

Charity No. 1035323

Starehe UK
Report and Unaudited Financial
Statements
31 March 2014

Starehe UK

Reference and administrative details

For the year ended 31 March 2014

Status	The organisation is a registered charity, registered on 18 March 1994.
Governing document	The charity is constituted under a trust deed dated 2 March 1994.
Charity number	1035323
Registered office	c/o The Dulverton Trust 5 St James's Place London SW1A 1NP
Trustees	Timothy Faithfull (chair) David Kisiaky Lawrence Mbugua Ronald Onyango Keith Price Paul Whitehouse Helen Varma Mark Webb Carole Spencer Will Cavendish Lord Valentine Cecil
Charity coordinator	Michael Burton
Bankers	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling ME19 4JQ
Independent examiners	Alison Godfrey FCA Godfrey Wilson Limited Chartered accountants and statutory auditors Unit 5.11 Paintworks Bath Road Bristol BS4 3EH
Investment advisers	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA
Solicitors	Farrer and Co LLP 66 Lincoln's Inn London WC2A 3LH

Starehe UK

Report of the trustees

For the year ended 31 March 2014

The trustees present their report and the unaudited financial statements for the year ended 31 March 2014.

The reference and administrative information set out on page 1 forms part of this report. The financial statements have been prepared on the accounting policies set out in note 1 to the financial statements and comply with the charity's Trust Deed, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" revised in March 2005.

Structure, governance and management

The Starehe Endowment Fund (UK) was formed by Trust Deed on 2 March 1994 and changed its name to Starehe UK on 17 July 2008. The Trust's principal aim is to support the Starehe Boys' and Starehe Girls' Centres in Nairobi, Kenya, and is set out under objectives and activities below.

The charity is governed by its trustees who meet annually.

Following the end of the successful StareheFuture Appeal in late 2011, an Appeal Coordinator, Malin Rosenkvist, was appointed to manage the Appeal, and certain continuing donor activities. Malin completed this work in February 2013.

Trustees considered that the continuing liaison between the schools and existing and potential donors in the UK necessitated continuing, though scaled back, administrative support. A Charity Coordinator position was established in February 2013, and Michael Burton has performed this role, on a part time basis, since then.

Trustees

The trustees who have served throughout the year are shown on page 1. New trustees are appointed at the discretion of existing trustees.

Tim Faithfull was appointed Chairman, as of 1 April 2013, succeeding Paul Whitehouse. Paul continues as a trustee. He was Founder Chairman of Starehe UK, and its prior UK bodies for over 40 years. As a former volunteer at Starehe, between 1963 and 1964, and with his continuing involvement with the schools and the funding arrangements in the UK, Paul provides substantial experience and judgement to the Trust.

Tim Faithfull has been a trustee since 1994, and was chairman of the Management Committee at Starehe Boys' Centre between 1985 and 1989, whilst working in Kenya.

David Kisiaky, an Old Stareheian resident in the UK, took over from John Rushton as treasurer in 2012. Sadly, John died in May 2013. John was a volunteer at Starehe between 1968 and 1969. As Treasurer from 2008 to 2012, he made a significant contribution to the management of Starehe UK, and in particular the implementation of the StareheFuture Appeal.

The trustees wish to express their thanks to John Rushton's family, Mayer Brown the law firm where he had been a partner, and the many individuals who gave donations to StareheFuture as a way to remember John's life.

Starehe UK

Report of the trustees

For the year ended 31 March 2014

For the period of this report, the secretary to the trustees was Michael Kiprop.

Details of all trustees and the secretary are available on the Starehe UK website.

Objectives and activities

The purpose of the Trust is the furtherance of the education of pupils at both Starehe Boys' Centre (from 1994) and Starehe Girls' Centre (from 2005), schools which provide free secondary education to needy children in Kenya, although the trustees have discretion to apply the funds to other similar causes. This is done by the provision of funds for such capital or income expenses as the trustees shall think fit and in particular by the provision of bursaries to fund the education of poor or orphaned children at both schools. The Trust Deed empowers the trustees to support the general purposes of such charitable bodies or for such other purposes as shall be exclusively charitable, as the trustees may from time to time decide.

Achievements and performance

Starehe UK is indebted to a number of individuals and organisations for their fundraising support in 2013/2014, including:

- Independent Franchise Partners for sponsoring girls at Starehe Girls' Centre;
- Next PLC for choosing StareheFuture as its charity partner to benefit from the October 2013 'bouquet of the month' by Next Flowers with 10% of each bouquet sold donated to the Appeal;
- The Big Give for choosing StareheFuture to participate in the annual 'Big Give Christmas Challenge';
- Citi Foundation for continuing their support of Starehe Girls' Centre;
- Gwyneth Forrester Trust for supporting the work of the Starehe Centres;
- The continued support of The Marianne Foundation, The Madrinha Trust and The Umbrella Tree Trust;
- The Horsell Rainbows who sponsor a student at Starehe Girls' Centre; and
- New endowment places supported by The Band Trust, Lawrence Lockhart and Julian and Theodora Stanning.

Finally, Starehe UK continues to be indebted to Shell UK for the company's ongoing and very generous gift-in-kind of office space, and associated expenses, for the coordinator role.

During the year ended 31 March 2014, the Trust's total incoming resources were by £190,251, of which £124,895 were from donations of various types, and £65,356 were from growth and income from investments.

A total of £56,491 was distributed to SBC, and £79,284 to SGC, covering both contributions to places and for agreed infrastructure projects.

Starehe UK

Report of the trustees

For the year ended 31 March 2014

Financial review

Sources of funding

The charity's funds have been secured through two major appeals in the UK, Aim High 1996-98 and StareheFuture 2008-2011. In addition, the charity receives regular sums from donors, the majority of which are specified for the support of individual students, and which flow through to the schools.

Reserves policy

It is the policy of the charity to maintain its free reserves at a level which generates sufficient income to enable it to meet annual funding requirements agreed with the two schools, and to respond to emergency needs which arise from time to time. As the Fund is intended to provide an assured source of income to both schools, it necessarily has substantial investments which are shown in the accounts as unrestricted funds.

Investment policy and performance

The trustees have a policy to maintain investments to ensure that a sufficient level of income is generated to fund the ongoing operational needs of the charity.

During the year, the UK equity market performed well despite a fall in corporate earnings with the FTSE All Share Index returning 8.8% to 31 March 2014. For international equities, in anticipation of the improvement in the global economy gaining momentum, the FTSE World Ex-UK Index saw a return of 7.7% over the same period. As yields trended higher with the US Federal Authorities tapering its quantitative easing programme, bond markets in comparison delivered poor results with conventional and index linked gilts recording negative returns of 2.6% and 3.8% respectively. The portfolio achieved a total return of 5.6% from its investments while its tailored benchmark returned 5.9% and the Retail Price Index appreciated by 2.5%.

As with the previous year, the portfolio's UK equities recorded the best results with a return of 12.6%. Given the useful recovery in the market, the opportunity was taken to reduce the portfolio's overweight stance when compared to its benchmark with sales of the Growth Trust for Charities. Part of the sale proceeds were subsequently reinvested in the higher yielding Equity Income Trust for Charities. Unlike the previous year, however, the portfolio's international equity performance was disappointing mostly as a result of its exposure to emerging markets which underperformed. Since the end of March, however, concerns over the ability of emerging market countries to finance their current account deficits have diminished significantly and with more robust economic data from China, the performance of Aberdeen and First State Emerging Market Funds and Newton Asian Income Trust has much improved.

With bonds markets, the portfolio's exposure to corporate bonds was increased further during the year by switching from the Income Trust for Charities to the Cazenove Corporate Bond Fund. This strategy proved to be successful with the portfolio's UK bonds producing an overall positive return. Elsewhere, the portfolio's exposure to commercial property was restructured with the introduction of the Charities Property Fund and the exchange later in the year of the Multi Strategy Property Trust for the Property Income Trust for Charities (managed by Mayfair Capital). The opportunity was also taken in January to use part of the proceeds from the UK and international equity sales made earlier in the year for additional investment in the Ruffer Total Return Fund (following poor performance due to its exposure to gold and index linked securities).

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Report of the trustees

For the year ended 31 March 2014

Risks

The trustees have examined the major risks which the charity faces and confirm that processes are in operation to enable these risks to be mitigated:

- Funds are managed by a reputable manager, with whom the trustees have established clear parameters for risk exposure, asset allocation, and income levels;
- Strict controls are applied to operation of bank accounts; and
- Regular communication takes place with the two schools on the deployment of funds.

Plans for the future

The charity aims to continue to provide both annual income and capital development support, as agreed from time to time with the schools, and in furtherance of donors' specific wishes, whilst increasing the capital value of the endowment in the medium term.

Statement of responsibilities of the trustees

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

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

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that to the best of their knowledge there is no information relevant to the independent examination of which the examiner is unaware. The trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant information and that this information has been communicated to the examiners.

Independent examiners

Alison Godfrey FCA of Godfrey Wilson Limited was appointed as the charity's independent examiner during the year and has expressed her willingness to continue in that capacity.

Approved by the trustees on 1 September 2014 and signed on their behalf by:

Timothy Faithfull - Chairman

David Kisiaky - Treasurer

Independent examiners' report

To the trustees of

Starehe UK

I report on the accounts of the charity for the period ended 31 March 2014, which are set out on pages 7 to 16.

Respective responsibilities of trustees and examiners

The trustees (who are also directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiners' report

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

Independent examiners' statement

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

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 130 of the 2011 Act;
 - to prepare accounts which accord with the accounting records and comply with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) and the accounting requirements of the 2011 Act; have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Date:

Alison Godfrey FCA (member of ICAEW)

For and on behalf of:

Godfrey Wilson Limited

Chartered accountants and statutory auditors

Unit 5.11 Paintworks

Bath Road

Bristol

BS4 3EH

Starehe UK

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2014

	Note	Restricted £	Unrestricted £	2014 Total £	2013 Total £
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income	2	34,070	56,523	90,593	159,205
Activities for generating funds	3	26,282	7,652	33,934	28,926
Investment income	4	-	65,356	65,356	57,224
Other income		-	368	368	5,626
Total incoming resources		<u>60,352</u>	<u>129,899</u>	<u>190,251</u>	<u>250,981</u>
Resources expended					
Costs of generating funds		-	12,951	12,951	25,538
Charitable activities		54,161	81,614	135,775	158,769
Governance costs		-	26,121	26,121	26,799
Total resources expended	5	<u>54,161</u>	<u>120,686</u>	<u>174,847</u>	<u>211,106</u>
Net incoming resources before transfers		6,191	9,213	15,404	39,875
Gains on investments		-	39,225	39,225	173,710
Net movement in funds		6,191	48,438	54,629	213,585
Reconciliation of funds					
Total funds brought forward		<u>1,448,134</u>	<u>595,280</u>	<u>2,043,414</u>	<u>1,829,829</u>
Total funds carried forward		<u>1,454,325</u>	<u>643,718</u>	<u>2,098,043</u>	<u>2,043,414</u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 14 to the financial statements.

Starehe UK

Balance sheet

As at 31 March 2014

	Note	£	2014 £	2013 £
Fixed assets				
Investments	10		1,877,742	1,844,730
Current assets				
Debtors	11	10,186		7,043
Cash at bank and in hand		<u>219,542</u>		<u>203,599</u>
		229,728		210,642
Creditors: amounts falling due within 1 year	12	<u>9,427</u>		<u>11,958</u>
Net current assets			<u>220,301</u>	<u>198,684</u>
Net assets	13		<u>2,098,043</u>	<u>2,043,414</u>
Funds	14			
Restricted funds			1,454,325	1,448,134
Unrestricted funds				
General funds			<u>643,718</u>	<u>595,280</u>
Total funds			<u>2,098,043</u>	<u>2,043,414</u>

Approved by the trustees on 1 September 2014 and signed on their behalf by:

Timothy Faithfull - Chairman

David Kisiaky - Treasurer

Notes to the financial statements

For the year ended 31 March 2014

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Charities Act 2011. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (revised 2005).

b) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

c) Charitable expenditure

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

d) Funds accounting

Restricted funds are subject to specific restriction specified by the donor be it purpose, geographical area, or the specified purpose of an appeal.

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

e) Investments

Investments are stated at market value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

f) Foreign currencies

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the year end.

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Notes to the financial statements

For the year ended 31 March 2014

2. Voluntary income

	Restricted £	Unrestricted £	2014 £	2013 £
General fund (formerly Griffin Fund)	-	37,709	37,709	55,907
Capital projects Starehe Girls' Centre	5,351	-	5,351	6,869
Capital projects Starehe Boys' Centre	4,075	-	4,075	-
Bursaries	24,644	-	24,644	79,829
Gifts in kind*	-	18,814	18,814	16,600
	<u>34,070</u>	<u>56,523</u>	<u>90,593</u>	<u>159,205</u>

* Gifts in kind consist of the following:

	2014 £	2013 £
Rent	<u>18,814</u>	<u>16,600</u>
	<u>18,814</u>	<u>16,600</u>

3. Activities for generating funds

	Restricted £	Unrestricted £	2014 £	2013 £
Fundraising activities	-	7,652	7,652	-
Sponsorship - Starehe Girls' Centre	23,324	-	23,324	21,671
Sponsorship - Starehe Boys' Centre	2,958	-	2,958	7,255
	<u>26,282</u>	<u>7,652</u>	<u>33,934</u>	<u>28,926</u>

4. Investment income

	Restricted £	Unrestricted £	2014 £	2013 £
Dividends	-	65,099	65,099	56,696
Interest	-	257	257	528
	<u>-</u>	<u>65,356</u>	<u>65,356</u>	<u>57,224</u>

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Notes to the financial statements

For the year ended 31 March 2014

5. Resources expended

	Costs of generating funds £	Charitable activities £	Governance costs £	2014 Total £	2013 Total £
Grants payable to partners (note 6)	-	135,775	-	135,775	158,769
Salaries and social security costs	-	-	-	-	20,951
Freelance workers	12,951	-	-	12,951	4,530
Relationship building events	-	-	-	-	57
Travel and subsistence	-	-	171	171	2,299
General office expenditure	-	-	4,195	4,195	4,807
Rent	-	-	18,814	18,814	16,600
Bank charges	-	-	421	421	573
Independent examiners' remuneration	-	-	2,520	2,520	2,520
Total	<u>12,951</u>	<u>135,775</u>	<u>26,121</u>	<u>174,847</u>	<u>211,106</u>

Starehe UK

Notes to the financial statements

For the year ended 31 March 2014

6. Grants payable

	Restricted £	Unrestricted £	2014 £	2013 £
Grants to Starehe Boys' Centre				
▪ Income support	4,465	36,000	40,465	-
▪ Capital projects	16,026	-	16,026	8,690
Grants to Starehe Girls' Centre				
▪ Income support	9,474	45,614	55,088	101,243
▪ Capital projects	24,196	-	24,196	48,836
	<u>54,161</u>	<u>81,614</u>	<u>135,775</u>	<u>158,769</u>

7. Net movement in funds

This is stated after charging:

	2014 £	2013 £
Trustees' reimbursed expenses	271	2,199
Trustees' remuneration	Nil	Nil
Accountant's remuneration:		
▪ Independent examination fees	<u>2,520</u>	<u>2,520</u>

Trustees' reimbursed expenses represent the reimbursement of travel and subsistence costs to three trustees (2013: two) relating to travel and other charity's related meetings.

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Notes to the financial statements

For the year ended 31 March 2014

8. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Salaries and wages	-	19,167
Social security costs	-	1,784
	<u>-</u>	<u>20,951</u>

No employee earned more than £60,000 during the year.

	2014 No.	2013 No.
Average number of employees (full-time equivalent)	<u>0.0</u>	<u>0.7</u>

9. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10. Fixed asset investments

	2014 £	2013 £
Market value as at 1 April 2013	1,844,730	1,559,514
Additions at cost	323,133	306,949
Sales proceeds from disposals	(329,346)	(195,443)
Increase/(decrease) in market value	<u>39,225</u>	<u>173,710</u>
Market value as at 31 March 2014	<u>1,877,742</u>	<u>1,844,730</u>

Fixed asset investments comprise:

	2014 £	2013 £
Market value		
Fixed interest	263,440	237,111
Common investment funds	1,516,285	1,542,614
Property fund	<u>98,017</u>	<u>65,005</u>
	<u>1,877,742</u>	<u>1,844,730</u>

Starehe UK

Notes to the financial statements

For the year ended 31 March 2014

10. Fixed asset investments (continued)

	2014 £	2013 £
Historical cost		
Fixed interest	266,115	232,822
Common investment funds	1,315,092	1,350,634
Property fund	158,781	92,781
	<u>1,739,988</u>	<u>1,676,237</u>

11. Debtors

	2014 £	2013 £
Income tax recoverable	8,048	4,762
Prepayments	860	778
Other debtors	1,278	1,503
	<u>10,186</u>	<u>7,043</u>

12. Creditors : amounts due within 1 year

	2014 £	2013 £
Trade creditors	1,128	3,464
Accruals	2,940	2,520
Sundry creditors	5,359	5,974
	<u>9,427</u>	<u>11,958</u>

13. Analysis of net assets between funds

	Restricted £	Unrestricted £	Total £
Tangible fixed assets	1,454,325	423,417	1,877,742
Current assets	-	229,728	229,728
Current liabilities	-	(9,427)	(9,427)
Net assets at 31 March 2014	<u>1,454,325</u>	<u>643,718</u>	<u>2,098,043</u>

Starehe UK

Notes to the financial statements

For the year ended 31 March 2014

14. Movements in funds

	At 1 April 2013 £	Incoming resources £	Outgoing resources £	Investment gains £	At 31 March 2014 £
Restricted funds					
Capital Projects - Starehe Girls' Centre	24,196	5,351	(24,196)	-	5,351
Capital Projects - Starehe Boys' Centre	16,026	4,075	(16,026)	-	4,075
Aim High Appeal	865,288	-	-	-	865,288
Bursaries	514,718	24,644	-	-	539,362
Sponsorship - Starehe Girls' Centre	23,924	23,324	(9,474)	-	37,774
Sponsorship - Starehe Boys' Centre	3,982	2,958	(4,465)	-	2,475
Total restricted	1,448,134	60,352	(54,161)	-	1,454,325
Unrestricted					
General funds	595,280	129,899	(120,686)	39,225	643,718
	595,280	129,899	(120,686)	39,225	643,718
Total funds	2,043,414	190,251	(174,847)	39,225	2,098,043

Purposes of restricted funds

Capital Projects - Starehe Girls' Centre	To fund infrastructure projects, for example the kitchen and dining hall at Starehe Girls' Centre.
Capital Projects - Starehe Boys' Centre	To fund infrastructure projects, for example the solar panels and borehole at Starehe Boys' Centre.
Aim High Appeal	To fund endowed places at both Starehe Girls' and Boys' Centre. These monies form the income from the Aim High Appeal 1996 - 1998 which was invested with Cazenove. The returns on these investments are used to fund the endowed places.

Starehe UK

Notes to the financial statements

For the year ended 31 March 2014

Purposes of restricted funds (continued)

Bursaries	To fund endowed places at both Starehe Girls' and Boys' Centre from the recent Starehe Future Appeal. Monies transferred to Cazenove and returns to be transferred to the schools to fund the allocated places.
Sponsorship - Starehe Girls' Centre	To fund sponsored places at Starehe Girls' Centre.
Sponsorship - Starehe Boys' Centre	To fund sponsored places at Starehe Boys' Centre.

15. Post balance sheet event

Trustees decided during the year that it would be best for the long term future of the charity if it were to become a Charitable Incorporated Organisation (CIO). The Charity Commission approved an application for the registration of Starehe UK (a CIO) Registered No. 1158079 on 1 August 2014. Trustees met on 4 August and agreed to dissolve this charity and pass all its assets to the CIO. The trustees of the new charity are Tim Faithfull (chair), Will Cavendish, Lord Valentine Cecil, David Kisiaky (treasurer), Keith Price, Carole Spencer, Helen Varma, Mark Wenn and Paul Whitehouse. Its Secretary is Michael Burton.