

Company number: 05747857

Charity number: 1113544

SENTEBALE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011

TOGETHER WITH TRUSTEES' AND AUDITORS' REPORTS

SENTEBALE

Financial Statements for the year ended 31 August 2011

Contents	Pages
Chairman's Statement	3
Legal and administrative information	5
Report of the Trustees	
1. Summary of Financial Results	6
2. Background to Lesotho	7
3. About Sentebale	9
4. Review of Activities	
i. Community Grant Partners Programme	10
ii. Mamohato Networks & Camps Programme	11
iii. Herd Boys Education Programme	12
iv. Collaborative Networks – Letsema	12
5. Operational Development	13
6. Marketing / Communications	14
7. Fundraising	14
8. Financial Report	15
Independent auditors' report	18
Statement of financial activities	20
Balance sheet	22
Notes to the financial statements	23

SENTEBALE

CHAIRMAN'S STATEMENT

I am delighted to have joined the Trustee Board of Sentebale in January 2011, particularly at such an exciting stage of development for this wonderful charity – as we celebrate nearly five years of operating in Lesotho.

Sentebale is an innovative and entrepreneurial charity founded by Prince Seeiso from the Lesotho Royal Family and Prince Harry from the British Royal Family. In 2004 Prince Harry went to Lesotho as Prince Seeiso's guest to spend part of his gap year working as a volunteer on a number of local welfare projects. During the visit the two Princes became good friends. Sentebale which translates in English to "forget me not" was born out of that experience and Prince Harry's desire to continue his mother's work with disadvantaged children.

Under the leadership of Kedge Martin, Sentebale has developed from its early beginnings into an effective, focused and capable organisation making a significant impact on the lives of many thousands of children. This Report and Accounts shows our consolidated and continued growth over the past twelve months, highlights our recent achievements and outlines our exciting plans for the future. In May 2011, the Board of Trustees approved the strategic plan for the next five years in Lesotho, which was formally launched in November. Kedge has now decided to move on to her next professional challenge. I would like to thank her for her dedication, drive and her enormous contribution to Sentebale; I wish her every success in her future. We are delighted to welcome Cathy Ferrier as our new CEO; Cathy joins us from Oxfam, where she has been Fundraising and Supporter Marketing Director as well as Deputy CEO. Prior to joining Oxfam in 2006, Cathy enjoyed success over 25 years in buying and marketing roles for leading retailers, including Borders, WHSmith and the Walt Disney Company.

In Lesotho, our special group of local community partners continue to make a tremendous difference to hundreds of children on a daily basis, as reported on our website and in the various news bulletins to friends of Sentebale. Most notably, the arrival in Lesotho of our International Programmes Advisor, Carmel Gaillard, and the effective deployment of the internationally recognised Child Status Index, has further strengthened the quality of our programmes. This success has been acknowledged by our partners and other organisations that look to learn from us. But the best manifestation of our success is the improvement in the health and wellbeing of the children themselves.


The sources and diversity of Sentebale's income have continued to expand, reflecting the success and credibility of our programmes on the ground, which are generating interest from a wider audience. To build on this success, we have appointed our first full-time Director of Development, Dale Clark, who brings commercial investment experience following a career at Cancer Research UK. Under his leadership we look forward to strengthening and developing relationships with donors to enable us to continue and increase the good work we are doing with our partners in Lesotho.

SENTEBALE

I am also delighted that the Board of Trustees has been further strengthened with the appointment of five new Trustees during the course of the last several months which adds to Sentebale's extensive range of skills and knowledge from various sectors:

- Larry Hirst C.B.E, ex-chairman of IBM Europe, Middle East and Africa (EMEA); Larry has a number of roles that support his twin passions of educational improvement and information technology
- Nigel Cox, born in Zimbabwe, and ex-Managing Director of SABMiller's operations in Botswana, Lesotho, Swaziland and Zimbabwe; Nigel later became Group Finance Director before retiring in 2010
- Alberto Piedra, ex-Head of Global Banking and a Member of the Management Committee at Dresdner Kleinwort
- Johnny Hornby, Founding Partner of top 10 UK Marketing Agency, CHI&Partners.
- Baroness Lynda Chalker, brings a tremendous wealth of experience and knowledge in the overseas development arena, with a specific emphasis on Africa

Finally, I would like to thank our small team in London and Lesotho for their dedication and hard work over the past year as well as our growing number of supporters - both donors and volunteers (including Scott Lidbetter, Adam Bidwell and Ignacio Cortes), on whose contributions Sentebale relies for its ability to help even more children. The challenges that the children in Africa face are not insurmountable if we continue to work together towards the common goal - that every child has a happy and hope-filled future. I believe that this is a commitment that we all share.



Philip Green
Chairman Board of Trustees

SENTEBALE

Administrative details of the Charity, the Trustees and Advisors

Trustees

Philip Green (Chairman)
The Rt Hon The Baroness Chalker of Wallasey*
Sophie Chandauka
Nigel Cox
Mark Dyer MVO
Larry Hirst CBE
Johnny Hornby
Jamie Lowther-Pinkerton MVO, MBE
Bert Piedra
Damian West

Chief Executive and Company Secretary

Kedge Martin

Registered office and principal address

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 Road
Maseru
Lesotho

Solicitors

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

Company number

05747857

Charity number

1113544

*Appointed to the Board of Trustees on 19th January 2012

SENTEBALE

Report of the Trustees for the year ended 31 August 2011 (incorporating the Directors' report)

This report covers Sentebale's financial year ended 31st August 2011. 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.

1. SUMMARY FINANCIAL RESULTS

The results for the period are set out in the Statement of Financial Activities on page 20. The position of the charity at the end of this period is shown in the balance sheet on page 22.

In 2011, Sentebale raised £2.089million, an increase of 16% over last year's £1.805million. This was despite a very challenging economic environment and the cancellation of Sentebale's main fundraising event which was due to take place in Dubai in March 2011.

The amount spent on direct charitable activities relating to the vision of supporting orphans and vulnerable children in Lesotho was £1.334 million, over 72% of total expenditure for the year, and a 21% increase over the previous year's £1.099 million.

Given the current global economic concerns, Trustees have maintained a positive level of reserves this year of £485,000 unrestricted and £533,000 restricted.

£'000	2006/7	2007/8	2008/9	2009/10	2010/11
Income	1,150	250	1,496	1,805	2,089
Charitable Expenditure	458	707	970	1,099	1,334
Unrestricted	582	53	136	445	485
Restricted	12	0	286	330	533
Total Reserves	594	53	422	775	1,018

SENTEBALE

2 BACKGROUND TO LESOTHO

Where is Lesotho?

Land-locked by South Africa, Lesotho is a rugged, mountainous country; with an area of more than 11,700 sq. miles, it is close to Belgium in size. Its geography gives rise to a unique climate that is quite distinct when compared to the rest of the African continent and that presents unusual challenges. It is the only country which lies entirely above 1,400m above sea-level (more than 80 per cent above 1,800m), and has the highest low point in the world. As a result, winters are very cold (temperatures can fall to -18 degrees Celsius), with snow common (all year round on the higher peaks). In contrast, summers can be very hot, with lowland regions including the capital, Maseru, experiencing temperatures in excess of 30 degrees Celsius. Geography affects the country's ability to support itself: the mountainous terrain allows for little more than grazing and tourism. The lowlands do not offer enough space for industry. However, water is plentiful and major construction work has been under way in recent years to create the Lesotho Highlands Water Project to supply South Africa with fresh water, and hydroelectric power.

What is Lesotho's Population?

There are more than 2.1 million¹ people in Lesotho, called Basotho (singular: Masotho), a density similar to many surrounding African countries, and split: 27% in urban areas and 73% rural parts of Lesotho.² With 61.1% aged between 15 and 64 years of age, Lesotho has a substantial youth population numbering around 34.8%. This is not due to population growth rate which is believed to be at 0.332%³, rather the short life expectancy in Lesotho. As a result of the challenges of climate and terrain, more than half of Lesotho's population is living below the poverty line⁴. Only 30 per cent of food requirements are produced locally (principally maize); drought in 2010 exacerbated shortages.⁵

Lesotho's Economy

Lesotho uses the loti (L) (1L = 100 lisente) as its currency, which is linked to the South African Rand. The **GNI per capita** is US \$1,840 (World Bank, 2010).

Lesotho is ranked 138 out of 183 economies for difficulty in doing business (after Malawi, Tanzania, Mozambique and Swaziland (members of the Southern African Development Community, SADC). The 2011 UNDP (United Nations Development Programme), Human Development Report put Lesotho at 160st (out of 187 countries, presenting a "low human development").⁶ The country has limited export opportunities and has been affected badly by the global economic downturn with the garment sector, principal source of employment for exported goods, suffering thousands of job losses. Worker retrenchment by South African mines has led to loss of income for many in rural areas, and is expected to continue. More positively, the UNDP says, the economic crisis is not expected to have a negative impact on international financial support in the medium term, saying: 'It is expected that the ODA (Overseas Development Assistance) will continue to increase, especially due to direct budget support from the World Bank and European Investment Bank and a compact signed between the Government and the Millennium Challenge Corporation in 2007. The compact allocates USD 362.6 million to the areas of water, health and private sector development for a five-year period, 2009-2013.'

Health and Wellbeing

Life expectancy in Lesotho is 48 – principally due to the impact of HIV/AIDS. One in four adults live with HIV in Lesotho;⁷ the country has the third highest rate of HIV infection in the world due to lack of education, and unsafe or unsanitary health practices. As a result, the country suffers from a

¹ United Nations Development Programme (2011) <http://hdrstats.undp.org/en/indicators/306.html>

² CIA The World Factbook <https://www.cia.gov/library/publications/the-world-factbook/geos/lt.html>

³ CIA The World Factbook <https://www.cia.gov/library/publications/the-world-factbook/geos/lt.html>

⁴ United Nations Development Programme (2011) <http://hdrstats.undp.org/en/indicators/306.html>

⁵ Avert <http://www.avert.org/aids-lesotho.htm>

⁶ United Nations Development Programme (2011) <http://hdrstats.undp.org/en/indicators/306.html>

⁷ United Nations Development Programme (2011) <http://hdrstats.undp.org/en/indicators/306.html>

SENTEBALE

disproportionate dearth of leaders who can change attitudes or indeed care or provide for future generations. It has been estimated that 100 people die each day from AIDS-related causes – by comparison, just 529 HIV-infected Britons died in the whole of 2010 due to advances in medical care, according to the Health Protection Agency.⁸ Consequently, there has been a huge rise in the number of orphaned children or others made vulnerable by the loss or illness of their parents. Official statistics state there are 130,000 orphans and vulnerable children aged 0-17 but it is believed the number is significantly higher.⁹

Lesotho cannot produce enough food to meet its own needs. Nearly 70% of the annual cereal requirement is imported, mainly from South Africa. In the rural areas, most families survive through subsistence farming, but good arable land is rarely available (under 10% of the country is cultivated). As a direct result, more than 40% of the population is malnourished.

Lesotho's Challenges

In Lesotho: High adult and child mortality rates, food shortages, lack of education and employment, coupled with a Consumer Price Index rising by more than seven per cent annually since 2000 have created a complex web of problems. When the practical difficulties caused by natural geography and climate are added, it is perhaps small wonder that many larger aid organisations have given up working on the ground. Some organisations have also diverted their operations to South Africa, taking with them the concomitant work and paid employment brought to Lesotho as a result.

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.

⁸ Avert <http://www.avert.org/aids-uk.htm>

⁹ UNAIDS <http://www.unaids.org/en/regionscountries/countries/lesotho/>

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3. ABOUT SENTEBALE

At Sentebale, we are here to stay, as we believe that these challenges must be met and the Basotho people must not be abandoned. 87% of the population are classified as dependent – too old, too sick or too young to provide for themselves. It is vital that the work we assist is well planned and sustainable in the long-term. Our intention is to work as a bridge between existing community groups, projects, sources of funding and practical support, offering realistic mentoring as well as financial support. Long-term, we believe our work can help contribute in rebuilding a strong society. Significant consideration therefore is given to ensuring that these groups do not become financially dependent on Sentebale, and an exit strategy is always put into place to take effect in the medium to long-term (three to seven years).

Our aim is to see Lesotho less dependent on outside aid in the long run, growing into the healthy, strong, independent nation it is already willing, but not yet able to be.

As Prince Harry and Prince Seeiso sat in a cattle post up in the remote mountains in Lesotho one evening, they hatched the dream of Sentebale:

“To give the less privileged and often forgotten vulnerable children a chance of some schooling and thus a ray of hope for a better future.”

The primary focus adopted to achieve this dream has not been for Sentebale to hand out short term solutions; but to nurture and develop the local communities to encourage them to be able to support themselves, their families and children in the future.

Through Sentebale, a significant impact has already been made to the lives of thousands of children for whom no other support exists. Our approach is holistic and we are committed to delivering care, health and education in order to make a real change.

Child Welfare

The past has not been kind to this country, but future generations growing up now can be helped to restore the damage inflicted by HIV/Aids, poverty and drought. We believe that every child has the right to a real childhood – full of care and security, health and education. Only this way, will the next generation of Basotho grow up into healthy adults who can contribute fully to forging a strong Lesotho, fit for the 21st century.

To this end, we work with the internationally recognised Child Status Index, a welfare assessment tool that monitors the success of our programmes by the criteria that matters most: the health and wellbeing of the children themselves. All our partners must undertake six-monthly assessments of every child in their care and develop plans to meet the appropriate goal for each individual.

Most important in this process is whether children are getting an appropriate number of calories and three well-balanced meals a day: as M'e Malineo Mostephe, Sentebale Relationships' Manager says, "Child nutrition is the foundation of welfare."

But modern child welfare doesn't end there: Sentebale wants to ensure that all the children are offered psychosocial support (an area of increasing relevance due to the many shocking situations the children are exposed to early on, from bereavement to increasing domestic violence and alcoholism) and access to good quality education that extends beyond primary level.

SENTEBALE

4. REVIEW OF ACTIVITIES (SEPTEMBER 2010 TO AUGUST 2011)

i) Community Partners Grant Programmes

There are many small community based organisations that have spontaneously emerged in response to urgent and direct needs – and yet they have few or no management structures in place. Often run on little budget and very elementary procedures, they have no spare capacity or experience of the more professional model of organisation. Despite lack of formal structures, they provide absolutely vital, if basic care for the most vulnerable children.

Sentebale currently works in partnership with 12 local community partners, providing grants and encouraging them to provide more efficient support to the children. These centres are providing care for orphans and vulnerable children from babies up to young adults around the age of 24. The centres care for those children who have lost one or two of their parents, or those whom their families can no longer care for, perhaps because they have a physical or mental disability.

Pulane Children's' Centre

Pulane Children's' Centre is a faith-based organisation located in the remote Quthing district in southern Lesotho. It currently cares for 66 children. Run by Jill Kinsey, a veteran of southern Africa child care projects, it is managed by a democratically elected committee with representation from the local chiefs and a variety of churches. The Centre opened in October 2008 and it provides a vital home for children who otherwise would have nowhere else to go. Their basic needs are met here with food, water, clothing, a bed, safety and love.

Sentebale funds running costs here and is helping with refurbishment, recently paying for the construction by local joiners of wooden bunk beds for the girls. In May 2011 (the start of winter), we were able to provide individual blankets for every child and there is now a fence surrounding the centre which has improved the security and safety for the children. More recent improvements include a vegetable garden where youngsters are taught to grow their own produce, and the construction of a very popular jungle gym by volunteers from Cape Town.

Liengoane Lechesa's story

Liengoane is a 14-year-old boy from Hamakoe village. He is doing standard five and wants to be a government driver one day. He stays at Pulane Children's Centre, as he is an orphan who lost his mother three years ago. Upon his mother's death, Liengoane had to stay with his grandmother who is a pensioner. Before joining the Centre he did not have shoes and would sleep without food for up to three days in a week. The situation made attending school difficult, even though there is free primary education in Lesotho. According to him life was never easy at home as his grandmother does not have any other source of income other than the old aged government pension. Ever since he lives at the Centre he gets decent shelter, food, clothing and he is able to attend the nearby primary school.

St Angela's Home for the Physically Disabled

St. Angela's was founded in 1985 to care for physically and mentally disabled children. 46 children are now well cared for here, and the centre provides rehabilitation and psychosocial support and encourages community involvement. St. Angela's aims to raise awareness and provide education to the local community about the issues associated with disability. The children attend the primary and secondary schools adjacent to the home. Independence is strongly promoted and staff actively seek to build the children's self-esteem.

St. Angela's has also developed its own very innovative agricultural projects to provide supplies and revenue. These include: 1,500 chickens kept to provide the children and local community with eggs, dairy cows which provide milk for the children and some left over to sell, a piggery run on a subsistence basis and a fruit and vegetable garden. Sentebale provides funds for recurring running costs as well as specialist support such as nutritional advice, physiotherapy and equipment.

SENTEBALE

"The support of Sentebale has brought about increased expertise, improved living conditions for children, reduced pressure of workers. Salary support has contributed to qualified staff being hired and efficient junior staff to provide pastoral care for the children in the dormitories, clean yard and a garden with fresh vegetables for the children and staff."

Sister Felicitas

Secondary School Bursaries

Within the community grant programme, Sentebale provides bursaries to those children who have lost both parents and who, without Sentebale's support would not be able to attend secondary school.

Secondary school is not only vital to help develop education, but children receive a hot meal (often the only food a child receives a day) and protection from the streets.

"My family does not have enough money to send me to school so I needed a scholarship so that I can live a better life and get a good job. Life used to be very difficult. I can now go to school without being removed many times for not paying fees, and I feel good because I feel like I belong to a part of the bigger community. They give me food here which is good, as at home we are always hungry. I enjoy playing with my friends, playing sport and learning about many things. When I grow up I want to be a teacher."

Ntahti

Termination of Partnership

Sadly, it is with much regret that Sentebale has withdrawn its support to Malibuseng Children's Home in Lesotho, owing to longstanding land ownership issues, and poorly managed access to the land by additional people, that we believe gives rise to potential exposure that may be detrimental to the orphans and vulnerable people for whom the Centre is designed to protect. The facility, which Sentebale has been supporting since 2007, was set-up to provide housing for children aged between the ages of 7 and 17. Sentebale is continuing to work with the appropriate governing bodies in Lesotho, including the Ministry of Health and Social Welfare, in the hope that the children can be relocated to a more appropriate location. In the meantime, the children are receiving food and other support from Sentebale.

ii) Mamohato Network and Camps Programme- Children living with HIV/Aids

"These camps give children the chance to feel 'ordinary' again; to be proud of themselves, to learn how to take care of themselves, and most of all to have fun."

Ntoli Moletsane, Sentebale Head of Mamohato

Set up in 2008, the Mamohato Programme continues to grow from strength to strength. With the aims of increasing life expectancy in the affected group and providing sensible education to help prevent the spread of HIV/Aids in the wider community, via child-to-child communication, and dispersal of myth, while boosting self-esteem in those already infected, the camps have become hugely popular with a waiting list not just for children to attend but also among young adults who want to work at them. Life at the five-day camp is a lively mix of education and activities with much emphasis on building a supportive peer-group network among the average 30 children who attend. Staff balance educational HIV-focused sessions (such as information on medication and receiving their antiviral medication on time) with games, sports, arts, crafts and drama.

To date more than 900 children have been involved in the Mamohato Network, and there is continued support and follow-up programmes including six Teen Clubs every month (where leadership skills, career guidance and CV writing are also provided at locations from Maseru to Leribe), monthly Caregiver Days (to enable support and open dialogue between care-givers, children and medical staff) and Camp Reunions. Network clubs back up what the children learn at camp, monthly club meetings reinforce the positive messages, help support medical compliance and help the children to build their own network of friends. There are currently more than 50 volunteers who have been trained to participate in the programme.

SENTEBALE

"The camp has shown us that we can now be more comfortable with each other. We have realised that we have long lives to live and that we can share what we've learned with other children that we meet."

Bokang, aged 14

iii) Herd Boys Education Programme

Herd boys are among the most marginalised groups in Lesotho; aged from five, many boys are forced to become shepherds to help their family survive, and must live rough for months at a time up in the remote highland country, surviving on minimal food and their own limited resources; an extremely lonely existence for a child. They have no access to healthcare or education, leaving them unaware of whether they are infected with HIV/Aids and ignorant about the modes of transmission putting them at risk of infection and infecting others. 60% of herd boys aged 6-18 years old receive no education at all¹⁰, this lack of socialisation at this formative stage in their lives can have a damaging impact on their future chances and make them a risk to society.

At Semonkong, we have helped to establish an evening school for herd boys, which run four nights a week, giving herd boys an opportunity to keep up their education while fulfilling their cultural obligation to tend cattle in the mountains. The boys walk for up to two hours in freezing temperatures to get to school, and many are so worn out that the school becomes a place of safety for rest as well as learning. Teacher Julius Mojoro (a former herd boy) who runs the school explains:

"Night school teaches them how to behave like a man and not like a wild person."

Julius teaches the children their own language Sesotho, English and Maths. The boys (and occasionally girls) are given a hot meal as well as classes, and a chance for a few hours a week to forget their responsibilities, meet friends, laugh and play together like other children.

When winter in Lesotho sets in, temperatures in the mountains drop below freezing, making life incredibly hostile for the herd boys. Sentebale has also provided them with extra clothing through the night schools, including blankets, boots, and gloves to keep them as warm as possible.

iv) Collaborative Networking - Letsema

A unique information-gathering and knowledge-sharing programme, the Letsema network, is a communication and planning tool for groups (NGOs, independent charities, grassroots organisations) which help orphans and vulnerable children, enabling them to liaise with each other effectively so an accurate picture of Lesotho's capabilities and needs, successes and failures can be developed and disseminated. It is a hugely important aid for larger organisations such as UNICEF and the Department of Social Welfare.

The core objective of Letsema (which means 'cooperative working' in Sesotho) is to develop civil society capacity and capability to respond to the orphans and vulnerable children crisis in Lesotho, working through fostering and improving communication and co-operation to enable maximum effectiveness of resources.

In August, our newly developed website www.letsema.org was launched. The site includes an interactive map of Lesotho showing the locations of organisations, projects, hospitals, clinics, airfields and secondary schools. There are more than 650 organisations within the network; on average more than 60 organisations meet on a monthly basis to share information at the Letsema Forum held in Maseru. There is also a printed directory and 4,500 quarterly newsletters go out to 500 organisations.

¹⁰ Report on the Inspection of Non-formal Education Learning Centres, by Lesotho Distance Teaching Centre, 2010

SENTEBALE

5. OPERATIONAL DEVELOPMENT

Following a thorough review of office operations in Lesotho last year, the team was further developed by the appointment of an International Programmes Advisor, Carmel Gaillard who has worked in the Child and Youth Care sector since 1996.

The integration of the Lesotho financial management reporting with the UK system has now been implemented to ensure the standard of timely and accurate reporting is maintained.

In January 2011, the team moved from St James's Palace to nearby Park Place, SW1. During the year, a number of changes took place. The UK team currently comprises the CEO, Executive Assistant, newly appointed Communications and Fundraising Assistant (appointed June 2011) and a Finance Manager, appointed August 2011 and supported by a part-time Director of Finance and Operations. In September, the development of the team was complete following the appointment of Sentebale's first full-time Director of Development (fundraiser).

During the year, our Founding Royal Patrons continue to have been enormously supportive of Sentebale. On December 18, 2010, Prince Harry was presented with a 'Golden Heart' award at a gala evening for the German charity Ein Herz für Kinder ('A Heart for Children'), in recognition of his charitable and humanitarian work particularly focusing on Sentebale. Mrs Bettina Wulf, Patron of Heart for Children and wife of the German President Mr Christian Wulf presented the award to His Royal Highness. In his acceptance speech, speaking about Sentebale Prince Harry said:

"There is a great deal that I am proud of that Sentebale has achieved over the past few years and the difference we have made to so many children, but I am also impatient and want to do more and more. Through our strategy of working at a grass roots level, we ensure that our work, helping the children, is locally driven, locally delivered and locally appropriate – helping them to help themselves. Winning this award will inspire all of us at Sentebale, and our partners in Lesotho, to re-double our efforts to help the children of the Mountain Kingdom."

Although March 2011 saw the planned Sentebale Polo Cup in Dubai cancelled due to concern over unrest in the region, Prince Harry and his brother, the Duke of Cambridge, both played in the rescheduled Sentebale Polo Cup, which took place in June at Coworth Park, outside London.

Prince Seeiso's role as High Commissioner in London and invaluable role as Head of the Chiefs in Lesotho continued to ensure our work is always focused and addressing those with the greatest needs.

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6. MARKETING/COMMUNICATIONS

Sentebale was featured in a number of publications throughout the year. The peak of media activity came when Prince Harry attended the Ein Herz für Kinder ('A Heart for Children') charity gala evening in Berlin in December 2010.

In March 2011, press coverage increased again when the announcement was made to cancel the Sentebale Polo Cup in Dubai. In June 2011 when the replacement event took place at Coworth Park, when both Prince Harry and Prince William took part, this generated further awareness.

In June 2011, Philip Green, Chairman, was profiled in the Financial Times, How to Spend It magazine.

7. FUNDRAISING

Fundraising / Income Generation

During the past twelve months we have been privileged to work with our dedicated supporters who share our vision and care passionately about the work of Sentebale. We would like to thank the following Trusts and Foundations for their support: Bloomberg, Dubai Cares, Elton John Aids Foundation, Newman's Own, Lennox and Wyfold Foundation, Prudential, Mercury Phoenix Trust, Reuben Foundation, Mycenaes Foundation, Support for Africa, UNICEF and Vitol for their invaluable support. We would also like to thank our corporate sponsors for the Sentebale Polo Cup which include Coworth Park, Jaguar, Land Rover, Hunters, Hello! as well as welcoming new sponsors, Garrard, Royal Salute, Financial Times and Hunter.

The German School in Richmond, London also launched their "Schools for Schools" initiative this year for Sentebale. The enthusiastic children organised a number of events in which pupils of all ages took part, including a painting day, a sponsored run and a hugely successful fundraising dinner for parents - cooked and served at the school by the pupils themselves.

Following a period of consolidation which has resulted in streamlining systems and improving monitoring and evaluation procedures, the Board has been strengthened bringing a greater depth of commercial experience to drive growth under the leadership of a new Director of Development (commencing September 2011) in order that we meet the objectives set out in our five-year strategic plan.

Whilst acknowledging that we face one of the most challenging economic climates of our time, this dedicated group of individuals are committed to ensuring the delivery of step change in support of world class projects bringing care, health and education to the forgotten children of Lesotho. In line with Sentebale's objective to create sustainable projects run by local people we are looking to mirror this by creating a sustainable long-term income generation strategy. In order to achieve this, we are looking to combine an entrepreneurial approach utilising best practise from the venture philanthropy culture, engaging with donors, leveraging pro bono business services with financial support and business networks.

As we move into 2011/12 the Sentebale brand values are being developed pro bono by leading agency CHI and Partners and this will form an integral part of our development plans as we move forward. These are exciting times as we seek to engage with those who wish to become 'Friends of Sentebale' or join our 'International Patrons Forum.' We are looking to build upon the success of our primary event, the Sentebale Polo Cup with new high value events that match supply and demand whilst promoting the Sentebale brand to a wider audience.

We look forward to working together with all our supporters whilst welcoming some new faces into the Sentebale family in the months ahead.

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8. FINANCIAL REPORT

The results for the period are set out in the statement of financial activities on page 20. The position of the charity at the end of the period is shown in the balance sheet on page 22.

During the year Sentebale raised £2.089million, of which £1.743million was unrestricted income and £346K restricted. This represents an increase of nearly 16% despite the challenging global economic climate.

The total resources expended in the year were £1.846million. The amount spent on charitable activities was £1.334million, an increase of 21% over the previous year. £490K was spent on fundraising; this represents a significant increase over previous years mainly due to the main fundraising event planned for Dubai which was cancelled two weeks before it was due to take place. A replacement activity then had to be developed which resulted in additional fundraising costs.

In total, charitable expenditure directly related to the vision of supporting orphans and vulnerable children in Lesotho accounted for 72% of expenditure, 27% was incurred in fundraising and 1% on governance of Sentebale.

The net assets on the balance sheet are £1.018million. These are represented in reserves as unrestricted funds of £485K and restricted funds of £533K. 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

Where appropriate, 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. As a result of the level of surplus cash funds required in order to produce an adequate return on the funds invested, the trustees took the decision not to place any funds on fixed term investment accounts during the year.

Reserves policy and going concern

On 1st March 2011, the Trustees formally agreed to a reserves policy of a minimum of one quarter of total annual historic expenditure on project disbursements, charitable activities and general overheads.

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.

SENTEBALE

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 may serve for two terms of three years each, and then retire from the Board, unless there are exceptional reasons for them to be asked to continue to serve.

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 £1,647.

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.

Trustees during year end 31st August 2011 were:

Philip Green (Chairman)
Sophie Chandauka
Nigel Cox
Mark Dyer MVO
Jayne-Anne Gadhia*
Larry Hirst CBE
Jamie Lowther-Pinkerton MVO, MBE
Damian West

*Resigned from the Board of Trustees on 17th November 2011

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.

SENTEBALE

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 Board of Trustees

19th January 2012

SENTEBALE

Independent auditor's report to the members of Sentebale

We have audited the financial statements of Sentebale for the year ended 31 August 2011 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 auditor

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the Statement of Trustees' Responsibilities set out in the Report of the Trustees, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

SENTEBALE

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit. or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime.



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

3 February 2012

SENTEBALE

Statement of financial activities for the year ended 31 August 2011

		Unrestricted Funds	Restricted Funds	Total Funds 31 Aug 2011	Total Funds 31 Aug 2010
Income & expenditure	Note	£000	£000	£000	£000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income:					
. Major donors		30	-	30	10
. Event income		604	-	604	1,197
. Individual donors		54	-	54	25
. Corporate donors		89	-	89	241
. Schools and Trusts		829	314	1,143	250
. Gifts in kind		135	32	167	75
Other income		2	-	2	7
Total incoming resources		1,743	346	2,089	1,805
Resources expended					
. Costs of generating funds:	2	490	-	490	338

SENTEBALE

Charitable activities:	3				
HIV/AIDS		292	76	368	291
Community Grant					
Partners		677	10	687	564
Education, training and leadership		222	57	279	244
Total					
charitable activities		1,191	143	1,334	1,099
Governance costs:		22	-	22	15
Total					
resources expended		1,703	143	1,846	1,452
Surplus of income over expenditure	4	40	203	243	353
Reconciliation of funds					
Total funds brought forward at 1 September 2010		445	330	775	422
Total funds carried forward at 31 August 2011		485	533	1,018	775

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 increase with Schools and Trusts revenue of £893K was due to a major donation from an anonymous trust. Event Income has seen a decrease of £593K, due to the Sentebale Polo Cup planned for Dubai being cancelled in March 2011 and it relocating to Coworth Park in June 2011.

The Major Donor revenue continues to increase at a steady rate as the charity focuses on building long-term relationships with potential stakeholders.

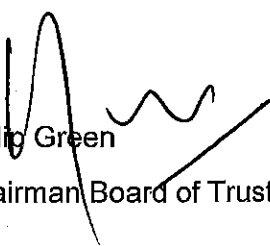
The notes on pages 23 to 33 form part of these financial statements.

SENTEBALE

Balance Sheet as at 31 August 2011

	Notes	Total Funds 31 Aug 2011 £000	Total Funds 31 Aug 2010 £000
Fixed assets			
Tangible assets	8	48	87
Current assets			
Debtors	9	164	102
Cash at bank and in hand	14	1,032	789
		1,196	891
Creditors: amounts falling due within one year	10	226	203
		970	688
Net current assets		970	688
Net assets		1,018	775
Funds			
Unrestricted funds	12	485	445
Restricted funds	13	533	330
Total funds		1,018	775

Approved by the trustees on 19th January 2012 and signed on their behalf by:


Philip Green
Chairman Board of Trustees

SENTEBALE

Notes to the financial statements

For the year ended 31 August 2011

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	5 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.

SENTEBALE

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 (£1=11Loti) 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 financial statements have been prepared on a going concern basis.

SENTEBALE

2. Cost of generating funds

	Total	Total
	31 Aug	31 Aug
	2011	2010
	£000	£000
Events	240	73
Cost of generating income	195	229
Support costs	55	36
Cost of generating funds	<u>490</u>	<u>338</u>

The cost of generating funds increased from 2010 due to the charity planning and arranging two Sentebale Polo Cups. The first event in Dubai was cancelled and then additional costs were incurred in staging a completely new event, at short notice, in the UK at Coworth Park. The cost of fundraising events also includes £85K of gifts in kind.

The increase in support costs is primarily due to expenditure incurred to develop long-term relationships with funders to provide benefits in future accounting periods.

SENTEBALE

3. Charitable activities

	Direct expenditure				Total	Total
	Partner disbursements	Partner support	Sentebale programme	Support costs	31 Aug 2011	31 Aug 2010
	£000	£000	£000	£000	£000	£000
Charitable activities:						
HIV/AIDS	-	-	343	25	368	291
Community Grant Partners	325	179	-	183	687	564
Education, Training & Leadership	22	20	232	5	279	244
	<u>347</u>	<u>199</u>	<u>575</u>	<u>213</u>	<u>1,334</u>	<u>1,099</u>

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

SENTEBALE

4. Surplus of income over expenditure

	Total	Total
	31 Aug	31 Aug
	2011	2010
	£000	£000
This is stated after charging:		
Auditors remuneration:		
Audit fee to financial statements auditor	10	10
Audit fees payable to other auditors	3	3
Depreciation	54	23
	<u>67</u>	<u>36</u>

5. Partner disbursements

	No of grants 2011	31 Aug 2011	No of grants 2010	31 Aug 2010
		£000		£000
HIV/AIDS	-	-	2	26
Community Grant Partners	12	325	14	183
Education, training and leadership	2	22	2	35
	<u>14</u>	<u>347</u>	<u>18</u>	<u>244</u>

All HIV/AIDS activities are now managed in house through the Mamohato programme.

SENTEBALE

6. Staff

	2011	2010
The average weekly number of persons (including part-time staff) employed by the charity was:		
Programme	17.0	14.3
Fundraising	2.0	1.5
Other	0.5	0.5
	<u>19.5</u>	<u>16.3</u>
Lesotho based	15.5	12.3
London based	4.0	4.0
	<u>19.5</u>	<u>16.3</u>
The average weekly number of persons employed expressed on a full time equivalent basis was	15.5	12.3

	31 Aug	31 Aug
	2011	2010
	£000	£000
Staff costs comprised:-		
Wages and salaries	424	453
Social security	22	21
Other pension costs	16	11
	<u>462</u>	<u>485</u>

SENTEBALE

	2011	2010
Number of employees earning over £60,000 per annum, including taxable benefits, was:	No	No
£90,001-100,000	1	1

The pension contributions for the one employee (2010: one) earning more than £60,000 in the year amounted to £9,611 (2010: £8,749).

Lesotho based staff are operational and are employed to deliver services to orphans and vulnerable children in Lesotho.

Trustees

In the year Trustees were reimbursed travel expenses of £237 (2010 £142). Indemnity insurance including cover for the Trustees was provided in the period at a cost of £1,647 (2010 £1,700).

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.

SENTEBALE

8. Tangible fixed assets

	Motor vehicles	Fixtures fittings and equipment	Total
Cost	£000	£000	£000
Balance brought forward – 1 September 2010	89	61	150
Additions	-	15	15
Balance carried forward - 31 August 2011	89	76	165
Depreciation			
Balance brought forward – 1 September 2010	25	38	63
Charge for the period	42	12	54
Balance carried forward - 31 August 2011	67	50	117
Net book value			
Brought forward 1 September 2010	64	23	87
Carried forward 31 August 2011	22	26	48

9. Debtors

	31 Aug 2011	31 Aug 2010
	£000	£000
Donations receivable	111	72
Other debtors	30	2
Prepayments and accrued income	23	28
	164	102

SENTEBALE

10. Creditors

	31 Aug 2011	31 Aug 2010
	£000	£000
Amounts falling due within one year:		
Commitments to partners	145	39
Other creditors	26	27
Accruals and deferred income	55	37
Short term loan	-	100
	<u>226</u>	<u>203</u>

The increase in commitments to partners reflects one-off grant awards made to several partners for capital improvements and equipment purchases.

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 eight members at 31 August 2011.

12. Unrestricted funds

	Balance 1 September 2010	Incoming resources	Resources expended	Balance 31 August 2011
	£000	£000	£000	£000
General funds	445	1,743	1,703	485
	<u>445</u>	<u>1,743</u>	<u>1,703</u>	<u>485</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 2010	Incoming resources	Resources Expended	Balance 31 August 2011
	£000	£000	£000	£000
HIV/AIDS	-	77	53	24
Community Grant Partners	281	178	14	445
Education, training and leadership	49	91	76	64
Restricted funds	<u>330</u>	<u>346</u>	<u>143</u>	<u>533</u>

Restricted funds represent funds received for specific projects and held at the year end. Included in both incoming resources and resources expended are gifts in kind totalling £32,500.

SENTEBALE

14. Net assets between funds

	Unrestricted	Restricted	Total
	£000	£000	£000
Fixed assets			
Tangible assets	48	-	48
Current assets			
Debtors	164	-	164
Cash at bank and in hand	499	533	1,032
	<hr/>	<hr/>	<hr/>
	663	533	1,196
Creditors: amounts falling due within one year	226	-	226
	<hr/>	<hr/>	<hr/>
Net current assets	437	533	970
	<hr/>	<hr/>	<hr/>
Net assets	485	533	1,018
	<hr/>	<hr/>	<hr/>