

SENTEBALE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2010

TOGETHER WITH TRUSTEES' AND AUDITORS' REPORTS

SENTEBALE

Financial Statements for the year ended 31 August 2010

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CHAIRMAN'S STATEMENT

Sentebale was founded in 2006 by Prince Harry, the younger son of the Prince of Wales, following his gap year visit to Lesotho, and Prince Seeiso, the younger brother of King Letsie III of Lesotho, who had hosted the young prince's visit. Overwhelmed by the plight of the children he met, Prince Harry felt he had to make a long-term commitment to the children of Lesotho. Sentebale means 'forget me not' in Sesotho and was established in memory of the princes' late mothers, Diana Princess of Wales and Queen 'Mamohato Bereng Seeiso.

We are very proud that since beginning its operations in Lesotho in 2007, the charity has continued to grow from strength to strength, changing the lives of the most vulnerable and at-risk children. Like many start-up organisations, especially charities operating in a hostile and difficult environment, Sentebale has overcome a number of challenges in its first three years.

Sentebale has also achieved considerable successes in many areas, which are outlined in the report below. We are particularly delighted that our pioneering programme that works with HIV-positive children, the 'Mamohato Network and Camps (named after Queen 'Mamohato) was selected by the UN General Assembly (UNGASS) Special Session on HIV and AIDS as one of only two international best practices identified from Lesotho. The report described the 'Mamohato Network as being *'effective, having ethical soundness, cost effectiveness, relevant, (and having) replicability, innovativeness and sustainability'*.

Our philosophy is simple:

- We have an unshakeable commitment to placing orphans and vulnerable children first, providing them with care, health and education, and always asking, 'how will this benefit the children?'
- We are committed to working in partnership with the local community, traditional networks and other NGOs, for the common aim of benefiting Lesotho's children. We always ask, 'is this work best done in partnership with others or alone?'
- We work through incorporating, nurturing and developing local capacity to ensure long-term sustainability in our interventions
- We focus on the impact and outcomes of our programmes, ensuring that good practices can be applied more widely
- We have an entrepreneurial, innovative, opportunistic and flexible approach, whilst also ensuring we have effective planning systems, policies and procedures to manage our resources so as to realise their maximum potential and fulfil our objectives
- We deliver value for money and ensure we have full accountability and financial and operational transparency to our supporters

Over the past twelve months, we have continued support to our existing partners, as well as expanding our own programmes, the 'Mamohato Networks and Camps and the Letsema Network. Under the leadership of our first full-time Chief Executive, Sentebale's internal structures have been reviewed and developed to meet the growing needs of the organisation and to ensure the charity is fit to achieve its stated purpose. Despite the very challenging financial environment, we not only met, but exceeded, the year's income target.

All of these significant achievements are down to our incredibly dedicated and committed staff, volunteers, trustees, and our two Patrons. Their enthusiasm and dedication to the children of Lesotho, together with tenacity and resistance to the many obstacles they have faced, is inspiring.

On a personal level, I would like to say how pleased and honoured I am to have been appointed to the position of Chairman of the Board of Trustees in January 2011. Having been Chief Executive of two large public companies, one in the UK and one in the Netherlands, I have gained extensive experience over many years at the highest levels of British industry. I now look forward to using this experience, together with my personal interest in southern Africa and my own active involvement within the voluntary sector over many years, to making a significant contribution to the development of the organisation at a critical stage in its evolution.

I also wish to record my sincere appreciation of the contribution made by Damian West during his tenure as Chairman. He has provided strong and clear leadership to the Board and has worked tirelessly to ensure the continued stability of the organisation prior to my appointment. I am extremely grateful to him for all his hard work and efforts on Sentebale's behalf.

Looking ahead, I do not underestimate the many challenges Sentebale continues to face: Lesotho is one of the hardest countries to work in, the exponentially growing needs of the orphans and vulnerable children are often overwhelming; and generating long-term sustainable income to support our work is extremely difficult.

But overcome these challenges we must, for the sake of those children, for their hopes and for their right to a brighter future.

Philip Green
Chairman

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Administrative details of the Charity, the Trustees and Advisors

Trustees

Philip Green (Chairman) – appointed 21 January 2011

Damian West

Sophie Chandauka

Mark Dyer

Jayne-Anne Gadhia

Secretary

Kedge Martin

Registered office

St James's Palace
London
SW1A 1BA

Auditors

Buzzacott LLP
130 Wood Street
London EC2V 6DL

Bankers

HSBC Private Bank (UK) Limited
78 St James's Street
London SW1A 1JB

Standard Bank Lesotho
1st Floor
Bank Building
Kingsway, Maseru
Lesotho

Solicitors

Bates Wells & Braithwaite
2-6 Cannon Street
London EC4M 6YH

Company number

5747857

Charity number

1113544

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Report of the Trustees for the Year Ended 31 August 2010 (incorporating the Directors' report)

This report covers Sentebale's financial year ended 31st August 2010. The financial statements have been prepared under the accounting policies set out therein and comply with applicable law and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities issued by the Charity Commission in April 2005. The report has been prepared in accordance with Part VI of the Charities Act 1993 and also constitutes a Directors' Report for the purposes of company law.

BACKGROUND TO LESOTHO

Where is Lesotho?

Lesotho is a small, mountainous, sub-Saharan country, entirely surrounded by South Africa. It is the only independent state in the world that lies entirely above 1,400m (4,593ft) in elevation, and over 80% of the country lies above 1,800m (5,906ft). Winters can be extremely cold (down to -18°C), and snow is very common, especially in the highlands. In summer, the temperatures in the lowlands can reach more than 30 °C.

How Large is the Country?

Lesotho covers 30,355km² (11,720 square miles); it is similar in size to Belgium (30,510km²). The country, whose citizens are called Basotho (singular, Mosotho), has an estimated population of 2.1 million people¹. More than half of the population live below the poverty line². The country is only able to produce 30% of its food requirements locally – the recent drought has exacerbated the food shortages and many children die, or are severely underdeveloped as a result of starvation. In 2008 the Global Hunger Index rated the situation in Lesotho as "serious", and by 2010 400-450,000 people were estimated to require food aid³.

HIV and AIDS and Basotho

Lesotho has the third-highest rate of HIV infection in the world – which translates into one in four adults living with the virus (24 %) ⁴. With an average life expectancy of just 45⁵, there are very few professionals or leaders who are expected to live long enough to provide the necessary social and other services, and to guide future generations of children.

Every day, it is estimated, 100 people die from AIDS-related causes. This, happening in a country with an already small population, has resulted in an explosive growth in the number of orphaned children, or others rendered otherwise vulnerable and desperately needing help. Those children who are also HIV-positive suffer additional stigma and discrimination, as if it were not enough that their social status, as orphans, already puts them at severe risk.

Lesotho's Particular Challenges

Lesotho is ranked 138 out of 183 economies for difficulty in doing business – coming behind Malawi, Tanzania, Mozambique and Swaziland (who are fellow members of the Southern African Development Community, SADC). The 2010 UNDP Human Development Report put Lesotho at 141st position overall, out of 169 countries⁶.

Such figures suggest that, despite positive developments such as the country being in the top ten in the world in terms of gender equity issues, Lesotho still has huge developmental challenges to meet. Partly as a result of these seemingly insurmountable issues, and needs elsewhere, many of the larger charities (e.g. MSF, Save the Children) and some major grant makers, have given up working in Lesotho. The country is also a very challenging physical and socioeconomic environment to operate in.

We at Sentebale strongly believe that these circumstances cannot, and must not, defeat us. The challenges simply call for creativity in our interventions on behalf of the orphaned and vulnerable children of Lesotho; their numbers (and the scale of need) are only set to increase and therefore the need for the work we do at Sentebale is ever more crucial.

About Sentebale: Our Objectives and Activities

- Every day in Lesotho, more than 100 children lose one parent
- There are 130,000 orphans aged 0-17 as a result of AIDS⁷.
- 87% of the population is dependant – too old, young or sick to provide for themselves

¹ United Nations Development Programme(2010) <http://hdrstats.undp.org/en/indicators/306.html>

² AVERT <http://www.avert.org/aids-lesotho.htm>

³ Global Hunger Index (2008), International Food Policy Research Institute

⁴ UNAIDS(2009) <http://unaids.org/en/regionscountries/countries/lesotho>

⁵ Human Development Report (2010), United Nations Development Programme
<http://hdrstats.undp.org/en/countries/profiles/LSO.html>

⁶ ibid

⁷ UNAIDS(2009) <http://unaids.org/en/regionscountries/countries/lesotho>

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- Life expectancy is just 45 years old – leaving a void in professionals, teachers, lawyers, healthcare workers
- Lesotho is 138th out of 183 economies relating to difficulty of doing business based on business regulations and their enforcement (The World Bank Group – *Doing Business Project 2010*)

These grim statistics still cannot bow the spirit of the Basotho people and their children, nor do they fully illustrate the significant challenges of operating on the ground to rebuild the shattered lives of the children.

Sentebale was set up in 2006 following Prince Harry's gap year visit to Lesotho as a guest of Prince Seeiso, the younger brother of the King of Lesotho. Since it began operating on the ground in April 2007, we have made a significant impact on the lives of thousands of children for whom no other support would exist. The benefits that Sentebale provides are manifested by working in partnership with local grass roots organisations, helping with their management and organisational development to ensure long term sustainability through the development of Basotho. It is recognised that this may have the impact of creating dependency on Sentebale funding, however we are aware of this potential impact and work with our partners to create an exit strategy from the projects in the medium to longer term (three to seven years).

In addition to the difficult environment faced in Lesotho, it has been another challenging year for Sentebale to achieve the ambitious fundraising targets it set last year and to further develop the necessary infrastructure to underpin a new and developing charity. Despite this, we are very pleased to report significant achievements against the objectives set in the last year's report and accounts.

Public Benefit

In setting Sentebale's programme for the year, the Trustees have taken into consideration the Charity Commission's general guidance on public benefit including guidance on the prevention and relief of poverty for the public benefit. The Trustees ensure that the projects we support are in line with Sentebale's objects and aims. Our aim is to transform the lives of the orphans and vulnerable children of Lesotho, helping them to reach their full potential.

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Review of Activities (September 2009 to August 2010)

1. CHARITABLE

Since Sentebale began its charitable operations in Lesotho in April 2007, our priority has been to reach the most needy and vulnerable children. We achieve this through the following:

- a) Sentebale Partners (grassroots organisations that receive Sentebale funding and other support)
- b) Sentebale Programmes: (initiatives developed and led by Sentebale)
 - 'Mamohato Networks and Camps (HIV and AIDS)
 - Letsema Network (Advocacy and Collaboration)

A) **SENTEBALE PARTNERS**

Sentebale's strategy is to identify and work with local grassroots organisations that are delivering support to the most needy and vulnerable children. Many of these partners have very little or no management structures in place – a basic requirement that is normally demanded by most other funders. Hence, despite their vital work with the most vulnerable children, these partners have very little opportunity to gain reliable and consistent financial and management support to ensure their long-term sustainability and viability.

Our assistance and philosophy with our partners focuses on two key areas:

Long-Term Sustainability

It is Sentebale's aim that each partner becomes self-sustaining within seven years of first receiving funding from Sentebale. Most, if not all, partners require significant support in developing their basic project management skills, as well as in long-term financial viability. Sentebale provides basic training, for example, in financial management and budgeting, and identifies other sources of support (including among members of the Letsema Network) to enable capacity building and knowledge-sharing across a broad range of areas, including nutrition, agriculture and animal husbandry.

In addition to developing the skills and capacity of each partner, we work closely with them to build influence and networks to ensure that they are able to become highly effective and receive other support where it exists. This may include helping a small community school become registered with the Ministry of Education and Training so that the institution is able to receive what statutory benefits there are, including funding for some teachers' salaries; bursaries for children, etc.

Child Welfare

Our mission is to ensure that every Mosotho child has the opportunity to enjoy their childhood and grow into a healthy adult who is fully able to contribute to the development of their society. Working through an internationally recognised and accepted child welfare assessment tool, the Child Status Index, all partners undertake six-monthly individual assessments of every child in their care, and develop individual care plans out of these assessments. These ensure that the individual child's needs are identified and a plan put in place to meet them. The needs may include ensuring that an undernourished child is given additional nutritional support, that those still suffering grief after bereavement receive psychosocial support, and that each child receives a birth and medical certificate and has access to the appropriate education.

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Our partners work in the following areas of activity and we have highlighted the work of one organisation in each area in order to illustrate the type of services which they are delivering, and the particular client groups they are able to help.

i) CARE

Reitumetse

This is the third year that Reitumetse, a residential facility that looks after orphaned and vulnerable girls, has been supported by Sentebale. Staff and teachers' salaries are paid by Sentebale, and the girls at the centre are fed, clothed and have their school fees paid for by Sentebale. The centre currently houses 47 girls – the smallest children attend primary school at the centre and the older children attend the local secondary school.

ii) SPECIAL NEEDS

St Bernadette's Resource Centre for the Blind

St Bernadette's is a school for visually impaired children. Many of the children are orphans, although some do still have parents and stay at the school only during the school year. Some of the children are born blind, others come to the centre after an accident or illness that has caused them to lose their sight.

Once they have been taught to read in Braille, the children are then absorbed in the 'normal' stream in an appropriate class at St Bernadette Primary School, which is also owned by the Catholic Church.

iii) EDUCATION

Bursaries

This year, 100 children benefited from a bursary funded by Sentebale. The bursary programme covers, among others, schools fees, uniform and books.

Herd Boys

Herd boys are a much marginalised group in Lesotho society. Many young boys are unable to receive a proper education because their family's poverty has forced them to work as livestock herders. As a group, herd boys have the least access to education in Lesotho – 60% of them aged from 6 to 18 receive no education at all⁸. (Source: Report on Inspection of Non-formal Education Learning Centres, by Lesotho Distance Teaching Centre, 2010)

This year Sentebale funded the running costs of two night-schools for herd boys, one in Semonkong, Maseru and the other in Pulane, Leribe. The two settlements, located in the highlands of Lesotho, ensure that they can be more easily accessed by the herd boys, who are usually based deep in the rural Lesotho highlands. Sentebale also provided ad hoc support to herd boys during the winter through the provision of blankets, socks, gumboots and gloves to protect them from the bitterly cold weather.

In addition to supporting the running costs, Sentebale partly funded the building of a herd boy night-school, including purchasing the furniture, at St Leonard's Mission, Semonkong. The building was officially opened in June 2010 by the two Sentebale Patrons.

⁸ Report on Inspection of non-formal Education Learning Centres, by Lesotho Distance Teaching Centre (2010)

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B) *SENTEBALE PROGRAMMES*

i) 'Mamohato Network and Camps (HIV and AIDS)

Developed in partnership with Hole in the Wall, the charity set up for terminally ill children by the internationally renowned actor Paul Newman, this unique programme to support children living with HIV and AIDS has grown from strength to strength over the past 12 months, enabling 2,000 new children to benefit.

The aim of this programme is to:

- Increase life expectancy among HIV-positive children and young people
- Reduce the spread of HIV and AIDS, provide education for at-risk youth, and foster child-to-child communication so that children can teach each other about the disease

Children who would potentially benefit from these camps are put forward by one of our partner clinics. Over the past 12 months, we have developed partnerships with seven clinics from the Ministry of Health and Social Welfare and the Christian Health Association of Lesotho (CHAL). The clinics include: the Baylor clinics in the Maseru and Qacha's Nek districts; Bophelong Clinic at Queen Elizabeth II Hospital in Maseru; Scott Hospital in Morija, in the Maseru district; Karabong Clinic in the Mafeteng district; and a new clinic, Paballong, in Botha-Bothe, a northern district.

We have also developed relationships with the Elizabeth Glaser Paediatric Aids Foundation (EGPAF). Through this partnership, we plan to establish Teen Clubs in new clinics around the country and create opportunities for children in those clinics to attend camp.

What Happens at Camp?

At the five-day residential camps, every activity has the underlying purpose of helping the HIV+ children to grow up healthy and develop properly. Camp staff balance educational, HIV-focused sessions with games, sports, arts, crafts and drama.

In a fun and entertaining environment, the campers are educated about HIV, how it is transmitted, and the importance of adhering to antiretroviral therapy, once started. While being encouraged to be 'just a kid', the campers are taught important life skills to live emotionally and physically healthy lives. By the end of the week, children have significantly increased their self-esteem and confidence and have become positive role models to provide hope and resilience for other HIV+ children.

Four week-long camps took place this year: in January, 78 children from four clinics in Mafeteng, Maseru and Leribe (districts) attended, while the July camp was attended by 82 children from clinics in the Maseru, Berea, Leribe, Morija and Qacha's Nek districts.

Networks Clubs

The monthly Network Clubs provide essential and long-term support to children to put into practice what they have learned at the camp and to continue to share their experiences with others in a safe environment.

Additionally, more HIV+ positive children that can make it to camps also attend to learn about HIV, emotional support and maintaining resilience and hope for the future.

The clubs meet monthly and are facilitated by volunteers who have been trained by Sentebale. Over the past 12 months we have expanded the number and location of Network Clubs to six Teen Clubs every month. This year the clubs took place in: Leribe, Maseru (twice) Qacha's Nek, Morija, and Mafeteng.

Caregiver Days

In addition to Network meetings for campers and other children with HIV, we also host monthly meetings for the caregivers of the children. Over the past 12 months, we have held eight Caregiver Days at locations including Morija, Mafeteng and Maseru. Caregivers meet the children's doctors, nurses and social workers for a fun day of camp activities. As well as providing support, these days create an open dialogue between caregivers, children and their medical professionals, reducing stigma and encouraging supportive relationships.

Training Visits and Exchanges

As the training and development leader for this programme, the Sentebale Head of 'Mamohato Network and Camps was invited, on behalf of the Association of Hole in the Wall Camps, to facilitate a training programme for Peace Corps volunteers in Ethiopia. In addition, the Sentebale team was asked to make presentations on different aspects of camps (sharing successes and best practices) at two annual Network meetings in developing countries.

During the past 12 months, two of our Camp volunteers have been selected to participate in exchange programmes and have visited Camp Boggy Creek in Florida, USA. Here they experienced camp in a different setting and learned many new things that they have implemented at Camp 'Mamohato.

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We have also hosted two staff from a similar but new camp in Swaziland, who came to learn from 'Mamohato's experience.

Sentebale currently works with more than 50 volunteers who undergo an induction period of intensive training before they participate in the programme.

We were delighted that our 'Mamohato Patron, Her Majesty Queen 'Masenate Mohato Seeiso, hosted a Teen Club at the Royal Palace in Maseru, where the Sentebale Patrons, Prince Harry and Prince Seeiso, and Prince William, were in attendance. Her Majesty spoke about the importance of the 'Mamohato programme and the need to invest more resources in it, given the positive impact it is having on children's lives.

Following the visit of the Royal Princes, the children commented on how honoured they were to have been visited by the princes and that their visit made them feel very special.

The staff and volunteers also commented on how encouraged and motivated they were to have seen how much our Patrons cared about the children, and were left determined to work even harder to make a difference in the lives of the children they work with.

ii) The Letsema Network (Collaboration, Training, Leadership, Advocacy)

Although the government declared HIV and AIDS a national disaster in 2002 and 2004, with a national OVC (orphans and vulnerable children) policy being developed and approved in 2005, its professional and financial resources are insufficient to meet the growing needs of children suffering under the burden of HIV and AIDS.

This is where independent charities and local community-based organisations, working in cooperation and collaboration with each other and government ministries or departments, can play a vital role in improving the lives of orphans and vulnerable children.

The Letsema programme is a unique civil society initiative started by Sentebale in July 2007, following requests from local NGOs, the Department of Social Welfare and UNICEF to produce an accurate picture of who is doing what, where, with orphans and vulnerable children in Lesotho.

The programme's core strategic objective is to develop civil society capacity and capability to respond to the OVC crisis in Lesotho, working through fostering and developing communication and cooperation in order to maximise both financial and human resources and achieve maximum impact.

During the last 12 months the Letsema programme has expanded the comprehensive knowledge and information activity, including:

Website Development and Information/Knowledge-Sharing

Using some of the latest technologies, we have expanded our comprehensive online listing to 379 organisations currently working in Lesotho as at 31 August 2010. The website (www.letsema.org) is GIS (global information systems)-enabled and linked to the Google Earth tool, so that interested parties can see the real location of the projects. The table below shows a breakdown of the organisations by type:

Type of organisation	#
Community-based organisation (CBO)	132
Faith-based organisation (FBO)	65
Government (Lesotho)	36
Government (Other)	5
Grant maker	5
International NGO	66
Local NGO	64
Social enterprise	6
Total	379

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The next table shows a breakdown of Letsema Network members by domain type:

Primary Domain	Count
Food and nutrition	27
Shelter	18
Protection	25
Health and wellbeing	45
Psychosocial	12
Education	103
Infrastructural services	13
Multi-sector	12
Donors	34
Training and skills	17
Care	73
Total	379

Directory of OVC Service Providers

At the request of, and funded by, UNICEF, we developed a hard copy directory of service providers that was launched by the Principal Secretary (chief accounting officer) in the Ministry of Health and Social Welfare, Dr Karabo Mokobocho-Mohlakoana, the UNICEF Deputy Country Representative in Lesotho, Dr Naqib Safi; and Sentebale's Executive Director, Bahlakoana Manyanye, at a local venue on 21 April 2010.

The information about organisations that work with OVC and have registered with Letsema, also contained within the website, was printed and distributed to all community councils; government ministries with OVC projects; other stakeholders at a fundraising gala dinner in June; and to members of Letsema Network and other offices that do not have access to the Internet.

Quarterly Newsletters

An estimated 4,500 newsletters were distributed to more than 500 organisations across the Network; community councils through GTZ (the German development agency), and government ministries. The newsletters highlighted the work of the organisations in the newsletter, including information about what the Letsema office itself is doing. The intention of the newsletters is to encourage organisations to know who is doing what and where, and to share with each other what experiences they think will be useful for other members. The newsletter, and an introductory brochure, is intended to complement the Letsema website, particularly in reaching more of those organisations that do not have access to Internet facilities.

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Case study –Testimony of Letsema Network Members

A couple recently moved to Lesotho with a large international NGO. The husband was able to find out more specific information about organisations that work with orphans and vulnerable children (more specifically, in education and HIV and AIDS) and the work in Lesotho, through the Letsema website. Another enquirer was able to learn more about work happening in Lesotho, with the hope of finding work within the NGO sector through the Letsema website.

Monthly Forums

Forums take place every month, with an average of 60 organisations attending. Content for the forums held during the past 12 months was identified by the Letsema team following feedback from attendees and in consultation with the Department of Social Welfare Quality Assurance and Improvement (QAI) team.

Capacity Building

During the past twelve months, members of the Letsema network submitted their most crucial and urgent training needs. Requests included: financial management and accountability, psychosocial support and other types of project management skills.

2. OPERATIONAL DEVELOPMENT

A thorough review of office operations took place in Lesotho earlier in the year to bring all policies, procedures and reporting up to date and fit for purpose. Phase I of the restructuring of the local team has taken place with the appointment of a highly experienced Executive Director, Bahkloana Manyanye, appointed in May 2010.

A strategy for the integration of the Lesotho financial management reporting with the UK system has been agreed and will be implemented next financial year. In the UK, an independent review of the Management account and reporting was undertaken with the conclusion made that they were *'clear, detailed and of an excellent standard.'*

3. MARKETING/COMMUNICATIONS

Sentebale completed a re-brand exercise, courtesy of pro-bono support from CHI and Partners.

Over the last twelve months, Sentebale has received positive press coverage, including a double-page spread in *You* magazine; major articles in *Hello* and *Polo Magazine*, featuring the Sentebale Polo Cup; and extensive coverage of Princes William and Harry's Africa 2010 visit.

In addition, we have started building other marketing collateral to better illustrate our work including a generic video (introduction by Prince Harry and Prince Seeiso) and three short videos (herd boys, disabled children and girls).

Sentebale is delighted to have appointed three international Ambassadors.

- Nacho Figueras (professional Argentine Polo player ranked as one of the top 100; the face of Ralph Lauren)
- Masiela Lusha (Albanian actress, film producer and multi-language author)
- Miranda Raison (actress best known as Jo Porter in the BBC hit drama *Spooks*)

We will continue to build our network of celebrity supporters who can provide awareness and other support to the charity.

4. OTHER

The Princes Seeiso, William and Harry in Lesotho

In June 2010 Sentebale Patrons Prince Harry and Prince Seeiso visited Lesotho with Prince William as their guest. The three princes spent two days in Lesotho visiting Sentebale partners. This was a great opportunity for Prince Harry to show his brother what Sentebale is doing to help Lesotho's children. Prince Harry said:

"We had a fantastic opportunity for me to show William what Sentebale is all about – the vulnerable children. Things are going in the right direction and I'm really proud of Sentebale".

The visit started with Prince Harry and Prince Seeiso travelling to the rural area of Mantšonyanye to open a new classroom at **Maliphofu Primary School**, which Sentebale has built. The Princes were welcomed by the village chief, Mofumahali Mamatlela Makepe. The local community had gathered and there was singing, dancing and speeches before the official unveiling of the plaque of the new classroom.

From Mantšonyane the princes went to Semonkong, high in the mountains. They were presented with traditional Basotho blankets on arrival by two herd boys; they then joined a procession, on horseback of herd boys as they set off through the town. As they rode through Semonkong there was singing and dancing to welcome the two princes. By the time they reached St Leonard's Mission, hundreds of people from the local community had joined the celebrations. At the mission the princes officially opened the Good Shepherd Night School for herd boys, which Sentebale has funded. There were prayers, singing and speeches to mark the opening of the new school which has transformed lessons for these boys and means that they can now learn in warm and light conditions, having previously gathered in a tent for their classes late into the night.

On his first visit to Lesotho, Prince William arrived in the early evening to join his brother and Prince Seeiso in Semonkong. The three princes spent the evening attending herd boy night schools. They started off at the Semonkong herd boy school, which Sentebale supports. After sitting in on a lesson, Prince Seeiso introduced the two British princes, then there was singing and dancing to celebrate their visit. The school is basic, and there is just paraffin light, but the boys still inspiringly make the long journey from their cattle posts as they realise the importance of getting an education.

The Princes then returned to the Good Shepherd Night School, which is run by St Leonard's nuns. The difference in the two classes was remarkable and showed what a difference an insulated building, lighting and more space could make for the boys' lessons. Prince William was presented with a Basotho blanket with his name on it, so all three princes left wrapped up in the traditional blankets.

The following day started with a visit to the Semonkong Children's Centre. The princes made a traditional arrival on horseback; most people use horses or donkeys to get around in the mountains as the terrain is so rough. There was a performance of the children's play, *Kholumolumo*, which uses a famous Basotho fable of a monster so big that it eats whole villages of people, to explain the horrifying HIV and AIDS pandemic that is killing so many of Lesotho's people. After the play, Prince William and Prince Harry played against each other in a football match with the Semonkong children. Staff at the centre said Sentebale's support is "a huge help, for which we are very grateful".

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From the mountains of Semonkong, the princes then went to Lesotho's capital, Maseru. Prince William paid a visit to the Prime Minister, The Right Honourable Pakalitha Mosisili, before joining Prince Harry and Prince Seeiso for lunch at the Sentebale office, where members of staff from partner organisations that Sentebale support, came to meet the visitors. In the afternoon the three Princes went to the palace where there was one of Sentebale's 'Mamohato Camps and Network Teen Clubs. The network, supporting HIV positive children, includes fun and games to help children come to terms with their status and to learn to live healthy and happy lives. The children were extremely honoured and excited by the visit, and one of the children said it was the "happiest" day of their life.

The princes' visit was rounded off with a reception and Gala Dinner in Maseru. Sentebale hosted the reception, which was attended by His Majesty King Letsie III, the Prime Minister, politicians, principal and other chiefs and distinguished guests. It was also an opportunity for Prince Harry and Prince Seeiso to talk about Sentebale, and appeal to them all to work together to support the vulnerable children of Lesotho. Following the reception there was a fundraising dinner where the guests were treated to gumboot dancing, a traditional buffet and singing and dancing.

Sentebale is incredibly grateful to Prince William, Prince Harry and Prince Seeiso for giving up their valuable time to join us in Lesotho, and to everyone who joined us in welcoming them and organising the visit. It was a great boost to Lesotho's children and as Prince William said, on what Princess Diana would think of Prince Harry's work with Lesotho's children:

"She'd be very proud of what Harry's done (with) Sentebale bearing in mind that it's actually his own charity that he started."

Visit by 60 cadets from the UK

In August 2010 a group of 60 teenage cadets drawn from all parts of the UK arrived in Lesotho, on a life-changing expedition where they spent 14 days working in three Sentebale-funded projects in the rural areas of Semonkong, Mokhotlong and Phelisanong. During their stay, the Cadets undertook a number of activities including the construction of the access ramp for the wheel chairs at the centre for the disabled children, painted walls and further taught Maths, English, Science, IT and extensively engaged in sports and Recreation.

Prior to leaving the UK, the Cadets were delighted to meet with Prince Harry who told them that they would enormously enjoy the expedition as they would understand better the living conditions of orphaned and vulnerable children in Lesotho and told them that that in itself would change their own lives.

At the conclusion of their stay in Lesotho the Cadets were awarded certificates of appreciation by the children. While in Lesotho, Prince Seeiso visited the cadets at the project sites and heartily thanked them for the enormous help extended to the Lesotho children through Sentebale. He asked them to convey the two Patrons' gratitude to their families and communities, and asked them to invite Lesotho children to their country. Prince Seeiso also extended the Patrons' appreciation to Lesotho children for their hospitality and warm welcome extended to the young people who had left their own families to come and learn how orphaned and vulnerable children survive without parental care and love.

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II LOOKING AHEAD

1. CHARITABLE ACTIVITIES:

A) *SENTEBALE PARTNERS*

The Board of Trustees has agreed to remain with the current partners (ie, 13) and not take on any additional or new partnerships within the next twelve months. This will enable us to give each partner the time and focus they need. We will be developing the Partner Management Team so that we ensure we continue to build and develop the appropriate skills in-house in order to maximise the well-being of the children under our partners' care, and to develop optimal opportunities for their future.

B) *SENTEBALE PROGRAMMES*

i) 'Mamohato Camps and Networks

At the current level, the 'Mamohato Camps and Network can only help a fraction of the HIV+ children (estimated to be 15,000 children) and their caregivers. Over the next twelve months we plan to:

- Expand the number of camps to ensure that children in different age groups have their needs met appropriately. The current camps primarily involve children between 10 and 17 years of age. Children between the ages of 9 and 14 have different needs to youth and young adults between the ages of 15 and 19. Younger children and their caregivers would also benefit from what the camps have to offer.
- Actively promote the opportunity to be selected for the camps, by expanding our networks and through promotion to ensure that children from a greater number of hospitals and treatment centres are able to access our programme.
- Develop and link with other support groups so that children who attend camps can access other support even if a Network Camp cannot yet be established in their region of Lesotho.
- Engage with more partners to become involved with the camps programme to ensure that a countrywide system of support for HIV+ children on treatment is developed in Lesotho. The camps could then become an entry point to a broader, ongoing programme of care and support for these children and their families.
- We will increase the recruitment and training of Network counsellors to enable further expansion of the Networks across Lesotho. We have already developed a support group model for children and youth living with HIV. This model will be documented in the form of a guide to forming and facilitating such groups. Sentebale will then offer train-the-trainer opportunities for health professionals, care givers or other community members willing to make this opportunity meaningful for the HIV+ children in their communities.

Thaba-Bosiu: A Permanent 'Mamohato Camp Headquarters

Camps are currently being held at a rented venue in Morija. Owing to restricted availability of the premises, the number of camps that can be offered each year is capped at four. In addition, these premises are limited in their size, quality of facilities and exclusivity during occupation by the campers. There are no other appropriate venues in Lesotho.

King Letsie III has generously donated a site near Thaba-Bosiu to build a permanent camp headquarters for the camp. Thaba-Bosiu is the legendary birthplace of the Basotho nation, an inspirational place about 40km from the centre of the capital city, Maseru. We hope to build a permanent facility in this wonderful location and will be developing plans for a capital appeal over the next twelve months to raise funds for this project.

ii) **The Letsema Network**

Building on our achievements over the last two years, we will continue to grow this innovative and dynamic programme through:

- Further development of the sources of knowledge and information resources – online, on the website, and printed material – to ensure better co-ordination and communication between organisations and the reduction of duplication
- Expand development and capacity building to enhance the capacity and knowledge of all welfare service providers for OVC in Lesotho.
- Continue to encourage collaboration and joint working on consortium funding to ensure the best use of resources and to solve challenges encountered in the civil society

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- Continue to work with the recently formed Quality Assurance and Improvement Team (QAIT) and the Department of Social Welfare to develop a set of basic services standards for the care and support of vulnerable children.
- Facilitate networking and collaboration amongst non-governmental partners for the purposes of shared learning and the collective improvement of the quality and range of programmes addressing the needs of children, including OVC;
- Facilitate national and district level networking forums for the exchange of information, improvement of inter-agency collaboration, and consensus on minimum standards and accountabilities for organisations providing services and supports to children, including OVC;
- Promote the direct involvement of vulnerable children and adolescents in the development and delivery of programmes for OVC;

Continue to support the development and implementation of shared outcome monitoring tools to more accurately track the impacts for vulnerable children of the intervention strategies that are developed to assist them.

2. GOVERNANCE

Sentebale will continue to adopt best practice in the governance of its affairs. In particular we will be developing our Trustee Board, ensuring that all Trustees are appointed in order to meet the needs of the developing Board, that they are supported in their work by a comprehensive induction, together with on-going training and a review to ensure that the Board is able to fulfil its role and provide the most effective support for Sentebale.

In addition, we will develop a local governance structure in Lesotho in order to provide local support and guidance for our work on the ground.

We will also continue to build on the growing interconnectivity between Sentebale UK and other Sentebale offices in Lesotho and the US.

3. COMMUNICATIONS / MARKETING

The charity will continue to develop a brand strategy to ensure that our associated benefits are maximised. In addition, we will increase our celebrity networks and support to raise awareness of our work.

Our work building contacts with politicians, government officials, opinion formers, other NGOs and representatives of international agencies will continue to grow.

Sentebale will continue to play a proactive role at conferences and seminars where we can share success and learn from other organisations working with OVCs including the expansion of the Forum for Africa's Orphans, a UK based networking group of smaller charities operating in Africa.

The past twelve months have seen great successes in a challenging environment. The Board of Trustees would like to thank our many supporters and all those who have so generously donated their money, time and energy in order to help us sustain our work for the orphans and vulnerable children in Lesotho.

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Financial results

The results for the period are set out in the statement of financial activities on page 21. The position of the charity at the end of the period is shown in the balance sheet on page 23.

The total resources expended in the year were £1,452K. The amount spent on charitable activities was £1,099K. Of this, £393K was spent on Sentebale projects in Lesotho, £244K was grants made directly to other partners. A further £344K was spent on providing support and training directly to partners and £118K was spent on other (mainly administrative) costs. £338K was spent on fundraising, mainly on events expenditure in Barbados, USA and Lesotho and future initiatives.

During the year Sentebale raised £1,551K in unrestricted income. Sentebale raised a further £254K in restricted funds both for current and future projects. In total, Sentebale raised £1,805K.

In total, charitable expenditure directly related to the vision of supporting orphans and vulnerable children in Lesotho accounted for 76% of expenditure, 23% was incurred in fundraising and 1% on governance of Sentebale.

The net assets on the balance sheet are £775K. These are represented in reserves as unrestricted funds of £445K and restricted funds of £330K. The trustees are pleased to note that at the year-end the level of unrestricted funds as recommended in our reserves policy (see below for details) has been achieved.

Investment policy

Surplus cash funds are held in fixed term investment accounts in order to maximise the revenues on these funds whilst ensuring they are available when required.

Reserves policy

The Trustees have established a reserves policy that sets a recommended level of a minimum of one quarter of total annual historic expenditure on project disbursements, charitable activities and general overheads. This policy will be reviewed by the Board, as part of a comprehensive review of all of its governance-related policies and procedures, scheduled to take place during March 2011.

As stated above the recommended level of reserves has been achieved for the financial year under review, and we will continue to build on these unrestricted funds to ensure that we are able to maintain the policy for future periods. This recognises the inherent uncertainties that any charitable organisation faces in terms of fundraising, and gives us the confidence to plan for future activities, in the knowledge that these reserves will enable us to sustain our operations for a determinable period, in spite of an increasingly challenging economic environment for the voluntary sector as whole.

Going concern

The trustees have considered the level of reserves required in order to ensure that the charity can meet expenditure that has already been committed, future core costs and budgeted future grant commitments out of existing reserves and future fundraising. The trustees' assessment is that, whilst future fundraising is not guaranteed, it is likely to be sufficient to meet all of the charity's planned expenditure and the financial statements have been prepared on a going concern basis accordingly. The trustees have considered contingencies for spending if the level of fundraising income varies. In the context of reasonable fluctuations in fundraising income, the trustees consider the level of reserves held to be adequate to meet committed and core expenditure.

Grants policy

The Trustees apply all funds available for charitable purposes in the pursuit of ensuring the successful delivery of the charity's objects in supporting orphaned and vulnerable children in Lesotho.

Partner disbursements are approved by the Trustees, depending on the nature of the project or beneficiary and the effectiveness of the grant in achieving and fulfilling the objectives of the charity. In order to ensure the most effective grass roots support for children, Sentebale is prepared to provide support to projects that have little or unproven infrastructure, introducing checks to ensure that good governance practices are followed. Growing and supporting these local organisations is essential to Sentebale's mission of sustainable, local development.

Fundraising/Income Generation

Now that we have achieved significant experience and success through our charitable activities over the past three years, the Trustees are looking to significantly increase the overall income in order that we can expand our work; the more funds we can attract, the sooner we can expand our programmes and the more children we can reach. In order to achieve this, we will expand our networks so that we can successfully implement the agreed fundraising strategies (in the UK, US, Lesotho and internationally) based on a prudent mix of high return donations (eg major donors and events) and sustainable sources maximising income potential and spreading risk.

We are delighted that our efforts in this area are beginning to show returns on our investment in fundraising professionals. This will enable us to expand and diversify our sources of income, as well as reflecting the significant support of our fundraising events by Prince Harry. Fundraising strategies for the UK and US have been developed and look to build on our

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major-donor-focused fundraising activity through our own led events eg Sentebale Polo Cup, corporate sponsorship, trusts and foundations, and low level challenge event/sponsorship activity.

The majority of general funds received in the year was from international events and from funds transferred from the American Friends of Sentebale. Restricted donations were received from a number of donors including UNICEF, End to Hunger Campaign, Newman's Own Foundation, Vitol Charitable Foundation, Bloomberg and Support for Africa towards specific projects in Lesotho. We also benefited from generous gifts in kind during the year from Sir Charles Williams towards the Barbados Sentebale Polo Cup,

Fundraising in the US has been developing slowly with two major events and two smaller networking events having taken place – together raising nearly \$1m. In Lesotho, the gala dinner succeeded in achieving its fundraising target, with our local team generating the majority of the guests. There is also clearly a great opportunity for us to develop our portfolio of donors in South Africa, and this will become an increasingly important focus for our fund-raising activities in the future.

As well as seeking to generate income in the immediate future our fundraising activities also have a longer term perspective. We see these very much as an investment in the future of the organisation, and they include the development of strategic, long-term partnerships with like-minded donors who have similar objectives to those of Sentebale. Whilst these activities may not yield a high level of income in the short-term, over a longer period, as they start to bear fruit, they will help to build a stable and sustainable basis for our future operations, providing significant long-term, dependable benefits and services for our various client groups in Lesotho.

Structure, Governance and Management

The charity does not have share capital and is a company limited by guarantee. It is constituted by its Memorandum and Articles of Association as amended by Special Resolution and dated 3rd April 2006 and 15 December 2008. Operations in Lesotho are carried out by what, under Lesotho law, is a tax exempt Branch Office of a Foreign Company.

The ultimate control of Sentebale is vested in the Trustees. The Board of Trustees is led by the Chairman and the day to day management of the charity is delegated to the Chief Executive. The Secretary is responsible for all legal filings.

Trustees serve for a term of three years and then retire from the Board, unless there are exceptional reasons for them to be asked to serve a further term.

The Trustees are currently looking at the composition of the Board to ensure appropriate breadth and diversity of skills and experience amongst the Trustees. Additional Trustees will be selected and appointed to ensure the requisite balance. New Trustees are given a programme of induction and training is available when required and relevant.

The Trustees have identified and reviewed the major risks to which the charity is exposed and have established a risk assessment procedure to identify and anticipate these risks and to consider further risks that may arise. The Trustees believe that implementation of agreed actions and procedures will significantly reduce the probability and impact of these risks.

Indemnity insurance for the Trustees was provided during the period at a cost of £1,700.

The Trustees are unpaid and details of the Trustees expenses are disclosed in Note 6 to the accounts.

This report has been prepared in accordance with the special provisions of Part XV of the Companies Act 2006 relating to small companies.

Statement of trustees' responsibilities

The trustees (who are also directors of Sentebale for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to:

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

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The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The trustees are responsible for the maintenance and integrity of financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

BY ORDER OF THE BOARD

Philip Green

Chairman of Trustees

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Independent auditor's report to the members of Sentebale

We have audited the financial statements of Sentebale for the year ended 31 August 2010 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees are also the directors of the company for the purposes of company law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the statement of trustees' responsibilities contained within the trustees' report.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the trustees' annual report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the trustees' report and the chairman's statement.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 August 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the trustees' annual report is consistent with the financial statements.

Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

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Statement of financial activities for the year ended 31 August 2010

Income & expenditure	Note	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
		£000	£000	31 Aug 2010	31 Aug 2009
				£000	£000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income:					
. Major donors		10	-	10	606
. Event income		1,197	-	1,197	313
. Individual donors		25	-	25	57
. Corporate donors		82	159	241	514
. Schools and Trusts		162	88	250	-
_ Gifts in kind		75	-	75	-
Bank interest		-	-	-	2
Other income		-	7	7	4
Total incoming resources		1,551	254	1,805	1,496
Resources expended					
Costs of generating funds:	2	338	-	338	117
Charitable activities:					
HIV/AIDS	3	253	38	291	190
Integrated community development		250	40	290	260
Special needs		237	37	274	282
Vocational training		59	-	59	98
Advocacy & collaboration		90	95	185	140
Total charitable activities		889	210	1,099	970

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Governance costs:		15	-	15	40
Total resources expended		1,242	210	1,452	1,127
Surplus/(deficit) of income over expenditure	4	309	44	353	369
Reconciliation of funds					
Total funds brought forward at 1 September 2009		136	286	422	53
Total funds carried forward at 31 August 2010		445	330	775	422

All amounts relate to continuing activities of the charity.

The charity has no recognised gains or losses other than those included in the results above, and therefore no separate statement of recognised gains or losses has been presented.

The notes on pages 24 to 31 form part of these financial statements.

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Balance Sheet as at 31 August 2010

		Total Funds 31 Aug 2010 £000	Total Funds 31 Aug 2009 £000
Fixed assets			
Tangible assets	8	87	85
Current assets			
Debtors	9	102	113
Cash at bank and in hand		789	435
		<hr/> 891	<hr/> 548
Creditors: amounts falling due within one year	10	203	211
		<hr/> 688	<hr/> 337
Net current assets/(liabilities)			
		<hr/> 775	<hr/> 422
Net assets		<hr/> <hr/> 775	<hr/> <hr/> 422
Funds			
Unrestricted funds	12	445	136
Restricted funds	13	330	286
Total funds		<hr/> <hr/> 775	<hr/> <hr/> 422

Approved by the trustees on

and signed on their behalf by:

Philip Green
Chairman of Trustees

The notes on pages 24 to 31 form part of these financial statements

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Notes to the financial statements

For the year ended 31 August 2010

1. Principal accounting policies

a. Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (2005). The accounting policies below have been adopted consistently for all material items.

b. Tangible Fixed Assets

Tangible fixed assets are stated at historical cost less depreciation and applicable impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset to its estimated residual value evenly over its expected useful life, as follows:-

Fixtures and fittings	5 yrs on a straight line basis
Computer equipment	3 yrs on a straight line basis
Motor vehicles	10 yrs on a straight line basis

c. Incoming resources

Income is accounted for when receivable. It is deemed to be receivable either when there is a contract for its receipt and Sentebale considers that any outstanding conditions under the contract have been met, or when Sentebale has become entitled to a future payment and its amount can be ascertained with reasonable certainty. Funds received in one accounting period for expenditure that must take place in subsequent accounting periods are not accounted for as income but are carried forward in creditors as deferred income.

Donated services are recognised as an incoming resource at the value that the charity would have paid to otherwise obtain the resources concerned.

d. Resources expended

Resources expended are accounted for on an accruals basis. They are analysed in the statement of financial activities in accordance with the purposes for which the funds are applied. Where expenditure does not fall clearly into one category, it is allocated to the appropriate headings on a reasonable percentage basis.

The basis of allocation is determined on the approximate proportion of costs applicable to each category based on time spent on each activity.

Cost of generating voluntary income comprises fundraising and event costs, as well as marketing, PR and website development.

Costs of charitable activities represents staff costs, Sentebale programme costs, partner disbursements, support and other direct costs associated with undertaking the activities and objects of the charity.

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Governance costs of the charity comprise those costs relating to strategic rather than day to day management of Sentebale's activities. This includes such items as audit costs, legal advice and constitutional and statutory requirements.

e. Partner disbursements

Financial support to partners is recognised in the statement of financial activities when approved by the Trustees as part of the budget process and a Memorandum of Understanding has been signed with the partner. The charity monitors the usage to which funding is put and reviewed on quarterly basis before the next payment is made. Cancelled commitments are credited to the statement of financial activities when the cancellation has been ratified by the Trustees.

f. Restricted funds

These funds can only be used for purposes as specified by the donor and are listed in note 13.

g. Unrestricted general funds

The unrestricted general funds are available to cover all costs of the organisation.

h. Foreign exchange

An average foreign exchange rate is used during the period and adjustments are made for balance sheet items at the prevailing rate of exchange on the balance sheet date. Any foreign exchange adjustments are recorded under other income or support costs in the statement of financial activities.

i. Cash flow

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements". However, as best practice, monthly cash flow forecasts are provided as part of the monthly management accounts.

j. Going concern

As described within the trustees' report, the accounts have been prepared on a going concern basis.

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2. Cost of generating funds

	Total	Total
	31 Aug 2010	31 Aug 2009
	£000	£000
Events	73	26
Cost of generating income	229	56
Support costs	36	35
Cost of generating funds	338	117

After deducting gifts in kind of £75,370, which are included within the cost of generating income figure above, the increase in total like-for-like costs of generating funds is due primarily to the expenditure incurred in developing long-term relationships with funders, which will provide benefits to the organisation in the longer term.

3. Charitable activities

	Direct expenditure				Total	Total
	Partner disbursements	Partner support	Sentebale programme	Support costs	31 Aug 2010	31 Aug 2009
	£000	£000	£000	£000	£000	£000
Charitable activities:						
HIV/AIDS	26	21	237	7	291	190
Integrated Community						
Development	93	160	-	37	290	260
Special Needs	90	146	-	38	274	282
Vocational Training	35	17	-	7	59	98
Advocacy &						
Collaboration	-	-	156	29	185	140
	<u>244</u>	<u>344</u>	<u>393</u>	<u>118</u>	<u>1099</u>	<u>970</u>

Support costs consist of staff costs and office costs which have been apportioned on the basis of time spent.

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4. Surplus/(deficit) of income over expenditure

		Total	Total
		31 Aug	31 Aug
		2010	2009
		£000	£000
This is stated after charging:			
Auditors remuneration:			
Audit fee to financial statements auditor	-Current year	10	10
	- Prior years	-	2
Fees payable to other auditors	-Current year	3	3
	- Prior years	-	3
	-Accountancy	-	2
Depreciation		21	20
		<u>21</u>	<u>20</u>

5. Partner disbursements

	No of	31 Aug	31 Aug
	grants	2010	2009
	2010	£000	£000
HIV/AIDS	2	26	68
Integrated Community Development	6	93	134
Special Needs	8	90	125
Vocational Training	2	35	60
Advocacy & collaboration	-	-	24
	<u>18</u>	<u>244</u>	<u>411</u>
Total partner disbursements	<u>18</u>	<u>244</u>	<u>411</u>

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6. Staff

	2010	2009
	No	No
The average weekly number of persons employed by the charity was:		
Programme (direct charitable work)	14.3	11.0
Fundraising	1.5	1.5
Other	0.5	0.5
	<u>16.3</u>	<u>13.0</u>
Lesotho based	12.3	10.0
London based	4.0	3.0
	<u>16.3</u>	<u>13.0</u>
The average weekly number of persons employed expressed on a full time equivalent basis was	15.5	12.3

	31 Aug 2010	31 Aug 2009
	£000	£000
Staff costs comprised:-		
Wages and salaries	453	297
Social security	21	8
Other pension costs	11	26
	<u>485</u>	<u>331</u>

	2010	2009
	No	No
Number of employees earning over £60,000 per annum, including taxable benefits, was:		
£60,001-70,000	-	1
£90,001-100,000	1	-

The 2009/10 figures include the re-structured full-time role of the Chief Executive who was appointed in June 2009. This restructuring involved extending the role of the Chief Executive, which was previously a part-time position, to include part of the work previously incorporated in the post of Country Director in Lesotho. This has resulted in considerable cost savings in comparison with the previous structure.

Trustees

In the year Trustees incurred travel expenses of £142 (2009 £1,969). Indemnity insurance including cover for the Trustees was provided in the period at a cost of £1,700 (2009 £1,793).

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7. Taxation

Sentebale is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

The company is also recognised as a registered charity in Lesotho and as such, for taxation purposes, is entitled to exemption from Lesotho taxation.

8. Tangible fixed assets

	Motor vehicles	Fixtures fittings and equipment	Total
Cost or valuation	£000	£000	£000
Balance brought forward – 1 September 09	78	47	125
Additions	11	14	25
Balance carried forward - 31 August 10	89	61	150
Depreciation			
Balance brought forward – 1 September 09	14	26	40
Charge for the period	11	12	23
Balance carried forward - 31 August 10	25	38	63
Net book value			
Brought forward 1 September 09	64	21	85
Carried forward 31 August 10	64	23	87

9. Debtors

	31 Aug 2010	31 Aug 2009
	£000	£000
Debtors	72	44
Other debtors	2	65
Prepayments and accrued income	28	4
	102	113
	102	113

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10. Creditors

	31 Aug 2010	31 Aug 2009
	£000	£000
Amounts falling due within one year:		
Commitments to partners	39	134
Other creditors	27	27
Accruals and deferred income	37	50
Short term loan	100	-
	<u>203</u>	<u>211</u>

Since a large part of income was generated through events, which can by nature be time-sensitive, the Board decided to access a short term interest free loan to ensure that any short term cashflow requirements could be met and the unrestricted reserves balance remained at all times within the level established by the reserves policy. The loan, though drawn down, was not used and was repaid in full on 16 December 2010. No interest was charged on the loan.

11. Members' liability

The charity does not have share capital and is limited by guarantee. In the event of the charity being wound up, the maximum amount each member is liable to contribute is £1. There were four members at 31 August 2010.

12. Unrestricted funds

	Balance 1 September 2009	Incoming resources	Resources expended	Balance 31 August 2010
	£000	£000	£000	£000
General funds	<u>136</u>	<u>1,551</u>	<u>1,242</u>	<u>445</u>

General funds represent all unrestricted income received and are used to undertake the work of the charity.

SENTEBALE

13. Restricted funds

	Balance 1 September 2009	Incoming resources	Resources Expended	Balance 31 August 2010
	£000	£000	£000	£000
HIV/AIDS	-	38	38	-
Integrated community development	-	40	40	-
Special needs	283	42	37	288
Vocational training	-	-	-	-
Advocacy	3	134	95	42
Restricted funds	286	254	210	330

Restricted funds represent funds received for specific projects and held at the year end.

14. Net assets between funds

	Unrestricted £000	Restricted £000	Total £000
Fixed assets			
Tangible assets	87	-	87
Current assets			
Debtors	102	-	102
Cash at bank and in hand	459	330	789
	561	330	891
Creditors: amounts falling due within one year	203	-	203
Net current assets	358	330	688
Net assets	445	330	775

During the last financial year, the Board of Trustees made it their priority to build up unrestricted reserves for Sentebale. The Board is very pleased that the end of year results reflect the significant improvement in fund balances in relation to previous years (2008: Unrestricted funds £53K / Restricted funds £0K; 2009 Unrestricted funds £136K; Restricted £286K.)