

CAI
(CHILDHEALTH ADVOCACY INTERNATIONAL)
(A Company Limited by Guarantee)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 OCTOBER 2006

CAI
(CHILDHEALTH ADVOCACY INTERNATIONAL)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 OCTOBER 2006

Company Number: 3597304

Charity Number: 1071486

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CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**DIRECTORS REPORT FOR THE YEAR ENDED 31 OCTOBER 2006**

The trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 October 2006.

REFERENCE AND ADMINISTRATIVE INFORMATION

Company Number - 3597304

Charity Number - 1071486

Charity Name – On 4th August 2006 the charity changed its name from Child Advocacy International to Childhealth Advocacy International.

Directors

Dr J Bridson (Chairman)
Dr D P Southall
Dr N Shabde (resigned 13.03.06)
A Sherriff
A M Taylor (resigned 13.03.06)
Dr M S Tanner (resigned 04.12.06)
Dr J Meran
S D James
Dr R Moy (appointed 11.02.06)
N Ager (appointed 04.10.06)

Secretary and Programme Director

M Szczesny

Registered Office and Operational Address

Conway Chambers
83 Derby Road
Nottingham
NG1 5BB

Bankers

Co-Operative Bank
31 East Street
Derby
DE1 2AL

Auditors

Barber Harrison & Platt
57-59 Saltergate
Chesterfield
S40 1UL

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)

DIRECTORS' REPORT - continued

STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is a charitable company limited by guarantee. It is governed by Memorandum and Articles of Association.

Risk Management

The directors have introduced a process to assess business risk. This effectively involves identifying the type of risks the charity faces prioritising them in terms of potential impact and the likelihood of occurrence, and identifying means of mitigating the risks.

Organisational Structure

The charity is run day to day by the Programme Director along with 4 other members of staff and several volunteers. Any key decisions that have to be made are put up for discussion at the trustees meetings and the monthly Programme Planning Group meetings.

Appointment of Trustees

In accordance with the Company's Memorandum and Articles, Dr J Meran and Dr J Bridson retire by rotation and being eligible, offer themselves for re-election. DR R Moy and N Ager retire due to being appointed in the year and offers themselves for re-election.

The method of appointing directors and trustees is as governed by the memorandum and articles of association.

OBJECTIVES AND ACTIVITIES

Vision Statement

CAI works to ensure that every vulnerable baby, child and mother has access to compassionate and effective healthcare.

Mission Statement

CAI seeks to achieve this for children and mothers in countries where there is extreme poverty, armed conflict or natural disaster. CAI works with local health providers to develop sustainable systems of health care by

- Improving training in emergency care
- Developing appropriate care for babies, children and mothers.
- Advocating and promoting their best interests.

Objectives

CAI is an international NGO, founded in 1995 by a number of leading UK paediatricians to improve healthcare for children worldwide CAI concentrates on the provision of healthcare and protection for babies, children and mothers. It achieves these aims by working in some of the most disadvantaged areas of the world with the most vulnerable sections of the community. As a result of input from specialists in the community and hospital health sectors it develops systems of care and protection which can be built on by government or by larger organisations. Much of this work progresses through the development of leading edge educational materials relevant to poorly resourced situations as well as innovative educational methods. We support local healthcare providers where disaster strikes in a country where we are established. CAI also uses advocacy, based on data collected in the field to help improve the circumstances of mothers, babies and children including those suffering from abuse and the devastating effects of armed conflicts.

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)

DIRECTORS' REPORT – continued

ACHIEVEMENTS AND PERFORMANCE

Educational Materials

The International Manual of Child Health and Pocket Emergency Paediatric Care books published by Blackwells continue to sell well. They received good reviews and are being used in developing countries worldwide, bought at a subsidised cost. They are also available in the developed economies at a market price.

The Advanced Paediatric Life Support (APLS) CD Rom and DVD are also being used worldwide, the CD Rom is published by Blackwells. The CD Rom is purchased as part of a package, by all UK health service staff who take the Paediatric Life Support (PLS) and APLS courses. An updated version of the APLS CD Rom will soon be issued.

Work is continuing on producing an Obstetric CD/DVD Rom and it is almost complete. The ESS-EMCH teaching materials continue further development to make them match the needs of mothers and children in The Gambia. CAI has now completed a Pocket Book of Obstetric and Neonatal Emergencies, which is being shown to Blackwells with a view to publication.

We continue to publish academic articles, which are listed on our website.

Essential Surgical Skills-Emergency and Maternal & Child Health training (ESS-EMCH)

Following the development of the educational materials in partnership with the Advanced Life Support Group (ALSG), CAI continued work on the ESS-EMCH programme, providing training for overseas doctors, nurses and other health-workers in emergency maternal and child health care, with the support of the World Health Organisation. The teaching materials included in the course are available free on CD Rom. The income from the sales of the APLS CD Rom has financed the ESS-EMCH Pilot project in Pakistan. The pilot project has proven highly successful and is now being cascaded across Pakistan by CAI Pakistan/WHO and the Ministry of Health, with money raised from major donors within the country. We are developing the programme in The Gambia with the help of WHO The Gambia, and The Gambian Government.

Albania

CAI had previously surveyed iodine deficiency and found that more than 90% of 8-12 year old children living in the southern hills suffered from severe iodine deficiency, which leads to a variety of problems including stillbirth, abnormalities in newborn babies and learning problems in children. The results had been delivered to the Albanian Government and studies had taken place which showed that supplementation to 10 -12 year old children improved their cognitive performance. CAI presented the results of the Iodine Deficiency Disorder project to the annual conference of the Albanian Paediatric Association where the information was well received. The Deputy Minister for Health was present and agree to act on CAI's findings immediately to improve the cognitive development of Albanian children. We observed in 2006 that many shops in Albania stocked what was labelled as Iodized salt and we bought many different brands and had them analysed, but none contained iodine. This was reported to the Ministry of Health and in the press. CAI intends to repeat the exercise annually until the salt is all iodized.

CAI aims to visit Albania in 2007 to look into developing a project for children with special needs. We plan to set up a satellite connection to the internet in the CAI paediatric library, in the Mother Theresa Hospital in Tirana. We also plan to translate The Pocket Book of Obstetric and Neonatal Emergencies into Albanian.

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)

DIRECTORS' REPORT – continued

Bosnia and Herzegovina

Advanced Paediatric Life Support - courses in APLS had previously been taught to casualty and paediatric staff from a wide variety of Bosnian hospitals and selected candidates had been taught on a General Instructor Course (GIC). These Bosnian candidate-instructors had been supervised teaching on further APLS courses. An APLS course was then organised and taught by Bosnian Paediatricians in Sarajevo in December 2005 and all the candidates passed. A CAI doctor attended the course as an instructor, and was impressed by the high standards that it obtained. The course was strongly supported by Professor Dinarevic, head of Paediatrics in Sarajevo. Sarajevo is now a recognised APLS teaching and further courses are planned on an annual basis.

Banja Luka Hospital - CAI is upgrading the paediatric department in the hospital, which is in the Serbian republic division of Bosnia. Ongoing discussions are being held with professor Jelica as to the best way of helping. Two Caleo incubators have been delivered and more equipment will be purchased. The project is financed by the Gift for Living Committee of the British and Irish Lions. They have indicated that they will continue to provide financial help for re-equipping the Paediatric department. Dr Ruth Clay, a British paediatric registrar is to visit the hospital in November 2006, to help with understanding which equipment is most likely to be of maximum effect. There is a small British Army unit stationed in Banja Luka. They organised a charity run and bought some neonatal resuscitation equipment.

Banja Luka hospital receives ill infants from 18 local maternity hospitals. They have asked for help in training staff in these very small units in the management of neonatal problems

Cameroon

In Cameroon over 90% of pregnant mothers undergo voluntary testing and counselling for HIV. However fewer than half their babies receive the necessary medication in the first days of life, given to stop the baby becoming infected with the virus. In May 2006, a midwife and a children's nurse, were employed by CAI, at the hospital in Bamenda, to work with mothers found to be HIV +ve in pregnancy. They received training in HIV counselling. The two nurses visit the delivery room each day to talk to mothers who already know that they are HIV+ve. They encourage mothers who do not know their HIV status, to be tested. They ensure that the positive mothers take appropriate medication in labour, and that their babies receive the medication they need. They then follow up the babies, giving feeding advice and checking growth and health. Between 25 and 40 babies/month have been followed in this way since May 2006.

The nurses have also started a support group for these mothers, which has been well attended.

Burkitt's Lymphoma - CAI nurses and doctor continued to treat children with Burkitt's lymphoma, a malignant condition which particularly affects African children. It is invariably fatal if left untreated, but cure is possible with a chemotherapy regime. A new 'rescue' drug protocol was introduced for children who relapse after initial treatment. The programme has excellent results with over 75% of children enjoying remission from the cancer.

Work continues on supporting Bamenda Government Hospital and assisting the one paediatrician on the children's unit and the paediatric nurses. The breast milk bank is working successfully and nutritional support for malnourished babies was provided. Essential medical equipment and emergency drugs for sick children were supplied to the wards.

Mother and Baby Unit - The design for an extension to the neonatal nursery has been improved, to provide accommodation for mothers, an isolation room for infected babies, and a nurses station. The funds are nearly raised for this, and we hope building will start in the next few months.

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)

DIRECTORS' REPORT – continued

Djibouti

Medical equipment and medicines were provided to the main hospital in this tiny and very poor East African country. Many people are so poor that they cannot travel to Peltier hospital in Djibouti town, or pay the entrance fees.

Pakistan

Essential Surgical Skills with emphasis on Maternal Child Health (ESS-EMCH) Programme - During the last two years 1,400 health workers from around Pakistan have undergone life support training as part of the ESS-EMCH programme, which was developed in collaboration with WHO, ALSG (Advanced Life Support Group) and the Government of Pakistan. A faculty of internationally certified senior medical doctors and health professionals, from various teaching institutions, hospitals and health facilities of Pakistan, donated their time to the programme for the cause. The Programme has three levels of implementation starting from the tertiary care, district hospital and the first level responders working in the community (ambulance personnel, skilled birth attendants and paramedics). It involves the provision of essential emergency drugs, medical supplies and equipment in parallel with training in emergency care. The training is designed to strengthen the emergency care of critically ill and injured mothers, babies and children. Following each resuscitation, each trained provider documents in a logbook the emergency care provided and the outcome. So far 1,117 patients have been documented as being resuscitated as part of the programme. 90 per cent of the patients resuscitated survived. Newborn resuscitation was the most commonly utilised skill. Shock, breathing difficulties and fits were the major emergencies in children. Massive haemorrhage was the most frequent emergency in pregnant women.

A team of internationally renowned educators designed the curriculum of these structured trainings and local experts (surgeons, anaesthetists, obstetricians and paediatricians) having vast experience in the field of emergency management, modified and adapted it according to Pakistani standards and guidelines. This programme complements the ongoing activities of the Government, and will help to establish the emergency response mechanism in the existing healthcare delivery system.

Funds for ongoing development of the ESS-EMCH course are currently being provided by UNICEF and USAID.

Earthquake Aid - When the earthquake struck Pakistan on 8th October 2005, causing mass destruction, CAI was among the first few organisations to reach the affected areas 2 days later with relief goods and medical services. A medical camp was set up in Jalalabad, near Muzaffarabad city. At the peak of the earthquake, 350 patients a day were being treated by the medical team which consisted of a team of doctors, paramedics, health worker, prosthetist, medical assistant and medical students who worked around the clock to provide emergency health care services to the injured. CAI also set up education services, provision of artificial limbs and income generation activities. We distributed 4 million Pakistan Rupees of goods and services to the communities of Kashmir.

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**DIRECTORS' REPORT – continued****Sri Lanka**

CAI supported a senior Paediatric Consultant from Australia on his sabbatical leave and enabled him to work with the Centre for Health Care, a Sri Lankan local charitable organisation for a number of months. He worked in the North of the country training medical students in Paediatrics.

CAI also continued to work with a scheme for Tsunami Orphans administered primarily by the College of Paediatricians of Sri Lanka. We have collaborated with them to provide financial support to these orphans, through a sponsorship schemes who will continue to be helped until they leave full time education. The support also includes Drop-in Centres for the children in affected areas, to deliver an all-round service of healthcare and advice.

The level of violence has sadly steadily increased over the year and has caused CAI to re-evaluate work in Sri Lanka. In April 06 a visit by the Country Director had to be cancelled at short notice because of increasingly unsafe conditions especially in the East and North of the country.

The Gambia

Since July 2006 the ESS-EMCH programme has been under development in the Gambia. Following on from the pilot work in Pakistan one particular district of the Gambia has been initially targeted. This district called Brikama is approximately one sixth of the population of Gambia. So far 48 midwives, nurses and doctors have successfully completed training courses, and 16 have been identified as internationally credited potential instructors. A consultant obstetrician in Banjul has become the Gambia's course director. The advocacy part of the programme involving the refurbishment of the maternity and children's emergency department of Brikama hospital, together with the provision of emergency drugs, supplies and basic equipment has been started following a Memorandum of Understanding with the Gambian department of state for health and social welfare.

We aim to set up a Flying Squad system involving skilled birth dependents who are on call 24 hours a day. They will be able to attend to mothers and babies in the community, who are suffering with emergencies associated with childbirth.

Uganda

The Rapid Resuscitation Scheme for Neonates - under the guidance of Dr Margaret Nakakeeto, Consultant Paediatrician, the Rapid Response project on the labour ward at Mulago Hospital trained and supervised a team of midwives in the art of neonatal resuscitation. The team provided 24 hour cover on the ward solely for the care of neonates with breathing problems at birth, making a significant reduction in the number of infants who died or who required neonatal intensive care.

During 2006, the Ministry of Health set up a national programme for neonatal care. Dr Nakakeeto is now the Senior Neonatologist for Uganda and is now able to roll out a similar programme across Uganda. Funds to keep the scheme going, while the national programme got underway, was donated by the British High Commission and Save the Children in Uganda.

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**DIRECTORS' REPORT – continued****The AIDS Outreach Project for Orphaned Children with HIV/AIDS in Kayunga District**

This project provides a holistic package of support to children who have been orphaned by AIDS, and who are HIV+ or have AIDS themselves. It includes medical care and treatment, counselling, psycho-social support and help with food and schooling. We had established the programme, which also included setting up a Children's Group and a Carers Group to meet regularly every month, and income generating activities and had operated successfully in Kampala for a number of years. The advent of an American programme, bringing antiretroviral therapy to the children of Kampala, gave us the opportunity to transfer all 280 of our index children to their care, rather than duplicate badly needed services. Our team assisted the Americans with setting up their treatment and adherence-monitoring programme, then operated a planned withdrawal from Kamala, at the end of 2005. From early in the year, it was decided to set up a similar scheme in Kayunga district, approx 70 km from Kampala, where services for AIDS-affected children were so far non-existent. There are approx 20,000 orphans in the district, 4,000 of whom have lost both parents. The total number of children who are HIV+ in the district is estimated to be almost 10,000 out of an estimated 154,000 under 15 years (15.4%). Negotiations were carried out with the local District Director of Health and the Kayunga Hospital, both of whom welcomed CAI and its work. Two teams, consisting of nurse, social worker, medical assistant and driver, were based in Kayunga and were able to begin a health promotion programme for children in the district. Antiretroviral treatment became available, free of charge, for the children. The teams have made much progress, both in the number of families they work with and the number of educational ('sensitisation') sessions they hold in the rural communities. They have also increasingly worked with other organisations in the district. We plan to establish 'outpost' clinics and carers groups, continue a programme of community sensitisation activities, food production activities and teaching and training activities.

The MotherCare Scheme - involves 3 carers who care for many of the abandoned infants and children who are left at, or brought to, Mulago Hospital. We provide the support a parent would provide, plus medical treatment, clothing, bedding, food etc which is essential for the child, until such time as the child is reunited with the family or re-homed, in foster care, orphanage or adoption, by the local Social Services Department. At any one time, CAI is caring for five or six such children. We wish to keep this scheme going until we have managed to make arrangements for the hospital to take it over.

The Play and Learning Scheme - the CAI Play Therapist works in the small playroom off the children's ward at Mulago Hospital. This room, donated by the hospital, has been decorated and furnished by CAI and is kept supplied with toys and educational materials. Any child well enough to benefit may use these facilities, as do the 'MotherCare' children. This helps the recovery of younger children, and ensures that older children can maintain their literacy and numeracy

Zambia

The CAI Zambia project is a Community-based Outreach Programme for the Prevention of Severe Malnutrition in Under 5 Year Old Children in Lusaka, Zambia. This is a joint venture between CAI, The University Teaching Hospital (UTH), Lusaka and The School of Medicine, University of Zambia. The Programme is nurse-run, by specialist paediatric nurses from the Malnutrition Ward at UTH. The medical coordinator at UTH is Dr. Beatrice Amadi, consultant paediatrician. The Programme has now been running successfully for over four years. Weekly clinics are carried out in four of the most deprived districts in Lusaka. Children with signs of moderate malnutrition are seen; receive a medical examination; investigations are arranged if required; medicines are given for infections; children receive high-energy protein supplements; families receive detailed practical nutritional advice; families are referred for voluntary counselling and testing if HIV/AIDS is suspected. There is a high success rate – preventing the development of severe malnutrition, with its associated high mortality. Most children, with the help of the CAI/UTH Outreach Programme attain their target, safe weight and can be discharged from the Programme after six to eight weeks.

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**DIRECTORS' REPORT – continued****Zambia - continued**

We have an ambitious programme of education during the next year. The plan is to train 96 community healthcare workers, who will then be able to run nutrition clinics in all 24 health centres in Lusaka. There will be three, three day workshops, each training 32 healthcare workers (nurses, nutritionists, clinical officers). Our Outreach (CAI) nurses will continue to visit all 24 clinics to assist in the further development of the community clinics.

The Child Friendly Health Care Initiative (CFHI)

An abridged version of the manual has been completed and discussions with publishers and journals continues. Despite slower progress than anticipated, interest in publishing a supplement has been shown by the journal Paediatric Nursing and the Royal Society of Medicine. Both are keen to publish the Manual and Toolkit as a supplement together with supporting editorial and articles. Unfortunately, there is a delay, due to limited finances. The materials are currently also being formatted for easy web access via the CHFI, CAI and other websites.

Although developmental and promotional activity has been limited during this year, the CFHI continues to attract interest and enquires. Funding proposals for future waves of practical CFHI activity at new sites may be pursued once publication is complete.

FINANCIAL REVIEW

The charity has sound financial management systems in place, both in the UK and overseas. The principle sources of funding for projects and core are from Foundations, Grant Making Trusts and individual donations.

At the year end the Charity had total reserves of £248,679 split between unrestricted funds of £26,331 and restricted funds of £222,348.

The balances on the restricted funds are maintained to comply with the donor's requirements whilst ensuring the Charity is in a position to react to any emergency and once a project is started, it is concluded satisfactorily utilising the funds available. Any funds in deficit would therefore be covered by a transfer from general funds.

The Charity invests in fundraising to support the core work of the charity, which will ensure the strong current growth of the organisation will continue into the foreseeable future.

Reserves Policy

The board of trustees has examined the charity's requirements in light of the main risks to the organisation and has established a policy whereby the unrestricted funds held by the charity which are not committed, should be between 3 and 6 months of expenditure. A detailed budget for 2006/7 has been prepared and approved by the trustees.

PLANS FOR FUTURE PERIODS

CAI plans to continue the activities outlined above in the forthcoming years subject to receiving satisfactory funding. New projects for individual countries are listed above. Our aim is to implement the ESS-EMCH programme in many of our target countries and continue to develop teaching aids.

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**DIRECTORS' REPORT – continued****SUPPORT TO CAI**

We would like to express our sincerest thanks to all our donors for supporting the work of CAI. Our thanks also go out to all the unpaid volunteers who have helped us tremendously this year, especially the paediatricians and nurses who have donated their time to the Charity and who we heavily rely upon to work on the projects.

CHARITABLE STATUS

CAI is a registered charity, number 1071486 and enjoys the advantages commensurate with that status.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law requires the trustees to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees' are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Barber Harrison & Platt have expressed their willingness to continue in office, subject to the approval of members in the general meeting.

The report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

Approved by the Board on 12 May 2007 and signed on its behalf by:

J BRIDSON
Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)

We have audited the financial statements of CAI (Child Advocacy International) on pages 12 to 21 for the year ended 31 October 2006. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and the accounting policies set out therein

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibility of the trustees and auditors

As described in the Statement of Trustees' Responsibilities the trustees (who are also directors of Child Advocacy International for the purposes of company law) are responsible for the preparation of the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT - continued

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2006 and of its surplus for the year ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Barber Harrison & Platt

Chartered Accountants
Registered Auditor

21 May 2007

57-59 Saltergate
Chesterfield
Derbyshire
S40 1UL

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**STATEMENT OF FINANCIAL ACTIVITIES****FOR THE YEAR ENDED 31 OCTOBER 2006**

	Note	2006			2005 £
		Unrestricted	Restricted	Total	
		<u>Fund</u> £	<u>Fund</u> £	<u>£</u>	
INCOMING RESOURCES					
Incoming resources from generated funds					
- Voluntary income	(2)	46,503	417,955	464,458	450,371
- Activities for generating funds	(3)	10,237	5,711	15,948	23,123
- Investment income	(4)	4,464	2,741	7,205	1,086
Other incoming resources	(5)	-	-	-	364
Total incoming resources		61,204	426,407	487,611	474,944
RESOURCES EXPENDED					
Costs of generating funds					
- Fundraising trading cost of goods sold and other costs	(6)	12,372	39,640	52,012	32,812
Costs of charitable activities	(7)	51,718	308,863	360,581	369,318
Governance costs	(8)	14,318	115	14,433	12,694
Other outgoing resources	(9)	-	1,009	1,009	-
Total resources expended		78,408	349,627	428,035	414,824
Net (outgoing)/incoming resources made before transfers		(17,204)	76,780	59,576	60,120
Gross transfers between funds		20,000	(20,000)	-	-
Net (outgoing)/incoming resources		2,796	56,780	59,576	60,120
Fund balances brought forward at 1 November 2005		23,535	165,568	189,103	128,983
Fund balances carried forward at 31 October 2006		26,331	222,348	248,679	189,103
Resources used for net acquisitions of fixed assets for charity use		-	-	-	8,015

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**BALANCE SHEET****AS AT 31 OCTOBER 2006**

	<u>Note</u>	<u>2006</u>		<u>2005</u>
		£	£	£
Fixed assets				
Tangible assets	(12)		14,107	20,444
Current assets				
Debtors	(13)	35,598		13,960
Cash at bank and in hand		202,393		167,118
		<u>237,991</u>		<u>181,078</u>
Creditors: Amounts falling due within one year	(14)	<u>(3,419)</u>		<u>(12,419)</u>
Net current assets			<u>234,572</u>	168,659
			<u>248,679</u>	<u>189,103</u>
Represented by:				
Funds - Unrestricted			26,331	23,535
- Restricted	(19)		222,348	165,568
			<u>248,679</u>	<u>189,103</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements on pages 12 to 21 were approved by the Board of Directors on 12 May 2007 and are signed on its behalf by:

J BRIDSON
Chairman

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 OCTOBER 2006****1. Accounting policies****(a) Accounting convention**

The financial statements have been prepared under the historical cost accounting rules and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements have been prepared to comply with the requirements of the Statement of Recommended Practice – Accounting and Reporting by Charities issued in March 2005.

(b) Tangible fixed assets and depreciation

Tangible fixed assets are included at cost including any incidental expenses of acquisition.

Depreciation is provided on all tangible fixed assets at the following rates, calculated to write off the cost less estimated residual value over their estimated useful lives.

Motor vehicles	25% reducing balance
Equipment - Unrestricted	20% reducing balance
- Restricted	33% reducing balance

For assets held in foreign countries where the asset is likely to be quickly rendered worthless, their cost is written off in the year of acquisition.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

(d) Restricted funds

These comprise of monies donated for specific projects for the assistance of children in desperate situations, who are victims of war, poverty and political upheaval abroad. Any overspending on these funds are covered by transfers from core. Funds that are in deficit at the year end are expected to generate further income in 2006/07 and therefore have not been covered by a transfer from core.

(e) Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 2006****1. Accounting policies - continued****(f) Operating leases**

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

(g) Gifts in kind

During the year medical equipment with a value of approximately £27,951 (2005: £76,398) was donated to the charity, together with office running costs of approximately £6,296 (2005: £145), Educational material valued at approximately £2,619 (2005: £Nil) and travel costs of approximately £2,013 (2005: £2,287). These are included within donations. The donations are valued by the medical staff and project managers in the relevant countries.

The charity also had the use of a donated vehicle during the period. The donated vehicle is in use in Albania where work is being carried out, but because of its age and condition it is considered to be of negligible value and therefore not shown in the accounts.

(h) Cost allocation

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. staff time.

(i) Membership

Membership covers members for one year from date of joining and is treated on a receipts basis.

2. Voluntary income

	<u>2006</u>			<u>2005</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
	£	£	£	£
Public donations	11,254	40,246	51,500	175,555
Appeals	1,210	34,014	35,224	39,974
Government & Global Agencies	-	125,765	125,765	17,027
Adult group donations	1,806	114,738	116,544	35,033
Gifts in kind	6,296	32,583	38,879	78,830
Trusts	6,825	70,609	77,434	92,339
Legacies and bequests	955	-	955	-
Membership	13,047	-	13,047	8,908
Recycling	5,110	-	5,110	2,705
	<u>46,503</u>	<u>417,955</u>	<u>464,458</u>	<u>450,371</u>

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 2006**

	<u>2006</u>			<u>2005</u>
	<u>Unrestricted</u> <u>Fund</u> £	<u>Restricted</u> <u>Fund</u> £	<u>Total</u> £	£
3. Activities for generating funds				
Royalties and product sales	5,416	-	5,416	7,311
Collectors Scheme Income	4,221	42	4,263	13,307
Talks and Open Days	600	2,444	3,044	2,505
Sundry Events	-	3,225	3,225	-
	<u>10,237</u>	<u>5,711</u>	<u>15,948</u>	<u>23,123</u>
4. Investment income				
Bank interest	4,464	2,741	7,205	1,086
	<u>4,464</u>	<u>2,741</u>	<u>7,205</u>	<u>1,086</u>
5. Other incoming resources				
Profit on disposal of fixed assets	-	-	-	364
	<u>-</u>	<u>-</u>	<u>-</u>	<u>364</u>
6. Fundraising trading cost of goods sold and other costs				
Fundraising costs	9,634	6,030	15,664	10,007
Direct project support	(30,396)	30,396	-	(4,104)
UK office salaries	21,945	-	21,945	20,422
Rent, rates and insurance	1,513	945	2,458	1,823
Light and Heat	133	-	133	61
Telephone	775	62	837	895
Repairs and renewals	6,296	-	6,296	1,469
Sundry expenses	630	47	677	336
Printing postage, stationary	524	147	671	1,045
Motor and Travel	1,210	2,013	3,223	723
Depreciation – Equipment	108	-	108	135
	<u>12,372</u>	<u>39,640</u>	<u>52,012</u>	<u>32,812</u>

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 2006**

	<u>2006</u>			<u>2005</u>
	<u>Unrestricted Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	
7. Costs of charitable activities				
Medical training, equipment and supplies	194	178,244	178,438	180,231
Project operational costs	-	18,711	18,711	21,918
Project travel costs	-	32,126	32,126	35,254
Overseas medical and project staff	-	69,475	69,475	58,211
Project insurance	-	-	-	2,050
Product purchases	-	-	-	173
Depreciation – motor vehicles	-	4,006	4,006	5,943
Direct project support	-	-	-	7,617
UK office salaries	36,351	-	36,351	33,827
Rent, rates and insurance	5,104	-	5,104	6,149
Light and Heat	448	-	448	206
Telephone	2,614	209	2,823	3,019
Repairs and renewals	-	-	-	4,955
Book keeping and payroll service	240	-	240	236
Sundry expenses	2,125	158	2,283	1,136
Printing postage, stationary	1,768	497	2,265	3,527
Motor and Travel	2,004	-	2,004	1,197
Bank charges and interest	505	2,818	3,323	3,212
Depreciation – Equipment	365	-	365	457
Educational Material	-	2,619	2,619	-
	<u>51,718</u>	<u>308,863</u>	<u>360,581</u>	<u>369,318</u>
8. Governance costs				
Salaries	9,020	-	9,020	8,396
Rent, rates and insurance	675	-	675	813
Light and Heat	59	-	59	27
Telephone	345	28	373	399
Repairs and renewals	-	-	-	654
Audit and accountancy	2,562	-	2,562	3,250
Book keeping and payroll service	239	-	239	236
Sundry expenses	281	21	302	150
Professional fees	358	-	358	382
Printing postage, stationary	234	66	300	466
Motor and Travel	497	-	497	717
Depreciation – Equipment	48	-	48	60
Direct project support	-	-	-	(2,856)
	<u>14,318</u>	<u>115</u>	<u>14,433</u>	<u>12,694</u>
9. Other outgoing resources				
Loss on disposal of fixed assets	-	1,009	1,009	-

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 2006**

	<u>2006</u> <u>No.</u>	<u>2005</u> <u>No.</u>
10. The average number of employees:	5	4
	£	£
Gross salaries	60,930	57,381
Employers NIC	4,644	4,505
Employers pension contributions	1,742	1,143
	<u>67,316</u>	<u>63,029</u>

The above relates to full time UK based, working equivalents allocated accordingly between direct charitable expenditure, fundraising and administration costs.

No remuneration was received by the trustees during the year.

Trustees expenses totalling £0 was paid during the year to a trustee for expenses relating to trustees duties.

There are no employees with emoluments above £60,000 p.a.

11. Surplus for the year

The surplus for the year is shown after charging:-

	<u>2006</u> £	<u>2005</u> £
Auditors remuneration - audit fees	2,562	3,250
- other services	479	824
Depreciation	4,528	6,596
(Loss)/Profit on disposal - fixed assets	<u>(1,009)</u>	<u>364</u>

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 2006****12. Tangible fixed assets**

	Motor Vehicles	Equipment	Total
	£	£	£
Cost			
At 1 November 2005	46,887	20,704	67,591
Additions	-	-	-
Disposals	(7,623)	(4,230)	(11,853)
At 31 October 2006	39,264	16,474	55,738
Depreciation			
At 1 November 2005	29,057	18,090	47,147
Charge for the year	4,006	522	4,528
Disposals	(5,814)	(4,230)	(10,044)
As at 31 October 2006	27,249	14,382	41,631
Net Book Value			
As at 31 October 2006	12,015	2,092	14,107
As at 31 October 2005	17,830	2,614	20,444

All motor vehicles relate to restricted funds.

	2006			2005
	Unrestricted	Restricted	Total	
	Fund	Fund		
13. Debtors	£	£	£	£
Prepayments	900	-	900	1,648
Other debtors	670	34,028	34,698	12,312
	1,570	34,028	35,598	13,960

	2006			2005
	Unrestricted	Restricted	Total	
	Fund	Fund		
14. Creditors: Amounts falling due within one year	£	£	£	£
Accruals and deferred income	3,419	-	3,419	12,419

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 2006****15. Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,742 (2005: £1,143). There were no outstanding contributions at the year end.

16. Share capital

The company is limited by guarantee, every member of the company undertaking to contribute a maximum of £10 to the company's assets should it be wound up while he is a member or within one year after he ceased to be a member.

	2006			<u>2005</u> £
	Unrestricted	Restricted	Total	
	<u>Fund</u> £	<u>Fund</u> £	<u>£</u>	
17. Analysis of net assets between funds				
Fixed assets	12,015	2,092	14,107	20,444
Current assets	17,735	220,256	237,991	181,078
Current liabilities	(3,419)	-	(3,419)	(12,419)
	<u>26,331</u>	<u>222,348</u>	<u>248,679</u>	<u>189,103</u>

18. Capital commitments

Capital expenditure contracted for but not provided in the accounts amounted to £Nil (2005: £Nil).

CAI (CHILDHEALTH ADVOCACY INTERNATIONAL)**NOTES TO THE FINANCIAL STATEMENTS - continued****FOR THE YEAR ENDED 31 OCTOBER 2006****19. Restricted funds**

	Opening Funds	Movement in Resources			Total
	£	Incoming £	Outgoing £	Transfers £	£
Albania	4,032	3,235	3,110	-	4,157
Bosnia	1,389	40,939	39,147	-	3,181
Burma	(118)	123	5	-	-
Cameroon	4,047	31,134	9,661	-	25,520
ESS-EMCH*	-	177,261	4,079	(143,159)	30,023
Ethiopia	501	-	501	-	-
India	861	1	862	-	-
Pakistan	215	54,290	134,515	142,159	62,149
Sri Lanka	6,509	906	3,482	-	3,933
Uganda	23,790	70,355	80,484	-	13,661
Djibouti	11,803	1,047	12,850	-	-
Zambia	22,846	43,754	31,671	-	34,929
Project Reserve	87,362	2,741	5,558	(43,619)	40,926
CAI Product Development	1,707	-	359	-	1,348
Child Friendly Healthcare Initiative	624	497	512	-	609
Gambia	-	124	22,831	24,619	1,912
	<u>165,568</u>	<u>426,407</u>	<u>349,627</u>	<u>(20,000)</u>	<u>222,348</u>

* ESS-EMCH = Essential Surgical Skills - Emergency Maternal & Child Healthcare

20. Transfers between funds

Amount transferred to core from project reserve in agreement with donor	<u><u>20,000</u></u>
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