources, including income and expenditure, of the charitable group for that period. In preparing these consolidated financial statements, we have:

- selected suitable accounting policies and then applied them consistently
- observed the methods and principles in the Charities SORP
- made judgements and estimates that are reasonable and prudent
- stated that applicable UK Accounting Standards have been followed
- prepared the financial statements on the going concern basis

We have been responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time the financial position of the charitable company and which have enabled us to ensure that the financial statements comply with the requirements of the Companies Act 2006. We have been responsible for safeguarding Hope and Homes for Children's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities. We have also been responsible for the maintenance and integrity of organisational and financial information included on the charity's website. We are aware that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all of 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 auditor is aware of that information.

Approved and signed on behalf of the Board of Trustees on 28 April 2015 by:

Mark Grinonneau

J TIMOTHY RICHARDS
Trustee and Chairman

MARK GRINONNEAU
Trustee and Treasurer

HOPE AND HOMES FOR CHILDREN

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HOPE AND HOMES FOR CHILDREN

We have audited the group and parent charity financial statements of Hope and Homes for Children ("the financial statements) for the year ended 31 December 2014 on pages 14 to 27. 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body, 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 Statement of Trustees' responsibilities set out on page 12 the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http:*//www.frc.org.uk/auditscopeukprivate*

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2014 and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

Opinion on other requirements of the Companies Act 2006
In our opinion the information given in the Trustees' Annual Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

KERRY GALLAGHER (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants, Davidson House, Forbury Square, Reading RG1 3EU

Date: 5 August 2015

HOPE AND HOMES FOR CHILDREN

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an income and expenditure account)
for the year ended 31 December 2014

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Year to 31 December 2014	Year to 31 December 2013
		£	£	£	£	£
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	**3,193,368**	**427,432**	**2,641,680**	**6,262,480**	5,713,423
Activities for generating funds	3	**635,069**	**-**	**39,725**	**674,794**	540,091
Investment income	5	**3,115**	**-**	**-**	**3,115**	2,502
Incoming resources from charitable activity						
Overseas programme income		**-**	**-**	**910,112**	**910,112**	1,577,436
Total incoming resources		**3,831,552**	**427,432**	**3,591,517**	**7,850,501**	7,833,452
Costs of generating funds						
Fund-raising costs	6	**589,495**	**204,134**	**472,517**	**1,266,146**	844,865
Communications and PR costs	6	**42,055**	**22,469**	**59,065**	**123,589**	94,242
Net incoming resources available for charitable purposes		**3,200,002**	**200,829**	**3,059,935**	**6,460,766**	6,894,345
Charitable activities						
Working to enable children to grow up in a secure, family home	6	**2,334,675**	**216,454**	**3,730,312**	**6,281,441**	6,540,019
Governance costs	6	**56,030**	**-**	**1,213**	**57,243**	71,683
Total resources expended		**3,022,255**	**443,057**	**4,263,107**	**7,728,419**	7,550,809
Net movement in incoming /(outgoing) resources before transfers		**809,297**	**(15,625)**	**(671,590)**	**122,082**	282,643
Transfers between funds		**10,396**	**(10,396)**	**-**	**-**	-
Net movement in funds		**819,693**	**(26,021)**	**(671,590)**	**122,082**	282,643
Funds brought forward at 1 January	12	**724,037**	**61,726**	**3,222,650**	**4,008,413**	3,725,770
Funds carried forward at 31 December	12	**1,543,730**	**35,705**	**2,551,060**	**4,130,495**	4,008,413

- All incoming resources and resources expended derive from continuing activities.
- The Statement of Financial Activities includes all gains and losses recognised in the year.
- The notes on pages 18 to 27 form part of these financial statements.

HOPE AND HOMES FOR CHILDREN

CONSOLIDATED BALANCE SHEET
as at 31 December 2014

Registered Company Number :4193179

	Notes	2014	2013
		£	£
Fixed assets			
Tangible fixed assets	9	**2,200,609**	2,536,470
Current assets			
Debtors and prepayments	10	**285,342**	237,851
Short-term bank deposits and cash resources		**1,858,716**	1,331,425
		2,144,058	1,569,276
Creditors: amounts falling due within one year	11	**214,172**	97,333
Net current assets		**1,929,886**	1,471,943
Net assets		**4,130,495**	4,008,413
Accumulated funds			
Restricted income funds	12	**2,551,060**	3,222,650
Unrestricted income funds			
Designated funds	12	**35,705**	61,726
General funds	12	**1,543,730**	724,037
Total funds		**4,130,495**	4,008,413

* The balance sheet of the parent company is shown on page 16.
* The notes on pages 18 to 27 form part of these financial statements.

The financial statements on pages 14 to 27 were approved and authorised for issue by the Board of Trustees on 28 April 2015.

Signed on behalf of the Board of Trustees by:

J TIMOTHY RICHARDS
Trustee and Chairman

MARK GRINONNEAU
Trustee and Treasurer

HOPE AND HOMES FOR CHILDREN

PARENT COMPANY BALANCE SHEET
as at 31 December 2014

Registered Company Number :4193179

	Notes	2014	2013
		£	£
Fixed assets			
Tangible fixed assets	9	**41,793**	43,788
Current assets			
Debtors and prepayments	10	**285,342**	237,851
Short-term bank deposits and cash resources		**1,803,874**	995,880
		2,089,216	1,233,731
Creditors: amounts falling due within one year	11	**214,172**	97,333
Net current assets		**1,875,044**	1,136,398
Net assets		**1,916,837**	1,180,186
Accumulated funds			
Restricted income funds	12	**413,818**	634,789
Unrestricted income funds			
Designated funds	12	**14,131**	25,844
General funds	12	**1,488,888**	519,553
Total funds		**1,916,837**	1,180,186

* The balance sheet of the group is shown on page 15.
* The notes on pages 18 to 27 form part of these financial statements.

The financial statements on pages 14 to 27 were approved and authorised for issue by the Board of Trustees on 28 April 2015.

Signed on behalf of the Board of Trustees by:

TIMOTHY RICHARDS
Trustee and Chairman

MARK GRINONNEAU
Trustee and Treasurer

HOPE AND HOMES FOR CHILDREN

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2014

	Notes	Year to 31 December 2014	Year to 31 December 2013
		£	£
Net cash inflow from operating activities	16	**620,260**	1,034,159
Return on investments			
Interest received		**3,115**	2,502
Capital expenditure and financial investment			
Purchase of property		**(75,619)**	(595,188)
Purchase of other fixed assets		**(20,465)**	(4,207)
Net cash inflow before financing		**527,291**	437,266
Loan financing			
Repayment of loan		**-**	(15,000)
Net cash inflow		**527,291**	422,266
Cash resources at 1 January		**1,331,425**	909,159
Short term bank deposits and cash resources at 31 December		**1,858,716**	1,331,425

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention. They accord with applicable accounting and financial reporting standards, and with the Statement of Recommended Practice ("SORP") – Accounting and Reporting by Charities issued in March 2005 and the Companies Act 2006.

(b) Consolidated financial statements

The Consolidated Statement of Financial Activities ("SOFA") and Consolidated Balance Sheet combine the financial statements of the charity and its subsidiaries (Hope and Homes for Children – Romania and Hope and Homes for Children – South Africa) on a line by line basis. A separate SOFA (including an income and expenditure account) for the charity alone (which made a surplus in the year of £736,651 (2013: surplus of £247,508) is not presented because the charity has taken advantage of the exemptions permitted in section 408 of the Companies Act 2006 and paragraph 397 of SORP. The charitable company has taken advantage of the exemption afforded it in Financial Reporting Standard 8 not to disclose transactions between group companies.

(c) Company status

The charity is a company limited by guarantee and has no share capital. The members of the company are the Trustees named on page 2. In the event of the company being wound up, the liability in respect of the guarantee for each member is limited to £10. At the balance sheet date there were 11 members.

(d) Fund accounting

Restricted funds are funds that can only be used in accordance with specific restrictions imposed by the donors or that have been raised by the charity for particular purposes. The costs of administering the restricted funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 12.

Designated funds are funds that have been set aside by the Trustees out of unrestricted general funds for specific purposes. The aim and use of each designated fund is set out in note 12.

General funds are unrestricted funds that can be used at the discretion of the Trustees to further the charitable objectives.

(e) Incoming resources

Incoming resources are recognised in the SOFA in the year in which the charity becomes legally entitled to the income and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

For legacies, entitlement is either when the charity is notified of an impending distribution or when the legacy is received.

Grants receivable do not relate to the performance of a service or the production of charitable goods and so are classified as voluntary income. They are credited to income in the SOFA, with unspent balances being carried forward to subsequent years within the relevant fund.

(f) Resources expended

All expenditure is accounted for on an accruals basis.

Costs of generating funds represents expenditure incurred in attracting funding and the costs of disseminating information about charitable activity.

ACCOUNTING POLICIES (continued)

Resources expended (continued)

Charitable expenditure includes the direct costs of operating overseas programmes and grants made to third parties. It also includes support costs incurred at the UK office directly in support of the overseas activities.

Governance costs are those relating to the general running of the charity and are associated with the strategic rather than the day to day management of the charitable activities.

The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities based on the proportion of staff time allocated to the activity.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are included at cost and written off by equal annual instalments over their expected useful lives as follows:

Freehold property	- 10 years
Improvements to property	- 10 years
Office fixtures and equipment	- 5 years
Computer equipment	- 3 years

Vehicles and equipment used in overseas programmes are not capitalised but charged in full to the SOFA when purchased.

(h) Short-term bank deposits and cash

Short-term bank deposits and cash includes cash in hand, deposits held with banks and other highly liquid short-term deposits.

(i) Foreign currencies

The results and financial position of subsidiaries (none of which has the currency of a hyper-inflationary economy) that conduct business in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. The affairs of the subsidiaries are so closely interlinked with those of the parent charity that it is considered that the incoming resources and application of resources may be regarded as being more dependent on sterling than on its own reporting currency. Fixed assets are translated at the rate of exchange ruling at the date of transaction and then carried at that sterling value. At the balance sheet date, cash and bank balances, and amounts receivable and payable are translated by using the rate of exchange ruling at that date.

Exchange gains are recorded as other income in the Statement of Financial Activities whilst exchange losses are recorded as a support cost and apportioned to the relevant activity category.

(j) Pension scheme

The costs of providing defined contribution pensions are charged to the SOFA as they fall due. The difference between contributions payable in the period and those actually paid are shown as accruals in the balance sheet.

(k) Operating leases

Instalments paid under operating lease contracts are charged to the SOFA as incurred.

(l) Tax

As a registered charitable company, the organisation is exempt from tax on its charitable income to the extent that it is applied to the charitable purposes. The charity has borne VAT on its expenditure where necessary.

2. VOLUNTARY INCOME

	Year to 31 Dec 2014 £	Year to 31 Dec 2013 £
Individuals	**1,501,098**	1,067,145
Corporate donors	**866,796**	632,706
Charitable trusts and foundations	**2,756,047**	2,474,481
Absolute Return for Kids (charitable foundation)	**820,101**	917,501
Schools and church groups	**69,406**	77,205
Rotary and Inner Wheel	**90,419**	51,268
Other community groups	**1,703**	4,116
Legacies	**156,910**	489,001
	6,262,480	5,713,423

3. ACTIVITIES FOR GENERATING FUNDS

	Year to 31 Dec 2014 £	Year to 31 Dec 2013 £
Support group activities	**130,364**	88,371
Events	**529,591**	441,809
Trading activities – see Note (4)	**14,839**	9,911
	674,794	540,091

4. TRADING ACTIVITIES

	Year to 31 Dec 2014 £	Year to 31 Dec 2013 £
Turnover	**14,839**	9,911
Less: Cost of sales	**(6,958)**	(3,635)
Net income from trading	**7,881**	6,276

5. INVESTMENT INCOME

	Year to 31 Dec 2014 £	Year to 31 Dec 2013 £
Interest receivable	**3,115**	2,502

6. RESOURCES EXPENDED

	Direct staff costs £	Other direct costs £	Grants payable £	Allocated support costs £	Year to 31 Dec 2014 £	Year to 31 Dec 2013 £
Costs of generating funds						
Fund-raising costs	**696,459**	**489,226**	**-**	**80,461**	**1,266,146**	844,865
Communications and PR costs	**74,923**	**40,812**	**-**	**7,854**	**123,589**	94,242
Charitable expenditure						
Working to enable children to grow up in a secure, family home in :						
Global initiatives	**139,201**	**182,740**	**-**	**21,847**	**343,788**	228,608
Africa						
Rwanda	**341,198**	**437,612**	**24,284**	**54,498**	**857,592**	821,742
Sudan	**76,548**	**112,656**	**-**	**12,840**	**202,044**	130,289
Sudan – funded by DfID	**95,344**	**76,834**	**-**	**11,684**	**183,862**	151,496
Other work in Africa	**2,707**	**6,220**	**38,579**	**-**	**47,506**	58,913
Central and Eastern Europe						
Belarus	**29,056**	**8,147**	**-**	**2,524**	**39,727**	37,996
Belarus – funded by WCF	**5,987**	**23,686**	**-**	**2,013**	**31,686**	30,648
Bosnia and Herzegovina	**101,259**	**124,805**	**-**	**15,341**	**241,405**	246,161
Bulgaria	**150,765**	**229,834**	**-**	**25,828**	**406,427**	438,833
Moldova and Transnistria	**55,866**	**33,986**	**343,269**	**29,392**	**462,513**	444,849
Romania	**929,773**	**2,036,425**	**-**	**201,288**	**3,167,486**	3,648,374
Ukraine	**133,633**	**139,999**	**-**	**18,569**	**292,201**	293,039
Other work in Central and Eastern Europe	**4,011**	**862**	**-**	**331**	**5,204**	9,071
Sub-total	***2,065,348***	***3,413,806***	***406,132***	***396,155***	***6,281,441***	*6,540,019*
Governance costs	**31,837**	**21,768**	**-**	**3,638**	**57,243**	71,683
Total resources expended	**2,868,567**	**3,965,612**	**406,132**	**488,108**	**7,728,419**	7,550,809

Staff costs totalling £289,294 (2013: £282,711) are included in allocated support costs.

Grants payable all relate to grants made to fund projects to implement organisational charitable objectives. They are made to Hope and Homes for Children's partner agencies as follows:

	Year to 31 Dec 2014 £	Year to 31 Dec 2013 £
Tulane University, Kigali, Rwanda	**24,284**	80,269
Street Child of Sierra Leone	**38,579**	-
CCF Moldova	**343,269**	265,080
	406,132	345,349

6. RESOURCES EXPENDED (continued)

	Year to 31 Dec 2014 £	Year to 31 Dec 2013 £
Total resources expended are stated after charging:		
Depreciation of fixed assets	**431,945**	417,964
Donation of small group homes to Local Authorities	**-**	468,410
Loss on exchange rate movements	**10,954**	6,142
Property rental	**18,750**	14,303
Auditor's remuneration – statutory audit	**18,000**	16,995

7. STAFF COSTS AND NUMBERS

	Year to 31 Dec 2014 £	Year to 31 Dec 2013 £
The costs of employing the UK contracted staff were :		
Salaries	**1,323,594**	1,175,721
National insurance	**122,165**	110,793
Pension scheme	**43,179**	37,849
	1,488,938	1,324,363
The costs of employing overseas staff on local contracts were:		
Salaries and local taxes	**1,668,923**	1,761,730
	3,157,861	3,086,093

The average number of UK contracted staff during the year, calculated on a full-time equivalent basis was:

	2014 No.	2013. No.
Working on:		
Generating funds	**22**	22
Charitable activities	**18**	15
	40	37
The average number of overseas staff on local contracts during the year, calculated on a full-time equivalent basis was :	**122**	122
	162	159

Total emoluments for individual staff did not exceed £60,000 except for one employee who earned total emoluments in the range £60,000 - £70,000 per annum (2013: Two employees), one employee who earned total emoluments in the range £70,000 - £80,000 per annum (2013: nil) and one employee who earned total emoluments in the range £80,000 - £90,000 per annum (2013: one employee). The total pension contribution made in the year for those employees was £4,200 (2013: £3,801).

8. TRUSTEES REMUNERATION AND RELATED PARTY TRANSACTIONS

The trustees were not remunerated during the current or preceding financial years. Reimbursement of £41 was made to one trustee for directly incurred travel expenses (2013: none). The charity purchased indemnity insurance for the trustees and other officers at a cost of £3,099 (2013: £2,700). No other benefits were awarded to Trustees during the financial year.

9. TANGIBLE FIXED ASSETS

GROUP	Freehold Property	Improve-ments to property	Office equipment	Computer Equipment	Total
	£	£	£	£	£
Cost at 1 January 2014	4,850,962	214,725	38,938	100,566	5,205,191
Additions	75,619	-	-	20,465	96,084
Disposals	-	-	(1,547)	(9,862)	(11,409)
Cost at 31 December 2014	**4,926,581**	**214,725**	**37,391**	**111,169**	**5,289,866**
Depreciation at 1 January 2014	2,340,336	203,251	32,487	92,647	2,668,721
Charge for the year	415,466	4,016	2,192	10,271	431,945
Disposals	-	-	(1,547)	(9,862)	(11,409)
Depreciation at 31 December 2014	**2,755,802**	**207,267**	**33,132**	**93,056**	**3,089,257**
Net book value At 31 December 2014	**2,170,779**	**7,458**	**4,259**	**18,113**	**2,200,609**
At 31 December 2013	2,510,626	11,474	6,451	7,919	2,536,470

PARENT COMPANY	Freehold Property	Improve-ments to property	Office equipment	Computer Equipment	Total
	£	£	£	£	£
Cost at 1 January 2014	59,813	214,725	38,938	100,566	414,042
Additions	-	-	-	20,465	20,465
Disposals	-	-	(1,547)	(9,862)	(11,409)
Cost at 31 December 2014	**59,813**	**214,725**	**37,391**	**111,169**	**423,098**
Depreciation at 1 January 2014	41,869	203,251	32,487	92,647	370,254
Charge for the year	5,981	4,016	2,192	10,271	22,460
Disposals	-	-	(1,547)	(9,862)	(11,409)
Depreciation at 31 December 2014	**47,850**	**207,267**	**33,132**	**93,056**	**381,305**
Net book value At 31 December 2014	**11,963**	**7,458**	**4,259**	**18,113**	**41,793**
At 31 December 2013	17,994	11,474	6,451	7,919	43,788

The freehold property represents a portfolio of buildings acquired or built as part of deinstitutionalisation projects in Romania. The portfolio comprises over 50 properties which are used as small group homes, day centres, emergency reception centres and as a training centre.

10. DEBTORS AND PREPAYMENTS

	Group Dec 2014 £	Group Dec 2013 £	**Company Dec 2014 £**	Company Dec 2013 £
Other debtors	**156,364**	115,360	**156,364**	115,360
Tax recoverable	**80,816**	74,291	**80,816**	74,291
Prepayments and accrued income	**48,162**	48,200	**48,162**	48,200
	285,342	237,851	**285,342**	237,851

11. CREDITORS: Amounts falling due within one year

	Group Dec 2014 £	Group Dec 2013 £	**Company Dec 2014 £**	Company Dec 2013 £
Trade creditors	**139,107**	31,880	**139,107**	31,880
Other creditors	**20,740**	16,767	**20,740**	16,767
Taxation and social security costs	**35,325**	31,186	**35,325**	31,186
Accruals	**19,000**	17,500	**19,000**	17,500
	214,172	97,333	**214,172**	97,333

12. FUNDS

	Balance at 1 January 2014	Incoming resources	Outgoing resources	Transfers	Balance at 31 December 2014
	£	£	£	£	£
Restricted funds					
Overseas property fund	2,474,670	75,619	(401,084)	-	**2,149,205**
Rwanda	176,310	285,975	(462,285)	-	**-**
South Africa	-	33,845	-		**33,845**
Sudan	60,000	26,237	(86,237)	-	**-**
Sudan–funded by DfID *	-	172,178	(172,178)	-	**-**
Other work in Africa	-	8,096	(8,096)	-	**-**
Belarus–funded by WCF**	17,000	12,688	(29,688)	-	**-**
Bosnia and Herzegovina	-	175,702	(175,702)	-	**-**
Bulgaria	174,710	342,361	(405,306)	-	**111,765**
Moldova and Transnistria	81,325	116,773	(124,808)	-	**73,290**
Romania	131,135	2,104,685	(2,115,365)	-	**120,455**
Ukraine	107,500	237,358	(282,358)	-	**62,500**
Sub-total	*3,222,650*	*3,591,517*	*(4,263,107)*	-	***2,551,060***
Designated fund					
Fixed assets fund	61,800	-	-	(10,396)	**51,404**
Capacity building fund	(74)	427,432	(443,057)	-	**(15,699)**
Sub-total	*61,726*	*427,432*	*(443,057)*	*(10,396)*	***35,705***
Unrestricted fund					
General fund	724,037	3,831,552	(3,022,255)	10,396	**1,543,730**
Total funds	**4,008,413**	**7,850,501**	**(7,728,419)**	-	**4,130,495**

* This project is funded by the Department for International Development. The award was made for work developing and supporting family care for 2,743 of the most vulnerable babies in nine states of Sudan and reforming the childcare system for Orphans and Vulnerable Children. The expenditure recorded in the table above for this project has been incurred in accordance with the terms of the grant.

** This project is funded by World Childhood Foundation. The award was made for work transforming childcare in Belarus. The expenditure recorded in the table above for this project has been incurred in accordance with the terms of the grant.

Of the funds disclosed in the above table, the parent company held restricted funds of £413,818, designated funds of £14,131 and general funds of £1,488,888 as at 31 December 2014 (2013: restricted funds of £634,789, designated funds of £25,844 and general funds of £519,553).

Restricted funds
All restricted funds are for work on specific projects or for work in particular countries. Where funds are received for these purposes, they are shown as restricted income on the Statement of Financial Activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds along with the net book value of fixed assets acquired with restricted funds and any cash or debtors relating to restricted funds.

Designated funds
The fixed asset fund represents the net book value of fixed assets acquired with unrestricted funds.
The capacity building fund represents funding which has been raised and earmarked specifically to build the capacity of the charity to deliver its strategic ambition.

Unrestricted funds
The General fund represents free funds of the charity which are not designated.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Unrestricted funds	Restricted funds	Balance at 31 December 2014
	£	£	£
Tangible fixed assets	51,404	2,149,205	2,200,609
Current assets	1,742,203	401,855	2,144,058
Current liabilities	(214,172)	-	(214,172)
	1,579,435	2,551,060	4,130,495

PARENT COMPANY	Unrestricted funds	Restricted funds	Balance at 31 December 2014
	£	£	£
Tangible fixed assets	29,830	11,963	41,793
Current assets	1,687,361	401,855	2,089,216
Current liabilities	(214,172)	-	(214,172)
	1,503,019	413,818	1,916,837

14. COMMITMENTS

At 31 December, the charity has annual commitments under non-cancellable leases as follows:

	2014		2013	
	Buildings	Other	Buildings	Other
Expiry date				
After five years	17,345	-	14,303	-

15. PENSION SCHEME

The charity contributes 6% of members' salaries towards a defined contribution pension scheme, which is administered on its behalf by Friends Provident. At the year-end there were outstanding contributions of £7,686 (2013: £5,450) which are included in creditors.

16. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	Year to 31 Dec 2014	Year to 31 Dec 2013
	£	£
Reconciliation of net incoming/(outgoing) resources to net cash inflow from operating activities		
Net incoming resources	**122,082**	282,643
Depreciation charge	**431,945**	417,984
Interest receivable	**(3,115)**	(2,502)
Donation of small group homes to Local Authorities	**-**	468,410
(Increase) in debtors	**(47,491)**	(148,468)
Increase in creditors	**116,839**	16,092
Net cash inflow from operating activities	**620,260**	1,034,159

17. SUBSIDIARY UNDERTAKINGS

Hope and Homes for Children - Romania and Hope and Homes for Children – South Africa are subsidiary undertakings of Hope and Homes for Children. They are registered in Romania and South Africa and do not have share capital. Their governing board members are senior officers of Hope and Homes for Children and each share the same activities as Hope and Homes for Children.

	HHC Romania		HHC South Africa	
	Year to 31 Dec 2014	Year to 31 Dec 2013	**Year to 31 Dec 2014**	Year to 31 Dec 2013
	£	£	**£**	£
Income	**2,227,357**	3,300,096	**-**	51,960
Expenditure	**2,615,699**	3,257,257	**-**	59,664
(Deficit)/surplus	**(388,342)**	42,839	**-**	(7,704)
of which was invested in property	**75,619**	595,188	**n/a**	n/a
Total funds	**2,439,856**	2,828,198	**29**	29

18. CAPITAL COMMITMENTS

At the balance sheet date the group had capital commitments of £116,000 (2013: £76,000) in respect of buildings in Romania.