

BUILD AFRICA

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2008

Charity Registration No. 298316

Company Registration No. 2200793 (England and Wales)

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(A COMPANY LIMITED BY GUARANTEE)
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BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Patron	Dame Diana Rigg
Trustees	Hugh Morris (Chair) Keith Leslie (Treasurer) Mark Florman Mel Oley Phil Vernon Claire Gillingwater James Shaw-Hamilton Valerie Vaughan-Dick Rose Nanfuka Julie Pörksen Hugh Allen Karen Westley
Secretary	Adrian Stockman
Chief Executive	Susanne Niedrum
Charity number	298316
Company number	2200793
Registered office & principal address	27 Church Road Tunbridge Wells Kent TN1 1HT
Kenyan Branch Office	Partners for Progress Suna Road P O Box 10604, 00100 GPO Nairobi Kenya
Ugandan Branch Office	Build Africa – Uganda P.O.Box 7224 Kampala Uganda
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	National Westminster Bank plc 19 Mount Ephraim Road Tunbridge Wells Kent TN1 1EN CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ

BUILD AFRICA
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CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

The Trustees' report looks back over the year ended 31st December 2008 and reviews our aims for 2009.

Much has been achieved during 2008. Build Africa has worked with thousands of young people in rural Kenya and Uganda to enable them to earn a decent, sustainable living. Many of these young people had little hope of earning more than \$1 per day. Now, they have the skills and resources to substantially increase their income. For some, our work took the form of providing an education. For others, it involved helping farmers to earn a meaningful income from the land instead of barely meeting the basic physical needs of their immediate family. In all cases, this work is transforming lives – not just of the young people who we work with, but also of their families and communities.

We believe that young people can do incredible things. The participation of young people in the design of our projects remains a central priority for us, as does addressing the real-life challenges that stand in their way, such as the impact of HIV on their lives.

As we begin 2009, we must recognise that the global economic difficulties will make it harder for all charities to maintain or to increase income. Build Africa has strong management that will not be afraid to face up to the harsh realities of recession. Our emphasis will be on delivering our planned programme activities for the year whilst continuing to invest in income generation for this and future years, thus protecting the interests of current and future beneficiaries.

I am very confident that we will emerge from these challenging times in good shape and that we will continue to help thousands of people help themselves out of poverty.

Hugh Morris
Chairman
28th July 2009

**BUILD AFRICA
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

The Trustees present their report and accounts for the year ended 31 December 2008. The Trustees also serve as the Charity's Directors.

In preparing the accounts, the Trustees have followed the accounting policies set out in note 1 to the accounts and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

1. GENERAL INFORMATION

Trustees/Directors

The Trustees at the date of this report are:

Hugh Morris (Chair)
Keith Leslie (Treasurer)
Mark Florman
Mel Oley
Phil Vernon
Claire Gillingwater (appointed 25 November 2008)
James Shaw-Hamilton (appointed 3 March 2009)
Valerie Vaughan-Dick (appointed 3 March 2009)
Rose Nanfuka (appointed 12 May 2009)
Julie Pörksen (appointed 12 May 2009)
Hugh Allen (appointed 12 May 2009)
Karen Westley (appointed 12 May 2009)

In addition, the following Trustee also served during the year:
Zuhra Bahman (Resigned 27 February 2007)

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The Responsibilities of the Trustees

The Trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its net income and expenditure for the year.

In preparing these accounts, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the accounts comply with the Companies Act 1985.

They also have overall responsibility for ensuring that the Charity has an appropriate system of controls, (financial and otherwise) and are responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reassurance that:

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- Its assets are safeguarded against unauthorised use or disposition
- Proper records are maintained and financial information used within the Charity or for publication is reliable
- The charity complies with relevant laws and regulations

Other Administrative details

Details of the charity's registered offices, registration numbers, officers and advisors are listed in page 3 of this document.

2. ORGANISATION

Structure and governance

Build Africa is an international non-governmental organisation created as a charitable legal entity in the United Kingdom in 1978 and a company limited by guarantee (Charity and Company registration numbers are shown on page 3). Build Africa has memorandum and articles of association as its governing document.

Trustees are appointed with a view to ensuring that Build Africa has a variety of experience including international development, business management, financial, and fund-raising. Periodically, the Board undertakes a skills audit to identify areas where additional experience would be useful; the results of this exercise influence the appointment of new Trustees. The Board in consultation with the Chief Executive undertakes the appointment of Trustees. All new Trustees are provided with a comprehensive induction information pack and other relevant training so as to ensure that all Trustees have an appropriate understanding of their responsibilities and the background to the current activities and key management issues of the organisation.

The Board meets at least four times a year and is responsible for the overall direction of the Charity and for core strategic policies, having regard to the advice of the Chief Executive. Where appropriate, additional smaller committees are established whose membership is constituted of selected trustees with delegated authority from the full board to undertake detailed reviews, analysis or policy development in conjunction with members of the senior management team and to report back findings and recommendations to the full Board. There are currently two such committees: the Finance and Operations Committee and the Programmes Committee. Each committee meets at least four times per year.

Organisation and management

Build Africa is based in the United Kingdom in Tunbridge Wells, with branches in Kenya (Partners for Progress) and Uganda (Build Africa Uganda) where our projects are implemented. The charity is managed by its senior management team, led by the Chief Executive and with members in each of the three Build Africa locations.

The Chief Executive is responsible for day to day running of the charity within the framework of clearly delegated powers and responsibilities agreed by the Trustees. Decisions of a strategic nature are discussed with the Trustees to agree actions. Operational plans and budgets are prepared jointly by the senior management team in Kenya, Uganda and the UK. We deliver our projects in Kenya and Uganda through Build Africa Uganda and Partners for Progress, organisations operated and managed by local staff. Build Africa Uganda and Partners for Progress are each registered in their own right with their governments' Bureau of NGO Registration. Additionally, Build Africa Uganda is formally registered in Uganda as a branch of Build Africa. Partners for Progress effectively functions as a branch of Build Africa and only the suspension of the NGO Registration Bureau within the Kenyan government has stood in the way of Partners for Progress also registering formally as a branch.

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Build Africa Uganda and Partners for Progress are each supported by an Advisory Board. The Advisory Boards review and provide technical guidance on programme quality, budget, policy and procedure, and reviews monitoring and evaluation reports. Appointment to the Advisory Boards is through a rigorous recruitment and selection process; board members are appointed for their diverse and complementary management and development skills, interest in helping very vulnerable communities, willingness to work without remuneration, and integrity and social standing in society.

Build Africa in the UK shares with Partners for Progress and Build Africa Uganda a common vision, mission and values as well as mutually agreed operating procedures. The close relationship with these local branches proves an effective conduit for ensuring the efficient and effective delivery of programmes that meet the charity's objectives, the Trustees' and management's strategy, and the wishes of donors.

3. OBJECTIVES, PLANNING & PERFORMANCE

Objectives and activities

Build Africa works exclusively in rural areas of Uganda and Kenya. Our mission is to help young people escape poverty through education and business enterprise. Our vision is for every young person in Africa to fulfill their potential.

Build Africa believes young people can play a leading role in bringing about positive change in the world. However, they are often prevented from realising their potential as they are marginalised and unable to access the information and opportunities that could improve the quality of their lives and those of the people in their communities.

Education:

We believe that quality education will only be achieved when parents are involved. Build Africa works with parents, children, teachers and government education staff to identify the key problems each school faces and prepare a 3 year 'School Development Plan'. We then work with the same people to implement the plan and transform the school by:

- improving infrastructure (building classrooms, staff rooms, teacher accommodation, toilets and water supplies, providing desks, books, first aid kits, sanipads and other resources)
- increasing parental involvement, making them aware of their rights and responsibilities and the importance of education, especially for girls
- improving standards of teaching and learning through teacher training
- strengthening school management committees through training and mentoring
- increasing gender and HIV/AIDS awareness through peer educators, bespoke materials and health clubs

With everyone working together the schools have seen a dramatic rise in attendance and in those going on to secondary school, increasing their chances of a brighter future.

Our aim is not just to support the 300 or so schools we can reach while we are with them, but to develop a model which can continue working without us and which can be replicated by other schools all over Uganda and Kenya.

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Enterprise:

We aim to improve the income security of communities around the schools where we work through a combination of vocational and business training, market linkage, savings, credit, awareness raising and peer support. We work with groups of young people to set up and run successful businesses, including farming.

All our projects address 4 things:

- a) the finance needed to start up a business, including a realistic assessment of the expected costs and profits for each business
- b) capacity-building in business management and production to ensure products are to the quality and quantity required by the market
- c) market linkages to ensure that young people can sell their output at the best possible price
- d) cooperative working, bringing young farmers together to share and learn, to bulk buy inputs and to bulk sell the products

We will not engage in an enterprise project if there is no market or if the business case does not stack up. Build Africa does not always deliver all 4 components itself but ensures they are taken care of, either by others (government, business or other NGO) or by the beneficiaries themselves.

Just as in Education, our aim in Enterprise is not just to support the young people we can reach while we are there, but to develop a model which can continue working without us and which can be replicated by others all over Uganda and Kenya.

We pride ourselves on providing a close link between beneficiaries and donors and never speaking for beneficiaries when they can speak for themselves.

Build Africa's projects follow a set of guiding principles:

1. Our projects focus on the needs and aspirations of the young people we work with, involving them throughout
2. Together with our young beneficiaries and other stakeholders, we carry out rigorous analysis of the root causes of problems and plot the best pathway of change
3. We are transparent with our beneficiaries and supporters such that they are able to hold us accountable. We encourage feedback and strive to learn. We are willing to take risks to try new things
4. We seek to maximise partnership with others and ensure our programmes fit within local development agendas
5. We hold ourselves accountable to have a measurable and sustainable impact on the lives of young people and not to create dependence
6. We seek to deliver a high standard of management and cost-effectiveness within all our work

Public Benefit

Trustees are aware of the Charity Commission's guidance on Charities and Public Benefit, in particular, the need to demonstrate an identifiable benefit and to show that the benefits are open to a section of the public that is appropriate to our aims. This report provides very full information about Build Africa's aims, activities and achievements. The Trustees consider that this information demonstrates the clear benefits to our beneficiaries (and through them to wide sections of the public in Africa) arising from our work.

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FOR THE YEAR ENDED 31 DECEMBER 2008**

Review of 2008 activities and performance

Our strategic plan emphasises our determination to expand the organisation so that we can work with an increasing number of young people in Africa and to ensure that our work has genuine impact on their efforts to climb out of poverty. This ambition drives us to: (i) continually strengthen our organisational capacity so that we are able to properly manage growth and (ii) continually develop our programme models so we can be sure they make a real impact as we deliver them to larger numbers of people.

Our main achievements in 2008 towards these aims were:

Refining the design of our education programme model. As we prepare for a period of growth, we are armed with a model for our education projects that has true, meaningful community involvement at its heart and ensures that schools are sustainable by those communities in the long-term. This model has been very well received by host communities and by education officials within the Kenyan and Ugandan governments.

Further developing a model for helping young people generate income. We have learned many lessons from our experience with farmers in Uganda and are much closer to a replicable, scaleable model to help young people generate a worthwhile income from their activities.

Strengthening our ability to ensure that our projects are making a difference. Our African staff with expertise in education and enterprise have made great progress in collecting the right data about our projects, analysing what that data tells us about our projects' impact and ensuring that the lessons learned from this analysis are used to improve the design of future project work. We are also able to use the data we collect from our education work to feed into government data resources within Kenya and Uganda.

Broadening our income base. We have invested money in attracting new supporters to Build Africa, including a number of high net worth individuals. We have also increased the number of trusts and statutory funders we are able to approach and have successfully launched a programme of income-generating events. This broader base gives increased stability to our income, particularly important at a time of economic uncertainty.

Re-launching our website. We now have a valuable resource that explains our work in an easily understood way.

Achieving a healthy unrestricted reserves position. Expansion of any organisation brings risks and challenges and inevitably creates pressure points on resources, both financial and human. We end 2008 with a solid unrestricted reserves position which will stand us in good stead as we expand to work with ever-larger numbers of people in rural Africa, whilst facing the challenges of the global recession.

Strengthening our governance. Following our Trustees' skills audit, we have been privileged to be joined by additional Trustees with experience and skills that are already adding breadth and depth to our UK Board.

Operational problems and challenges

The main operational difficulty that we faced this year was the impact of civil unrest and violence on our education programmes in Kenya. A discussion of the challenges that this presented and our response appears in the Education section of the review of our charitable activities and performance.

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FOR THE YEAR ENDED 31 DECEMBER 2008**

Review of Charitable Activities and Performance

Our charitable activities take place in two arenas, education and enterprise.

1. Education

Our aims for the year were:

- ❖ To deliver a programme of classroom construction in rural communities in Uganda and Kenya
- ❖ To develop the capacity of School Management Committees (SMCs) so that the schools become integral, established parts of communities that will be properly run and developed by those communities
- ❖ Work with new and established schools, parents and young people to help remove barriers to education, most notably issues of gender and HIV/AIDS

The civil unrest in late 2007/early 2008 surrounding the Kenyan presidential election hindered some aspects of our work, particularly in the Naivasha region where some of the worst violence was seen. Even after the violence had subsided, mistrust and divisions remained in some of the communities we work with. We worked hard with these communities to help rebuild relationships and have begun using conflict resolution strategies. We have seen some of these communities reach a stage where they are able to engage with us in the training of School Management Committees. However, the unrest and consequences in communities meant that this aspect of our work in Kenya progressed at a slower rate than we had originally planned.

In 2008, the following was achieved in Kenya and Uganda:

Improved Learning Environment

The learning environment was improved in 20 schools through construction of classrooms and other facilities. This has resulted in a 71% increase in enrolment in the Ugandan schools and a 75% increase in entry to primary level exams.

- A total of 46 classrooms were built in Kenya and Uganda, benefiting a total of 2,300 pupils and their communities
- Additionally, a total of 14 classrooms were renovated in Kenya, benefiting 700 pupils
- 1,010 desks were supplied to schools in Kenya and Uganda, benefiting 3,849 pupils.
- 61 latrines were built in Kenya and Uganda benefiting 18,960 pupils
- 3 boreholes drilled in Uganda providing drinking water to 1,200 people
- 14 staff rooms were completed in Uganda and Kenya

Improved governance and community involvement in school development

A new model was introduced which seeks to empower school communities to take a more active role in developing and implementing plans for their schools.

- 5 school management committees were trained and mentored in Kenya, improving their understanding of roles and responsibilities in school management and development
- School development plans were completed in 33 schools in Kenya and Uganda involving pupils, parents, teachers and ministry of education staff
- 94 community members involved with 3 schools in Uganda attended training on community participation in education

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FOR THE YEAR ENDED 31 DECEMBER 2008**

Improved quality of teaching

We partnered with the Ministry of Education to improve the learning experience for thousands of pupils in our target districts.

- 803 Kenyan teachers attended 5-day in-service training in the core subjects
- School performance reviews were conducted in 59 Ugandan schools

Improved HIV/AIDS and reproductive health awareness in schools

Hundreds of students became peer educators and established health clubs that target HIV/AIDS in 27 schools. The number of young people volunteering for counselling and HIV testing in Kenya has increased from 20% to 46%, surpassing our target by 6%. More than half of all students surveyed in the schools we work with can name three ways in which to prevent HIV. This is in comparison to just 17% of the adult population of Uganda.

- In Uganda, 32 HIV/AIDS clubs were formed with a total of 960 pupil members. 160 pupils, 60 teachers and 160 parents trained as peer educators. Through the peer educators over 430 pupils and 600 parents received prevention messages
- In Kenya 90 peer educators were trained, 3 youth friendly centres renovated, 45 commercial sex workers trained in new skills for alternative livelihoods, 29 youth trained in puppetry for peer education, and over 500 theatre sessions held on the subject of HIV and TB

The impact of our work in education is illustrated by three case studies:

1. Kanyongo Primary School, Kenya

Kanyongo Primary School is in the Mwala District of Kenya. With Build Africa's help the community have come together to work wonders with their local school. Stephen Mutukuisika, Chairman of the School Management Committee, tells us about why 2008 was such an important year in the transformation of their school:



"The School Management Committee (SMC) has been involved in the improvements to the school by giving advice, assisting in the planning, providing financial support (if need be) and helping to mobilise the parents in whatever we plan to do. We have been renovating three classrooms and plan to renovate more classrooms.

In the renovation work we as parents sat down, planned and most importantly reached agreement about what the parents and their partners were going to do. We brought local materials like sand, water, stones and ballast and brought them to the school. Build Africa bought cement, iron sheets, nails, pens, window panes, metal doors, putty for the window panes, payment for labour and all the other things from the shop that we couldn't supply.

Our committee is very organised. Because of the SMC the people work together better. They are happy and are appreciating the work that is going on. But not only the teachers, the committee members and the parents – it is the community as a whole that is

commanding the work that is being done. The SMC meets to discuss the development plan. We plan, we budget and then we continue.

We are doing all this for the benefit of the children – to improve the quality of their education. They should feel comfortable at school. That is our aim and our goal. Thank you Build Africa."

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2. Kwakiswa Primary School, Machakos, Kenya

Ambrose Musyoki has been headteacher at Kwakiswa for seven years and has seen the improvement in the school first hand.

Build Africa has built two new classrooms and a teachers' office and has renovated four of the dilapidated old buildings, transforming them into warm, comfortable learning environments. They now have five toilets which the 151 pupils share. The construction of these toilets has made life much easier for the 76 girls that attend the school, giving them the privacy and hygienic facilities they need. The school has seen a massive decrease in absenteeism by the female pupils.

The relationship between teachers and parents has dramatically improved since Build Africa began working with the school management committees. These committees meet three times a term to discuss issues such as how to feed the pupils and encouraging HIV/AIDS awareness. The parents also contribute materials to the building of classrooms, such as sand, water and soil mixture.

Build Africa also established a school health club and helped with the training of peer educators in an effort to educate the pupils of Kwakiswa about the dangers of STDs and drug abuse. This club has seen huge success, with large reductions in the number of early pregnancies and marriages and a notable reduction in absenteeism from the school.

The academic performance has also improved hugely; the school has climbed from 21st in the district table of exam results to 4th.

Ambrose says: "I love the kids, to shape them to be leaders and see a child growing to be somebody better. The children have benefited a lot. They have changed their behaviours and are aware of reproductive health and they have changed attitudes towards learning and are now very positive and want to go onto secondary school. They love the school and they love their teachers and they want to be here all the time."

3. Kwakiswa Health Club

Nthenya Mbithi is a thirteen year old student at Kwakiswa Primary School in Machakos District, Kenya. She explains why she is such a fan of the health club there:



"In the health club we learn about reproductive health, good manners and body changes. I enjoy the teachings of the health club very much. The health club members meet with the other pupils in the school and tell them what they have learnt. I like to meet the other pupils because we exchange ideas and teach each other. There is a lot of cooperation.

Our health club has spread the knowledge about the dangers of HIV/AIDS in the community. We are very proud because this has come from the children. The people now know how to look after themselves.

Before the health club began many girls became pregnant but with the knowledge of the health club and health education we no longer have girls that are pregnant and have to leave school. Girls can talk to boys as equals. The perception of the community has changed because our parents let us mix with the boys without fear of pregnancy.

In the past pupils didn't care about their clothing so by Wednesday they were extremely dirty until the end of the week. The washing was only at the weekend and there was only one uniform. We now know how to take care of ourselves and wash our clothes properly.

When we tell people what not to do and they don't do it we get our satisfaction and we feel well! But it doesn't end at satisfaction: we get good morale. We get motivated to do it more and more and we want to stay together as a group and raise the awareness within the community when we leave school"

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2. Enterprise

A key aim of our enterprise work is to develop realistic and replicable models to help subsistence farmers move from a position of struggling to meet their families' basic needs to a position where they generate an income that makes a significant improvement to their lives.

Our most significant achievements in 2008 came from a pilot project in Masindi, Uganda. This pilot, working with 240 farmers, yielded many successes and provided learnings that will allow the programme to shape the design of future projects.

- The farmers were supported with loans in the form of seeds, fertilizers and labour
- The farmers formed a cooperative as a vehicle to share, learn, bulk buy inputs and bulk sell produce.
- The cooperative elected a board, set up an office and received training in its role
- The farmers received training in production, post harvest handling and business skills
- As a result of this increased knowledge, crop yields improved significantly and the quality of crops improved, making them more saleable at market
- Improved market knowledge and linkage enabled the maize to be sold for significantly increased prices
- The sale price rose from 3p to 23p per kilo in 2008 enabling many farmers to double their income
- 78% of the loans were paid back after only the first season, a very impressive result
- As a direct consequence of participating in the scheme, farmers were able to save some money, invest back into their businesses, send their children to school and make other household improvements
- Because farmers have reinvested some profits in their businesses and because they have repaid the loans covering initial set-up costs, the amount of loan finance they are needing in the second season is proving to be significantly lower
- The farmers' cooperative formed a Savings and Credit cooperative which, when fully developed, will provide access to affordable credit to local farmers

However, it needs to be remembered that this is a pilot project and we have identified some crucial learnings. Some of these have been incorporated into the project's design; others will be considered further as we review the project's sustainability at the end of the pilot.

- Strong leadership at the level of local farmers' groups played an important role in success and even greater emphasis will be placed on it in future
- There is a strong and sustainable market for maize as there is a deficit in Uganda and bordering countries
- Natural drying did not get the maize to the right moisture content for the market as envisaged. The need for commercial drying reduced profits and we are looking into ways of funding drying equipment for the project in order to reduce drying costs
- Some farmers sold their crops outside the project getting poor returns. They had heard from middle men that they would not get a good price through the cooperative. Counteracting false rumours and spreading the word about good prices achieved by the cooperative will be an important addition to this project
- Fluctuations in the prices of inputs have the ability to reduce farmers' profits; we are negotiating deals to guarantee the prices of inputs where possible
- The fact that farmers have to wait a long time before they access funds from the bulk buyers, causes problems for many farmers who have an urgent need for money and without a facility to bridge finance their cash needs, they end up selling maize outside the cooperative. There is an urgent need to make the savings and credit cooperative stronger in order to address farmer cash needs

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In a recent impact study of the project we found the following results:

- 94% of farmers adopted improved farming practices
- 90% of farmers cultivated more than 3 acres compared to 29% before YAFE
- Nearly all (84%) of the farmers had been earning a profit of £60 or less per acre of maize prior to YAFE. However, with the YAFE project intervention, 62% of the respondents saw their profit per acre rise to £100 and over
- The number of farmers selling over 1,000 kgs of maize per season rose from 46% before the YAFE project to 73% after involvement with the project
- Faced with limited bargaining powers, a kilogram of maize was sold before the YAFE project at approximately 3p - 5p. Following the introduction of YAFE, the price achieved by farmers has ranged between 13p and 23p per kilogram
- 76% of farmers have acquired new assets as a result of profits gained through YAFE. These ranged from improved housing to bicycles and mobile phones

Whilst we have identified some features of the project that need to be addressed to ensure long term sustainability, there have been very clear benefits. Better farming practices have led to increased land cultivation and higher yields. Better access to markets has meant higher prices obtained. The combination of these outcomes has enabled farmers to earn more profit and to improve their quality of life.

An interview with a farmer involved in the pilot project illustrates the effect it can have on people's lives:

Baguma Lawrence, maize farmer in the YAFE project

Baguma Lawrence, a maize farmer from the Masindi district of Uganda, tells us about his involvement with the Build a Farm programme in 2008:



"There has been a big difference since Build Africa came to us. Because of their support I have succeeded. The extension worker has trained me in better farming methods. We now receive the seeds on time and have improved the spacing of seeds when we plant. We also know how to treat plants affected by disease and how to store the maize better.

After the first season I saved 50,000 Ugandan Shillings. With the money I will be building a new house for my family. I have also bought a Fresian cow which I call Joseph. It is only one year and four months old, too young to supply milk at

the moment. But I hope it will produce a jerry can of milk per day next year. Joseph eats elephant grass because it is very nutritious food and Calliandra leaves to help it produce milk. We will drink some of the milk and use some for money-making.

My children now have food for school. I sell some maize but I also use some to feed the family. As well as maize they eat cassava, potatoes, sweet potatoes and rice.

If the support continues I will buy more cows and I hope to finish building my house next year to give my family a proper home.

Thank you Build Africa for the support you have given me."

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Additionally, we had planned to set up an enterprise project in Kenya during 2008. However, the unrest in Kenya during the year and the consequent disharmony amongst some of the communities with whom we work meant that this plan was delayed. The current funding climate and the need to focus on ensuring that our education work does not suffer in the global recession means that this project is likely to be established in 2010.

2009 and 2010 Plans

The main areas of emphasis for Build Africa in 2009 and 2010 will be:

- Managing the charity through the financial difficulties that will face all charities in the UK, continually reviewing income projections and expenditure plans
- Reaching more young people in Africa through continually improving projects
- Making it easier for young people and our partners in Uganda and Kenya to tell us what is needed to improve lives
- Further developing our education model and working with local/national educational bodies to implement it in remote Ugandan and Kenyan communities
- Appraising the success of the agri-business project in Uganda as it reaches the end of the pilot phase, ensuring that the results shape our future enterprise projects.
- Integrate conflict resolution techniques into our work, particularly in those communities most affected by the political unrest in Kenya during 2007/2008
- Ensuring that our programmes have increasing impact on poverty by training staff and refining information systems. This will make sure we collect the right information about our projects, we learn what is having a greater or lesser impact and that we build these learnings into our projects;
- Protecting all areas of voluntary income by focusing on high standards of supporter care and communicating in ways that match individual supporters' wishes
- Further broadening our income base by submitting a range of statutory funding applications for project work
- Developing an enterprise project in Kenya (as stated above, this is likely to take place in 2010)

We have budgeted cautiously in the light of the global recession; we expect to continue our growth in income but at a considerably slower pace than our long-term plan had envisaged. This will allow us to carry out more education work in Uganda and Kenya as well as allowing us to continue our agri-business project in Uganda.

The mix of income will shift slightly, with a smaller proportion being derived from charitable trusts and a corresponding increase in amounts coming from individual supporters. It is also our intention to increase the amount of funding we obtain from statutory sources (government departments and large institutions) in all 3 countries where Build Africa operates.

We will also use some of the income growth to reinvest in further fundraising. We must not ignore the need to generate future income; to fall into this trap would put future beneficiaries at risk.

In what will be a difficult year, support costs will be cut to the bare minimum so that we minimise the impact of the recession upon our beneficiaries. As far as we can, we will shield our projects from cutbacks.

Our spending on charitable activities in 2009 as a percentage of total spend is likely to be very similar to 2008; the percentage spent on income generation will be a little higher and we will see a compensating fall in the percentage spent on support costs.

BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

4. OTHER INFORMATION

Review of 2008 financial position and fundraising activities

As we start a year which will undoubtedly be challenging for the entire not-for-profit sector, Build Africa is in a strong financial position. Our income is growing, our expenditure is commensurate with our income, we have a good balance of spending between charitable activities and investment in future income and our reserves are healthy.

During the year Build Africa raised £2.14 million (2007 - £1.84 million) of income and spent £2.20 million (2007 - £1.91 million).

In accordance with SORP 2005, support costs have been allocated between charitable activities and fundraising. The Statement of Financial Activities shows that after allocating support costs, Build Africa spent 82.0% of its total expenditure on charitable activities, 17.8% on fundraising and 0.2% on governance. Allocated within these percentages are support costs of around 13% of total expenditure. This is higher than we would like and reflects the fact that we have invested in recent years in readiness for expansion. As we grow, support costs will account for a smaller proportion of our expenditure; it is our intention to bring this figure down to 10% by 2010.

Our income grew in 2008 by around £300K (16%). £170K arose from growth in individual donations and a successful fundraising dinner, with these growth areas being diluted by a drop in legacy income. Additionally, 2008 is the first year in which the results of our branches in Uganda and Kenya are consolidated into one set of financial statements, leading to around £130K of income and £96K of expenditure being included that would not have been included in previous years. Overall, our income performance was broadly in line with our expectations, with some areas exceeding plans and some falling short.

Build Africa has a diverse range of income streams, including individual givers making regular gifts, high net worth donors, charitable trusts, corporates, fundraising events, alternative gift catalogues and legacies. Build Africa's 'Build a School', focus has been especially effective, with donors responding positively to the "it does what it says on the tin" approach.

We have had some success in raising funds from statutory sources in Uganda and Kenya, with around £59K being granted by the Ugandan government's Civil Society Fund in 2008 and around £72K being granted in Kenya by the USAID's Family Health Initiative. Both of these grants funded HIV work within our education projects. Our plans for 2009 and beyond include increasing statutory income.

Our charitable expenditure has increased by around £200K over 2007 levels, of which roughly half arises from consolidating our branches and half arises our success in growing income.

An emphasis in previous years on maintaining low costs of generating voluntary income has blunted income growth in recent years. To counteract this trend and serve the interests of future beneficiaries, Trustees and management have decided to increase investment in generating future income streams. Although this strategy has increased fundraising costs in 2008 to 19% of income (including allocated support costs), it will lead to increased funds being devoted to future charitable activities and will result in a greater number of young Africans being reached. Increased income will also bring greater certainty and sustainability to our programmes.

For a description of how our expenditure supported our key objectives, please refer to pages 8 – 14 of this report and Note 5 to the accounts.

BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

The deficit of £78,000 was very close to the budgeted deficit set for the year and still left the charity with a very solid reserves and liquidity position. The restricted, unrestricted and designated funds held at the year end were approximately £1,130,000 (2007 - £685,000), of which the unrestricted reserves were £827,000 (2007 - £636,000). Further details of the reserves position are given in notes 12 -15 to the accounts and in the Reserves Policy section of this report.

Risk Management and internal control

The Trustees are fully aware of the need to assess the risks faced by the charity and to minimise those risks. They have conducted a comprehensive process to identify, assess and manage risks. This culminates in a register of risks, with all risks being scored for likelihood and impact and management strategies and timetables being established. This risk register is reviewed four times a year by the Board via the Finance and Operations Committee.

Whilst no system of internal control can provide absolute assurance against material misstatement or loss, Build Africa's systems have been developed to provide assurance to the Board that there are proper procedures in place and that they are operating effectively.

Key elements of the system of risk management and internal control include:

- Delegation: there is a clear organisational structure with lines of authority and responsibility for control; and procedures for reporting decisions, actions and issues
- Financial Reporting: the Board approves and monitors the annual budget and income predictions. Each Board meeting receives an update on the latest forecast income and expenditure together with explanations of significant variations. The Finance and Operations Committee reviews the financial reports in detail and agrees any appropriate management actions; minutes from this committee's meetings are presented to the Board
- Programme reporting. Thorough monthly reports are received by the Chief Executive from the directors of the charity's partner organisations in Uganda and Kenya. These are reviewed to ensure programmes are progressing as planned and to identify any issues which are taken up with the directors. The Programmes Sub-Committee meets four times a year and reviews all significant programmes
- Consideration of risk by the senior management team at regular meetings and during the annual planning process
- Segregation of duties as far as is possible in an organisation of this size

The most significant risks faced at present by the charity are potential shortfalls in voluntary income. Charitable trusts and foundations are reining in grants in response to falling investment incomes and values. Some of our supporters will undoubtedly find that personal circumstances require them to reduce gifts to charities. Legacies are also falling across the sector as house prices and investment values decline. Our response is twofold. Firstly, we are doing all we can to bolster income. We have a programme of carefully targeted supporter recruitment. We will be increasingly ambitious in approaching statutory funders, confident in the strength of our project work. We will also focus very intently on supporter care so that we retain as many of our current supporters as we can. Secondly, we have budgeted cautiously for 2009 and have a detailed contingency expenditure plan which we will implement if income does not reach budgeted levels.

BUILD AFRICA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

Reserves Policy

The Trustees take a risk-based approach to reserves. As part of their risk management strategy, the Trustees recognise the need to have sufficient unrestricted funds held as a reserve to ensure underlying stability should the Charity face an unexpected decline in income streams, unexpected cost increases or the need to respond to a change in its environment.

Their policy therefore is to hold a level of unrestricted free reserves (ie ignoring assets not readily convertible to liquid funds) sufficient to meet the quantification of risks on the risk register.

At 31 December 2008 the unrestricted reserves were £826,887 (2007 - £635,753) compared to a risk-based target of £700,000. (The increase over 2007 reflects the inclusion of branch reserves for the first time in the consolidated financial statements). This represents 4.0 months (2007 – 7.1 months) of the approved 2009 expenditure budget, which is in line with our reserves policy which was revised and approved by the Board in 2008.

The Trustees have approved an investment in supporter recruitment that will result in an operating deficit of £60,000 for the 2009 financial year. This will be funded from surplus reserves. The Trustees consider it prudent to review the impact of the recession before making concrete decisions to commit further reserves.

Investment Policy

The Trustees consider that Build Africa's level of unrestricted funds would not make a medium to long-term investment portfolio viable. Additionally, Trustees consider it important that Build Africa has quick access to liquid funds so that it can respond to changes in patterns of income or to unexpected events in the countries we work in. Therefore, the charity's investment policy is limited to holding cash surplus to immediate needs in high interest bearing deposit accounts with institutions linked to the Charities Aid Foundation so as to maximise the interest earned without restricting access. This strategy ensured that our cash investments earned consistently high rates of interest throughout the year, although the recent sharp downturn in interest rates will reduce interest income.

Disclosure of information to auditors

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

H W Fisher & Company were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the members' annual meeting.

BUILD AFRICA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

Voluntary help

Build Africa greatly benefits from volunteer help and the Board wish to express their gratitude to all of those who have assisted in Build Africa developing its activities through their voluntary assistance.

In particular, a number of interns have provided invaluable service during the year in the UK, Kenya and Uganda. Their contributions include: helping with our website development; research into potential new sources of income; helping us gain feedback from supporters about what they think of our communications; collection of data from project activities. Build Africa would not have had such a successful year without the contributions of these talented and enthusiastic people.

During 2008, the total time given by volunteers was the approximate equivalent of 2.5 full-time staff. We do not attempt to place a financial value on the time given by volunteers.

On behalf of the Board of Trustees

Hugh Morris
Dated: 28 July 2009

**BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT
TO THE DIRECTORS OF BUILD AFRICA**

We have audited the accounts of Build Africa for the year ended 31 December 2008 set out on pages 21 to 35. These accounts have been prepared under the historical cost convention and the accounting policies set out on pages 24-25.

This report is made solely to the company'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 responsibilities of Trustees and auditors

As described on page 5, the Trustees, who also act as trustees for the charitable activities of Build Africa, are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards (UK and Ireland).

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

We read other information contained in the Trustees' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Opinion

In our opinion;

- The accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the group and charity's affairs as at 31 December 2008 and of the group's incoming resources and application of resources, including its income and expenditure, in the year then ended;
- The accounts have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Trustees' Report is consistent with the accounts.

H. W. Fisher & Company
Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated: 2009

BUILD AFRICA

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 DECEMBER 2008

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2008 £	Total 2007 £
Incoming Resources						
<u>Incoming resources from generated funds</u>						
Voluntary income:						
Donations and gifts	2	910,592	0	903,334	1,813,926	1,536,699
Legacies	2	44,160	0	0	44,160	198,143
Grants	2	3,344	0	130,603	133,947	49,732
Total Voluntary Income		958,096	0	1,033,937	1,992,033	1,784,574
Activities for generating funds	3	87,100	0	0	87,100	7,868
Investment income	4	57,946	0	0	57,946	46,303
<u>Total Incoming resources from generated funds</u>		1,103,142	0	1,033,937	2,137,079	1,838,745
Income from charitable activities		0	0	0	0	0
Total Incoming Resources		1,103,142	0	1,033,937	2,137,079	1,838,745
Resources Expended						
Costs of generating funds	5	387,781	0	12,287	400,068	264,610
Expenditure on charitable activities	5	752,444	43,984	990,990	1,787,418	1,633,675
Governance costs	6	14,994	0	0	14,994	9,882
Total Resources Expended		1,155,219	43,984	1,003,277	2,202,480	1,908,167
Net incoming/(outgoing) resources before transfers						
		(52,077)	(43,984)	30,660	(65,401)	(69,422)
Foreign exchange gain/(loss)		(13,593)	(177)	1,131	(12,639)	0
Net income/(deficit) for the year		(65,670)	(44,162)	31,791	(78,040)	(69,422)
Transfers between funds	14	(73,683)	73,683	0	0	0
Fund balances at 1 January 2008		635,753	0	49,771	685,524	754,946
Funds of branches introduced on 1 January 2008		330,487	180,421	11,557	522,465	0
Fund balances at 31 December 2008	12,13, 14	826,887	209,943	93,119	1,129,949	685,524

The notes on pages 24 to 35 form part of these accounts.

BUILD AFRICA

BALANCE SHEET AS AT 31 DECEMBER 2008 - CHARITY

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		7,223		9,734
Current assets					
Debtors	10	148,485		52,170	
Cash at bank and in hand		742,320		737,573	
		<u>890,805</u>		<u>789,743</u>	
Creditors: amounts falling due within one year	11	<u>(102,702)</u>		<u>(113,953)</u>	
Net current assets			<u>788,103</u>		<u>675,790</u>
Total assets less current liabilities			<u><u>795,326</u></u>		<u><u>685,524</u></u>
Income funds					
Restricted funds	13		64,578		49,771
Designated Funds	14		7,223		0
Unrestricted funds			723,525		635,753
	12,15		<u><u>795,326</u></u>		<u><u>685,524</u></u>

The accounts were approved by the Board on 28 July 2009

Hugh Morris

The notes on pages 24 to 35 form part of these accounts.

BUILD AFRICA

BALANCE SHEET AS AT 31 DECEMBER 2008 - GROUP

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		159,238		9,734
Current assets					
Debtors	10	129,363		52,170	
Cash at bank and in hand		1,118,640		737,573	
		<u>1,248,003</u>		<u>789,743</u>	
Creditors: amounts falling due within one year	11	<u>(277,292)</u>		<u>(113,953)</u>	
Net current assets			<u>970,711</u>		<u>675,790</u>
Total assets less current liabilities			<u><u>1,129,949</u></u>		<u><u>685,524</u></u>
Income funds					
Restricted funds	13		93,119		49,771
Designated Funds	14		209,943		0
Unrestricted funds			826,887		635,753
	12,15		<u><u>1,129,949</u></u>		<u><u>685,524</u></u>

The accounts were approved by the Board on 28 July 2009

Hugh Morris

The notes on pages 24 to 35 form part of these accounts.

BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1 Accounting policies

1.1 Basis of preparation

The accounts are prepared under the historical cost convention. The accounts have been prepared in accordance with the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

The charitable company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

The group accounts consolidate the 'Companies Act' accounts of the Charity and its branches in Uganda and Kenya. As provided by s230 of the Companies Act 1985, no separate income and expenditure account is presented for the Charity.

The date for the Charity having effective control over its branches, and therefore the date from which consolidation commenced, is 1 January 2008. The reserves of the two branches and all transactions are consolidated from that date. All transactions and year-end balances between the Charity and its branches have been eliminated upon consolidation. Prior year comparatives have not been restated.

1.2 Incoming resources

Income is recognised in the period in which it is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the Charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

Grants from government and other agencies have been included as income from activities in furtherance of the Charity's objects where these amount to a contract for services, but as donations where the money is given in response to an appeal with greater freedom of use.

Legacies are included when the Charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount can be quantified.

Donations in kind are included in donations and similar incoming resources where the amounts are material and an estimated market value is readily achievable.

1.3 Resources expended

All expenditure is included on an accruals basis and is recognised where there is a legal or constructive obligation to pay for expenditure.

The majority of costs are directly attributable to specific activities. Certain costs are apportioned to activities in furtherance of the objects of the charity. Staff costs and office costs are allocated in the same proportion as directly attributed staff costs.

Fundraising costs

These include the salaries, direct expenditure and overhead costs of the staff in the UK who carry out fundraising activities.

Support costs

Support costs represent the cost in all locations of providing support for the Charity's programme s including management and technical support.

Governance costs

These represent costs incurred in administering the Charity and complying with constitutional and statutory requirements.

BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

1.4 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

The cost of tangible fixed assets is written-off by equal annual instalments over their expected useful life as follows:

Computer equipment and software	3 years
Fixtures, fittings & equipment	5 – 8 years
Motor Vehicles	4 Years

1.5 Leasing and hire purchase commitments

Rentals payable under operating leases are charged to the Statement of Financial Activities on an accruals basis over the period of the lease.

1.6 Foreign currency

Assets and liabilities of overseas branches are included in the group balance sheet after converting to sterling at the year-end exchange rate. Income and expenditure transactions are included in the Statement of Financial Activities after converting to sterling at the average exchange rate for the year.

1.7 Pensions

The pension cost charged to the Statement of Financial Activities represents amounts payable by the Charity in the accounting period. The Charity contributes to employees' personal pension plans which are part of the Charity's group stakeholder scheme.

1.8 Accumulated funds

Funds held by the Charity are:

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds – these are funds that can only be used for a particular restricted purpose within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

1.9 Taxation

As a registered charity with very low levels of non-primary purpose trading, Build Africa is exempt from corporation tax. The charity is not registered for VAT as it has no business income (as defined for VAT purposes) and could therefore not recover any VAT on expenditure. VAT on expenses is included in the same line of Statement of Financial Activities as the associated expense.

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BUILD AFRICA

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2008 £	2007 £
Donations and gifts	910,592	903,334	1,813,926	1,536,699
Legacies receivable	44,160	-	44,160	198,143
Grants receivable	3,344	130,603	133,947	49,732
	<u>958,096</u>	<u>1,033,937</u>	<u>1,992,033</u>	<u>1,784,574</u>

Included within grants receivable for 2008 is a grant from £10,000 from the Equitable Charitable Trust. Build Africa is very grateful to the Equitable Charitable Trust and indeed to everyone who supported the Charity during the year.

3 Activities for generating funds

	Income generated	Associated costs	Net funds generated 2008 £	Net income 2007 £
Turnover from trading activities	2,935	(5,529)	(2,593)	4,351
Fundraising events	84,165	(22,097)	62,068	0
Total	<u>87,100</u>	<u>(27,626)</u>	<u>59,474</u>	<u>4,351</u>

During 2008, a very successful fundraising dinner and auction was held in London. In addition to generating funds, the event also created relationships with several new supporters of the charity.

4 Investment income

	2008 £	2007 £
Interest receivable	57,946	46,303

Interest receivable during the year arose as follows:

	2008 £	2007 £
Short-term deposits held with UK financial institutions	38,035	46,303
Short-term deposits held with Ugandan branches of UK financial institutions	13,943	0
Short-term deposits held with Kenyan branches of UK financial institutions	5,969	0
	<u>57,946</u>	<u>46,303</u>

BUILD AFRICA

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

5. Resources expended	Uganda	Kenya	UK	Total 2008	Total 2007
	£	£	£	£	£
Costs of generating funds:					
Costs of generating voluntary income			312,679	312,679	213,464
Costs of activities to generate funds			27,626	27,626	3,517
Support Costs			59,763	59,763	47,629
Total cost of generating funds	-	-	400,068	400,068	264,610
Cost of charitable activities:					
Education					
Direct Project Costs	477,585	312,055	197,712	987,352	806,926
Support Costs	72,111	62,475	195,297	329,883	103,503
Total Education costs	549,696	374,530	393,009	1,317,235	910,429
Enterprise					
Direct Project Costs	174,899		182,593	357,492	619,743
Support Costs	41,170		71,521	112,691	103,503
Total Enterprise costs	216,069	-	254,114	470,183	723,246
Total cost of charitable activities	765,765	374,530	647,123	1,787,418	1,633,675
Governance costs	9,288	2,136	3,570	14,994	9,882
Total resources expended	775,053	376,666	1,050,761	2,202,480	1,908,167

The charity has decided to invest a greater proportion of its income in generating future income streams. This increase in fundraising costs over previous years is within sector norms and will help fuel a period of expansion over the next 3 to 5 years that will in turn allow a significant expansion in charitable activities. Making this investment in future income will increase the number of people our work will benefit and will result in a higher proportion of future years' income being spent on charitable activities.

BUILD AFRICA

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

5 Resources expended (continued)

	2008	2007
	£	£
Grants to institutions	0	997,390
<u>Grants to institutions during the year comprise:</u>		
Partners for Progress, Kenya	-	308,321
Build Africa - Uganda	-	689,069
	0	997,390

This is the first year that Build Africa has consolidated the results of Build Africa Uganda (BAU) and Partners for Progress (PfP). In 2007 and in earlier years, funds transferred from Build Africa to these organisations were accounted for as grants. During 2008, the Trustees consider that the level of effective control exercised by Build Africa became sufficient to account for BAU and PfP as subsidiaries. Therefore, there were no grants payable to these organisations in 2008.

Grants in 2007 were for the following purposes:

Partners for Progress (Kenya) - HIV and AIDS awareness, support to primary education and vocational training and micro-credit.

Build Africa, Uganda - Support to primary education including school development and construction; enterprise projects developing technical and business skills of young farmers; in conjunction with the World Food Programme, vocational training for street

These activities are still the main focus of PfP and BAU and are recognised in these accounts as an integral part of the charity's activities.

BUILD AFRICA

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

6. Support and governance costs

Support costs

	2008	2007
	£	£
Support costs during the year comprised:		
Staff costs	140,695	61,690
Premises costs	65,005	32,575
Postage/office costs	67,396	46,240
Human Resources costs	72,418	33,404
Depreciation	42,534	7,896
IT costs	18,623	9,785
Finance costs	9,649	8,747
Travel costs	12,669	23,013
Legal costs	9,558	14,631
Other costs	4,026	16,654
	<u>442,573</u>	<u>254,635</u>

Support costs are apportioned between fundraising and charitable activities based on staff time spent on these activities.

The comparative figures for 2007 are solely for the UK office as the branches in Uganda and Kenya were not consolidated until 2008.

Legal fees in 2007 were partly in respect of an exercise to update the charity's memorandum and articles and partly the costs of due diligence of a partner organisation in Kenya.

Governance costs

	2008	2007
	£	£
Other costs relating to Governance comprise:		
Audit fees	14,994	6,709
Legal fees on governance matters	0	3,173
	<u>14,994</u>	<u>9,882</u>

The 2008 UK audit fee was £5,100 including irrecoverable VAT. The fees for audits in Kenya and Uganda were significantly higher than usual because a full mid-year audit was undertaken in each branch as well as the year end audits.

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

7 Directors

None of the Directors/Trustees (or any persons connected with them) received any remuneration during the year, and no Director/Trustee was reimbursed any expenses (2007 - £Nil).

8 Staff Costs

Number of employees

The average monthly number of employees during the year was:

	2008	2007
Fundraising and communications	8	7
Programmes	34	4
Support	12	5
	<u>54</u>	<u>16</u>

Employment costs

	2008	2007
	£	£
Wages and salaries	751,142	396,425
National Insurance	67,316	37,372
Pensions	52,483	19,124
	<u>870,942</u>	<u>452,921</u>

All comparative figures for 2007 are solely for the UK office as the branches in Uganda and Kenya were not consolidated until 2008.

Employment Costs and number of employees by activity

	2008	2008
	No of staff	£
Education: Uganda	11	114,637
Kenya	15	133,189
UK	2	121,313
Total Education	28	369,139
Enterprise: Uganda	5	56,146
Kenya	0	0
UK	1	54,319
Total Enterprise	6	110,466
Fundraising: UK	8	250,642
Total Fundraising	8	250,642
Support: Uganda	5	35,437
Kenya	3	17,209
UK	4	88,050
Total Support	12	140,695
Total Employment costs and number of employees	54	870,942

The number of employees whose total emoluments during the year exceeded £60,000 is analysed as follows:

£60,000 - £69,999	1 (2007 - 1)
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BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

9. Tangible fixed assets

Charity	Fixtures, fittings & computer equipment	Total
	£	£
Cost		
At 1 January 2008	91,773	91,773
Additions	4,263	4,263
At 31 December 2008	96,036	96,036
Depreciation		
At 1 January 2008	82,039	82,039
Charge for the year	6,774	6,774
At 31 December 2008	88,813	88,813
Net book value		
At 31 December 2008	7,223	7,223
At 31 December 2007	9,734	9,734

Group	Motor Vehicles	Fixtures, fittings & computer equipment	Total
		£	£
Cost			
At 1 January 2008	0	91,773	91,773
Branch assets introduced on 1 Jan 2008	189,409	115,701	305,110
Additions	23,947	59,994	83,941
Disposals	(34,839)	(7,318)	(42,157)
At 31 December 2008	178,517	260,150	438,667
Depreciation			
At 1 January 2008	0	82,039	82,039
Branch assets introduced on 1 Jan 2008	116,609	67,434	184,044
Charge for the year	22,826	24,036	46,862
Disposals	(28,452)	(5,064)	(33,516)
At 31 December 2008	110,983	168,446	279,429
Net book value			
At 31 December 2008	67,534	91,704	159,238
At 31 December 2007	0	9,734	9,734

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

10. Debtors

	Charity		Group	
	2008	2007	2008	2007
	£	£	£	£
Accrued income	98,485	51,920	98,485	51,920
Prepayments and other debtors	49,999	250	30,878	250
	148,485	52,170	129,363	52,170

11. Creditors: amounts falling due within one year

	Charity		Group	
	2008	2007	2008	2007
	£	£	£	£
Trade creditors	13,922	10,749	92,937	10,749
Accruals	65,352	87,295	162,303	87,295
Taxes and social security costs	22,052	12,730	0	12,730
Other creditors	1,376	3,179	22,052	3,179
	102,702	113,953	277,292	113,953

12 Summary of all reserves

Charity Reserves

	Movement in funds				
	Balance at 1 January 2008	Income	Resources expended	Transfers between funds	Balance at 31 December 2008
	£	£	£	£	£
Unrestricted Reserves	635,753	1,079,888	(978,119)	(13,997)	723,525
Designated Reserves	0	0	(6,774)	13,997	7,223
Restricted reserves (Note 12)	49,771	903,334	(888,527)	0	64,578
Total reserves	685,524	1,983,222	(1,873,420)	0	795,326

Group Reserves

	Movement in funds						
	Balance at 1 January 2008	Branch funds introduced	Income	Resources expended	Foreign exchange gain/(loss)	Transfers between funds	Balance at 31 December 2008
	£	£	£	£	£	£	£
Unrestricted	635,753	330,487	1,103,142	(1,155,219)	(13,593)	(73,683)	826,887
Designated	0	180,421	0	(43,984)	(177)	73,683	209,943
Restricted	49,771	11,557	1,033,937	(1,003,277)	1,131	0	93,119
Total reserves	685,524	522,465	2,137,079	(2,202,480)	(12,639)	0	1,129,949

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

13 Restricted funds

The income funds of the Charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Charity

	Movement in funds				
	Balance at	Income	Resources	Transfers	Balance at 31
	1 January		expended	between	December
	2008			funds	2008
	£	£	£	£	£
Education projects, Uganda	41,385	336,008	(312,815)	0	64,578
Enterprise projects, Uganda	0	59,281	(59,281)	0	0
Education projects, Kenya	0	159,297	(159,297)	0	0
Enterprise projects, Kenya	7,220	0	(7,220)	0	0
Uganda, Skills For Living	1,166	240,919	(242,085)	0	0
Kenya, Skills For Living	0	95,542	(95,542)	0	0
UK Fundraising contribution	0	12,287	(12,287)	0	0
	49,771	903,334	(888,527)	0	64,578

Group

	Movement in funds					
	Balance at	Branch	Income	Resources	Foreign	Balance at 31
	1 January	funds		expended	exchange	December
	2008	introduced			gain/(loss)	2008
	£	£	£	£	£	£
Education projects, Uganda	41,385	0	336,008	(312,815)	0	64,578
Enterprise projects, Uganda	0	0	59,281	(59,281)	0	0
Education projects, Kenya	0	0	159,297	(159,297)	0	0
Enterprise projects, Kenya	7,220	0	0	(7,220)	0	0
Uganda, Skills For Living	1,166	0	240,919	(242,085)	0	0
Kenya, Skills For Living	0	0	95,542	(95,542)	0	0
UK Fundraising contribution	0	0	12,287	(12,287)	0	0
Ugandan Civil Society Fund	0	11,484	58,864	(43,027)	1,131	28,452
Kenyan HIV project	0	73	71,739	(71,722)	0	89
	49,771	11,557	1,033,937	(1,003,277)	1,131	93,119

The charity's restricted funds arise in two broad sets of circumstances:

(i) A supporter, trust or statutory funder makes a donation or grant, the use of which is restricted to a specific piece of project work (such as a school or an enterprise project). Any carried forward balances on these funds represent specific donations where the associated project work had not been completed by year end.

(ii) Over 2,000 supporters donate regularly to our Skills For Living programme. These donations are restricted to general project use in specified regions within Kenya or Uganda. Any carried forward balances on these restricted funds represent the amount by which accumulated Skills For Living income for any region exceeded the charity's expenditure in that region.

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

13 Restricted funds (continued)

Where restricted funds received are insufficient to meet the commitments in the areas concerned, a transfer is made from unrestricted funds to cover the shortfall.

Restricted funds with a balance at 31 December are detailed below:

	31 December 2008	
	Charity £	Group £
Fund for 2009 construction of Ugandan schools (Masindi region);	12,500	12,500
Fund for 2009 construction of Ugandan schools (Kumi region);	25,000	25,000
Fund for school maintenance in Uganda	10,000	10,000
Fund for providing water to schools in Uganda (2009 completion)	17,078	17,078
Ugandan Civil Society Fund (integrating HIV/AIDS awareness into education)	0	28,452
Kenyan HIV project (project funded by USAID to integrate HIV/AIDS into education)	0	89
	64,578	93,119

14 Designated Funds

Charity

	Movement in funds				
	Balance at	Income	Resources	Transfers	Balance at 31
	1 January		expended	between	December
	2008			funds	2008
	£	£	£	£	£
Capital Assets	0	0	(6,774)	13,997	7,223
Total reserves	0	0	(6,774)	13,997	7,223

Group

	Movement in funds						
	Balance at	Branch	Income	Resources	Foreign	Transfers	Balance at 31
	1 January	funds		expended	exchange	between	December
	2008	introduced			gain/(loss)	funds	2008
	£	£	£	£	£	£	£
Capital Assets	0	121,067	0	(43,984)	(178)	82,331	159,236
Loans to farmers	0	59,355	0	0	0	(8,648)	50,707
Total reserves	0	180,421	0	(43,984)	(178)	73,683	209,943

The designated fund for capital assets represents the net book value of these assets. The rationale for designation is that these assets are not readily convertible into cash; they do not represent liquid reserves that the charity can use for its activities.

The other designated fund concerns our agri-buisness project, one aspect of which involves making loans to farmers in Masindi province in Uganda. The designation does 2 things:

- (i) it 'ring-fences' funds to ensure such loans can be made to farmers for at least the next 12 months;
- (ii) it reflects the fact the the outstanding loans from farmers (included in the year-end balance sheet) are not easily convertible to cash ahead of the agreed repayment schedule and as such, do not represent liquid reserves available for immediate general use.

Transfers are made to/from unrestricted reserves to ensure that designated funds meet these needs.

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

15 Analysis of net assets between funds

Charity	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 31 December 2008 are represented by:				
Tangible fixed assets	-	7,223	-	7,223
Cash at bank and in hand	677,742	-	64,578	742,320
Current assets	148,485	-	-	148,485
Creditors: amounts falling due with one year	(102,702)	-	-	(102,702)
	723,525	7,223	64,578	795,326

Group	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 31 December 2008 are represented by:				
Tangible fixed assets	0	159,238	-	159,238
Cash at bank and in hand	985,159	40,362	93,119	1,118,640
Current assets	119,020	10,343	-	129,363
Creditors: amounts falling due with one year	(277,292)	-	-	(277,292)
	826,887	209,943	93,119	1,129,949

16 Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			
	Charity		Group	
	2008	2007	2008	2007
	£	£	£	£
Expiry date:				
Greater than five years	26,500	26,500	26,500	26,500
	26,500	26,500	26,500	26,500

The charity's commitment represents the annual rent of its UK offices in Tunbridge Wells