

COMPANY LIMITED BY GUARANTEE
IN THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND

BUILD AFRICA

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

Charity Registration No. 298316

Company Registration No. 2200793 (England and Wales)

BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
CONTENTS

	Page
Legal and administrative details	3
Trustees' report	4 - 16
Auditors' report	17 -18
Statement of financial activities	19
Company Balance sheet	20
Consolidated Balance sheet	21
Notes to the accounts	22 - 34

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

Trustees	Keith Leslie (Chair) Richard Germond Tom Lindsay Rupal Mistry Michael Noyes Susanne Niedrum Julie Pörksen Jason Suckley Phil Vernon Simon Wong Adrian Stockman
Secretary	
Chief Executive	Oliver Kemp
Charity number	298316
Company number	2200793
Registered office & principal address	Vale House, Clarence Road Tunbridge Wells Kent TN1 1HE
Kenyan Branch Office	Build Africa Kenya Kirichwa Lane P O Box 10604, 00100 GPO Nairobi, Kenya
Ugandan Branch Office	Build Africa Uganda Block 245, Plot 431 & 424 Kabalagala PO.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 TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The Trustees present our report and accounts for the year ended 31 December 2011. The Trustees also serve as the Charity's Directors. In preparing the accounts, we 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:

Keith Leslie (Chair)	Richard Germond
Tom Lindsay	Rupal Mistry
Michael Noyes	Susanne Niedrum
Julie Pörksen	Jason Suckley
Phil Vernon	Simon Wong

In addition, the following Trustees also served during the year:

Mark Florman	(Resigned 1 February 2011)
Karen Westley	(Resigned 29 November 2011)
Claire Gillingwater	(Resigned 29 November 2011)
Ronald Kansere	(Resigned 3 April 2012)
James Shaw-Hamilton	(Resigned 3 April 2012)

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.

Statement of Trustees' Responsibilities

The Trustees, who are also the directors of Build Africa for the purpose of company law are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations. Company law requires the trustees to prepare financial statements for each financial year. Under that law we have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law we trustees must not approve the financial statements unless we are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the group and of the profit or loss of the group for that period.

In preparing these financial statements, we are required to:

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

We are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. We are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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, we undertake 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 our responsibilities and the background to the current activities and key management issues of the organisation. Additionally, we are given the opportunity to visit programmes.

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, we establish additional smaller committees 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 three such committees: the Finance and Operations Committee, the Fundraising and Communications Committee and the Programmes Committee.

Organisation and management

Build Africa is based in the United Kingdom in Tunbridge Wells, with branches in Kenya (Build Africa Kenya) and Uganda (Build Africa Uganda) where our projects are implemented. The charity is managed by its international 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. Strategic direction, operational plans and budgets are discussed and prepared jointly by all parts of the international senior management team in Kenya, Uganda and the UK. Additionally, decisions of a strategic nature are discussed with the Trustees to agree actions and to shape and direct management thinking.

We deliver our projects in Kenya and Uganda through Build Africa Uganda and Build Africa Kenya, organisations operated and managed by local staff. Build Africa Uganda and Build Africa Kenya are each registered in their own right with their governments' Bureau of NGO Registration. Additionally, both organisations are formally registered in their respective countries as branches of Build Africa.

Build Africa Uganda and Build Africa Kenya are each supported by a local Board. The local Boards review and provide technical guidance on programme quality, budget, policy and procedure, and reviews monitoring and evaluation reports. Appointment to the local Boards is through a rigorous recruitment and selection process; board members are appointed for their diverse and complementary

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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 Build Africa Kenya and Build Africa Uganda a common vision, mission and values as well as a commitment to adhering to mutually agreed operating procedures. The senior management of all three parts of the organisation operates as one international senior management team with key decisions requiring the unanimous consent of the team. The close relationship with these 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.

Public Benefit

As Trustees, we 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 full information about Build Africa's aims, activities and achievements. We 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.

3. OBJECTIVES, PLANNING & PERFORMANCE

We have experienced another year of economic fragility in the UK and a turbulent world in general. Despite the financial challenges these circumstances have presented us, we have made great strides towards our objective of reaching more people in more places across rural Uganda and Kenya.

We pride ourselves on being a forward thinking organisation with robust programmes and talented teams across all three countries. Every member of staff takes time to listen, understand and respond to the people we work with. We recruit people that care passionately about the work we are doing: after all, great programmes are impossible without great people working tirelessly towards their improvement.

Build Africa works in rural Uganda and Kenya, providing learning opportunities to children denied access to a decent education and earning opportunities to parents who lack financial security. We are developing education and income generating programmes that are making a real difference to some of the poorest communities in the world. The essence of our strategy includes:

An education strategy that is truly comprehensive and quality based: elements such as a high standard of teaching, empowered students and parents, good governance and improved infrastructure all fit together to create a whole that is greater than the sum of its parts;

A high level of community involvement in all our work: in this way we can ensure that each school will continue to flourish, fulfilling an essential social function as the vibrant heart of its community. Our education work focuses on listening to communities and responding to each school's set of needs which can vary greatly from one community to another. It is because of this that we avoid contributing to the 'white elephants' that litter the African countryside, schools that quickly fail because the development organisations involved lack a comprehensive strategy or ignore the local context;

The linking of our education and income generating strategies to produce far-reaching socio-economic benefits: the complementary nature of our two core programmes is having an impact that is truly social, transforming the lives of the pupils, parents and teachers in any given community. For example, village savers are able to pay school fees, buy school uniforms and keep their children off the farm and in the classroom. Clearly income generation leads to better education opportunities. And the opposite applies: research shows that each extra year of education raises lifetime earnings by approximately 10% (DFID, Learning for All: DFID's Education Strategy 2010-2015).

BUILD AFRICA

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Build a School

Doubling the attendance rates of rural primary school children would reduce levels of food insecurity by 20-24% (UNESCO, The central role of education in the Millennium Development Goals, 2007).

What are the issues?

Education is the key to a better life for children who struggle to learn outside or in makeshift and frequently unstable structures, have little or no furniture, inadequate water and sanitation facilities, possess few learning materials and have limited parental support and interaction. Poor nutrition and the huge challenge of HIV/AIDS only serve to compound the problems.

Gender equality is an important part of this. In rural Uganda eight out of ten girls who enrol in primary school fail to make it to the final year, let alone pass their leaving exams and continue their education. In Kenya the ratio is two out of five. The reasons are complex, but poor sanitary facilities, a lack of sanitary protection, local beliefs and customs, lack of knowledge and the all-pervasive poverty of rural Africa are significant contributory factors.

What are we doing?

Building community involvement: An investment in a child's education is an investment in a better future.

We build and renovate infrastructure, but we don't stop supporting schools when the plaster dries on the new walls. We go beyond the building process to assist in the creation of School Development Plans that are discussed, drafted and realised by the people who know the needs of their school best: the parents, teachers and pupils. The interrelated parts of the Plan cover areas of education as far ranging as the development of life skills through sport, drama, music and debate to our partnering with the District Department of Education to develop teaching skills and improve teaching resources. We also help communities form effective management committees to take responsibility for the future maintenance and development of the schools, ensuring high quality education for generations to come.

Building healthier communities: Difficult subjects like the transmission of HIV and what can be done to prevent it, the dangers of drugs and the threat of teenage pregnancy also form an important part of our Build a School programme. The young people we work with select Peer Educators (comprised of parents, pupils and teachers). With the help of age-appropriate materials they pass on health messages to fellow pupils in Health Clubs, organising drama, poetry and singing performances.

Building gender equality:

"Study after study has taught us that there is no tool for development more effective than the education of girls. No other policy is as likely to raise economic productivity, lower infant and maternal mortality, improve nutrition and promote health, including the prevention of HIV and AIDS" Kofi Annan, former UN Secretary-General

We are providing separate sanitary facilities for all the girls and sanitary towels for the older female students. We are promoting community awareness meetings and local radio shows to address issues like early marriage and the value of sending girls to school rather than keeping them home to care for siblings. Teachers are also being trained in child friendly teaching methods that treat every child as an individual and where necessary we are working with our schools to lobby the government for more female teachers.

Since 2004, our Build a School programme has worked in partnership with 130 schools benefiting more than 150,000 children. In that time we have seen improvements across a range of education criteria. In Uganda, for example, almost twice as many students were passing their leaving exams by the end of 2011 (now over 90%). Last year alone, we improved the school attendance and education opportunities of over 2000 Kenyan girls through the supply of sanitary towels.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Build an Income

What are the issues?

Education is a key factor in breaking the cycle of poverty, but on its own it is not enough. More than half the populations of Kenya and Uganda live under the poverty line, struggling to meet their daily needs. A lack of access to appropriate financial services, as well as a lack of business and financial skills, combines to keep people in poverty. In Uganda, for example, only 14% of the adult population is in salaried employment and just 4% of the population of rural Uganda has access to a credit institution.

What are we doing?

Our Village Savings and Loans Scheme helps communities save money and access loans, both key elements in reducing poverty in rural areas and a perfect complement to our Build a School programme.

Since it was introduced in 2009 our Build an Income programme has had a huge impact on remote communities previously cut off from financial services and lacking the business skills needed to provide a reliable alternative to their precarious farming income.

The Village Savings and Loans Association project best meets these needs. It encourages groups of friends who already know and trust each other to form savings groups of around 25 people. The groups provide a local, flexible system through which people can save and borrow small amounts.

The majority of loans can then be used for investing in small-scale enterprises. It could be anything from a tree nursery to a basket weaving business; from a DIY cinema to a small bakery. The loans are paid back with interest, allowing the overall fund to grow and giving every member a profit.

The savers' new income impacts on their children's education (they can now afford school fees, uniforms, a regular diet and don't have to force their children to work on the farm when they should be at school); while improvements at the school mean the children are given the best chance possible to consolidate and build on the path to prosperity begun by their parents.

By the end of 2011, our Build an Income programme was reaching more than 40,000 of the rural poor through the Village Savings and Loans Association scheme. The scheme is providing a lifeline to communities living in poverty: annual earnings are being boosted by 10% because of the profit members are making on their savings. Also, the vast majority of savers are female, meaning women have a greater say in how household income is spent

In the short term the projects are enabling families to meet immediate needs, allowing children, especially girls, to attend school. In the long term they provide the resources families need to move away from subsistence agriculture and invest in income generating activities and their families' futures. Significantly, women also get a greater say in how the money is spent in the household.

"Before the women were looked down on. Now they are proud. When you sell your eggs you have a little money to carry on with life." Sally Cherirot, Tumani ('Hope') Village Savings and Loans group, Machakos District, Kenya

"Some of the groups I work with are about to end their second cycle of saving. They say that they have to continue until they die, even if the programme finishes. They are trained and committed." Daniel Bwalatum, Community Based Trainer working in the Bukedea District of Uganda

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Our objectives for 2011 and how we performed

- 1. We will do more for the rural poor of rural Kenya and Uganda by increasing both the depth (the range of activities) and the breadth (the geographical coverage) of our programmes, and provide more opportunities to develop the skills and knowledge of all the people we work with.**

How did we perform?

As our programmes continued to grow in 2011 we were able to reach more and more families, getting closer to our ultimate goal: the long term eradication of poverty from the rural communities where we work. We worked with a further 12 new schools in 2011, taking the current total number of schools we are working with to 78 and the total number of children supported to over 150,000.

In our income generating programme we broadened operations in Uganda and moved into Kenya for the first time as well, helping more than 40,000 of the rural poor by the end of the year. We also increased the variety of activities offered by providing links to agricultural organisations and financial providers, as well as expanding business training and support services.

We are also bringing communities together. Based on principles of integration, cooperation and social cohesion, our core programmes are dispelling many of the negative stereotypes that plague rural Africa, particularly that of racial division. The fair and representative nature of our school committees and savings and loans groups is going some way to healing the tensions that resulted in Kenya's post-election violence in 2008 for example. It is a residual, but nonetheless significant social legacy of our core programmes.

"We have many tribes in the community (Maasai, Saburu, Turukana, Kikuyu, Kisii, Waluya, Kalenjin). We teach them the importance of oneness, of cooperating. The differences don't matter." Mrs. Esther Jeptanu, School Management Committee member at Oljorai Primary School in the Naivasha District of Kenya.

"There are so many tribes within the group. But there are no more than 4 or 5 from each tribe, so it will be very hard for violence to erupt again. It isn't just money that brings us together. This is a great opportunity for social cohesion." Peter Herzon Ereng, Chairman of Kong'asis Self-Help Village Savings and Loans Association in the Naivasha District of Kenya.

- 2. We will maximise our effectiveness by listening to, understanding and responding to all the people and organizations we work with.**

How did we perform?

It is because we listen to the communities we work with that we are able to develop, adapt and improve our programmes as time goes by. Here are some of the advances we made in 2011:

- a) In November Build Africa's Measuring Education Programme Outcomes (MEPO) tool was piloted in two Kenyan schools. The aim of the tool is to provide a robust and reliable method for analysing and evaluating school performance. The breadth and accuracy of the tool has been greatly enhanced by the high level of community participation in the development stage.

**BUILD AFRICA
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

- b) In response to issues of water and food raised by our beneficiaries in the School Development Plan process we developed the three year Water and Food Access Project in 2011. Beginning in 2012 this project will ensure the availability of food and water at 28 Build Africa supported schools on a sustainable basis.
- c) Acting on our beneficiaries' requests for help, we also launched a successful summer water appeal to supply tanks and guttering to the Kenyan schools hardest hit by the East African drought. We were able to supply all the systems before the November rains finally came.

"Think how much better our pupils will perform now that we can use our new water supply for drinking, for washing the classrooms, in the kitchen and the toilets." Mrs. Eunice Mueni Mutisya, headmistress at Kiatuni Primary School, Naivasha, Kenya

3. Our ability to respond to the particular needs of each community will be improved by effective partnering, particularly with other Nongovernmental Organisations and Community Based Organisations.

How did we perform?

Partnering is essential for good development: by fostering a close relationship with Uganda and Kenya based organisations, for example, Build Africa benefits from the sort of local, in-depth knowledge that means we target the communities and issues that matter most; and they, in turn, can learn particular ways of working from us that increase the effectiveness of their work.

A number of partnerships were both established and strengthened in 2011 to improve the impact of our core programmes. The Masindi District of Uganda is a good example of this sort of collaboration at work. Here we partnered with a local Non-Governmental organisation called Recreation for Development and Peace to better promote gender equality in the remote areas of the district. We also worked with the local government and District Health Office to provide health services to the local communities.

"Build Africa has built two classroom blocks and teachers quarters for our school, while the District Health Office has also conducted HIV testing and counselling in our health club. The two organizations have benefited our school in different ways, but together they have improved our learning environment enormously. Our pupils are healthier, happier and are performing well." Joshua Pario, a teacher at Nyakabale Primary School.

And in support of our income programme we partnered with Mukwano, a company which works with farmers to increase soya bean, grain and sunflower production; and with the Masindi District Farmers Association, a local organisation that promotes agricultural business development, to ensure that the members of 38 savings and loans groups in the area were given business development training.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

- 4. The links between the Build an Income and Build a School Programmes will be improved so that they have the maximum impact on the communities where we work.**

How did we perform?

Independently our Build a School and Build an Income programmes provide a life-line to parents who lack financial security and to children denied access to a decent education. When combined they do even more, transforming the prosperity of families and the communities that they belong to, now and for the long-term. That is why we began a policy of clustering our Village Savings and Loans groups around all the schools that we support.

Many of the savings and loans groups established in 2011 reported 100% parental membership; while parents comprise a significant number of savers in all of the groups.

"Thank you Build Africa for opening up our minds, especially through the village loans scheme. There is a very big difference between the people in the groups and the people who have not joined the groups. The members have money all year round. They no longer struggle with school fees; they can now send their children to school again. Build Africa has made life so simple."
Joyce Edapat, Amora Ichan Village Savings and Loans Association, Kumi District, Uganda

- 5. We will increase awareness of Build Africa to drive increased support and funding.**

How did we perform?

Our growing reputation for outstanding education work was rewarded by a substantial grant from the Department for International Development in 2011. The 'Global Poverty Action Fund' will contribute financial support to Build Africa's work at 40 primary schools in Uganda. With particular reference to greater community participation, better school management and governance and the improvement of girls' education, the three year project will aim for a significant improvement in all three areas, with the help of Build Africa's tried and tested methods.

Our profile improved across the whole range of fundraising areas in 2011. For example our corporate support grew substantially after 11 new companies came on board; while our presence in the events calendar went from strength to strength, with a record 114 runners wearing the Build Africa t-shirt. We were also on TV more than ever before, both in the UK and Africa, providing comment on development issues or being featured for our Charity Times award.

- 6. We will recruit the best staff across all three countries, people with the initiative and sensitivity required to understand and respond to the challenges that they face and develop plans accordingly.**

How did we perform?

In 2011 we ensured staff received training in areas they highlighted as important for improving their effectiveness. We also addressed the financial problems faced by our staff in Kenya and Uganda as a result of local price inflation of 25% - 30%. During the year we introduced a temporary hardship allowance to ensure staff are able to maintain acceptable basic living standards and are therefore able to focus on doing their jobs well.

The continuing low turnover of staff at the organisation, as well as our recognition by The Charity Times as the Best Charity to Work For, are strong indicators that people enjoy the valuable contributions they are able to make.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

7. We will continue to put Child Rights at the heart of our programmes

How did we perform?

2011 saw Build Africa integrate its Child Protection policy into both of its core programmes. We believe that the best way to protect children is to empower them to protect themselves. We therefore provided guidance to parents, teachers and children on child rights issues, and challenged the abuse of those rights (from bullying to sexual abuse) that unfortunately persist in the communities where we work.

"I have had Child Protection training in Kumi. We learned about child rights and protection, how to handle the child, to approach the parents and ask them what the problem with the child is."
Moses Ecael, Maths teacher at Agaria Primary School, Kumi District, Uganda.

4. BECOMING BETTER: PLANS FOR 2012 AND BEYOND

Principles

We will continue to implement our long term strategy in 2012 and beyond. Build Africa's vision is for every person to fulfil their potential and to make a difference to their communities. In the coming years our programmes will focus on better combining learning and earning opportunities to realise this vision;

We will undertake more activities in the districts that we work in while expanding our work into new districts as well. In 2012 we will begin operations in the Gilgil District of Uganda, for example;

We will develop and use a wider range of evaluating tools across all three countries. All of our teams will be better able to analyse, reflect on and learn from the evidence gathered so that we can improve our programme work;

We will prioritise quality over quantity, and establish partnerships that will help us achieve this. We will work with a wider range of partners, from international development organisations to government departments to national non-governmental organisations and community based organisations;

We will be fully accountable to the people we support, as we remain accountable to the many supporters who believe in what we do;

We will ensure that we take particular care of vulnerable groups within our communities. Child protection will be fully integrated into our programmes, while specific projects that target particularly vulnerable groups will be developed (for example children with disabilities or girls and women from poor rural households).

Programmes

We will aim to expand our programmes even further to work with 50 schools in Uganda and 28 schools in Kenya (15 new schools in Uganda and 8 in Kenya); contingent upon funding, we will build 61 new classrooms in Uganda and 47 in Kenya; renovate 3 classrooms in Uganda and 9 in Kenya; build 100 latrines in Uganda and 64 in Kenya; supply 25 water tanks to schools in both countries; deliver 1,347 desks to

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Ugandan schools and 730 to schools in Kenya; provide 200 textbooks to Ugandan schools and 1,520 to schools in Kenya; provide 18,300 sanitary towels to girls in Kenya.

In a project commencing in January 2012, The Department for International Development supported *Rights, Education and Development Project* will give 13,981 pupils in 40 rural Ugandan schools the chance to complete their studies and graduate to secondary school. This will be achieved by providing training for 8,841 parents, 520 School Management Committee members and 283 teachers to ensure that parents actively participate in school development and that the schools are well managed and governed. In particular the project will focus on ensuring that the specific needs of the 7,072 female pupils are addressed.

Finance

In light of the period of economic fragility that we have experienced over the past three years, we will put the organisation on a more solid financial footing in the future.

People

We will build the independence of the Kenyan and Ugandan offices, fulfilling our claim to equal partnering across the three countries by supporting their self-sustaining drives for funding.

5. FINANCES

Review of 2011 financial position and fundraising activities

2011 was a very difficult year for the charity sector and Build Africa was impacted by the twin challenges of price inflation in Kenya and Uganda reaching over 30% and an increasingly difficult UK climate for fundraising. Our income suffered from a number of supporters being unable to make pledged donations; at the same time, our costs in Africa were pushed higher.

During the year Build Africa raised £2.53 million (2010 - £2.54 million) of income and spent £2.87 million (2010 - £2.61 million). This led to a deficit for 2011 of £337K. This is clearly an unwelcome and significant result, although our unrestricted reserves are still at a level that can support Build Africa as we implement the changes required to remove the risk of a similar outcome in future years.

In accordance with SORP 2005, support costs have been allocated between charitable activities and fundraising. Build Africa spent 78% of its total expenditure on charitable activities, 21% on fundraising and 1% on governance. Allocated within these percentages are support costs in all locations of around 14% of total expenditure. This is a higher percentage than we would like, and it reflects the fact that we have invested in recent years in readiness for expansion. However, the support base we have in place is capable of supporting a larger volume of programme work and expansion is a primary objective for Build Africa. As we grow, support costs will account for a smaller proportion of our expenditure. The economic conditions of recent times have slowed our progress towards this goal, but our short and medium term plans are focused on significant growth in income and programme activities with little increase in support costs.

Our income in 2011 was almost unchanged compared to 2010. Against the background of the global recession and the difficulties faced by the whole of the UK charity sector, this is not disastrous but it is certainly not as good a performance as we planned for. The most important part of the 2011 financial picture was the deficit; this primarily occurred because most of the income "shocks" materialised at the end of the financial year, when it was too late to make significant cost savings.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Above all, this highlights that the financial environment we operate in has changed dramatically; income from a number of well-established sources is less reliable and much harder to predict; costs, particularly in Africa, are being pushed higher. Approaches to planning and managing finances that have served us well now need to be revised and in the latter part of 2011 and during 2012, Trustees and management have implemented changes:

- We are placing less reliance on annual budgets as a primary management tool and are using regular income and spending forecasts to guide decisions. The initial budget provides a framework and helps make broad plans but we are able to make specific spending and programmatic decisions based on up to date forecasts. This means we are responding to an uncertain world using the most current information we can get.
- 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. We see opportunities for growth in many of these areas. Within tight spending constraints, we have ensured that we are targeting our fundraising resources to those income streams that have the greatest potential, not only for absolute income growth but also for longer-term funding that supports the programme work flagged as important by local communities.
- We have been successful in raising funds from statutory sources in Uganda, with around £124K being received in 2011 for three different projects. In January 2012, our first grant from the UK government's Department for International Development was confirmed, providing £440K of funding over 3 years. Our plans for 2012 and beyond include increasing statutory income from a broader range of sources (both in Africa and in the UK) and we are confident that the work we continually do to ensure and demonstrate the impact of our programmes will make future bids ever stronger.
- Where income has become less reliable, we have cut or deferred some spending plans. Although these have been painful decisions, we have been guided by the principle of protecting our core programmes and keeping our staff in place so that we can keep serving the communities we work with
- We have also prioritised the replenishment of reserves at a pace that does not derail Build Africa's long-term objectives

The deficit of £337K (before and currency movements) leaves our unrestricted reserves at £561K and unrestricted, undesignated reserves at £373K. This is below our target and we plan to replenish the reserves with a surplus in 2012 and will plan for further contributions to reserves in following years so that we bring reserves back to target levels at a pace that does not inflict excessive pain on communities by damaging our core programme activity.

Further details of the reserves position are given in notes 12 -15 to the accounts and in the Reserves Policy section of this report.

For a description of how our expenditure supported our key objectives, please refer to pages 6 – 12 of this report and Note 5 to the accounts.

In summary, 2011 was a difficult year in financial terms for Build Africa. The Trustees and management have made changes that will leave the charity in a much stronger position to thrive in the difficult and uncertain environment now faced by the sector. We fully expect Build Africa to grow in the coming years whilst replenishing reserves and keeping a sustainable financial framework.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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. It also plays an important role in planning and budgeting. In addition, the management team formally consider a schedule of risks and opportunities, report their views to the Board each month and where appropriate, take actions to mitigate the risks.

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
- A clear and comprehensive documented suite of financial policies and procedures in which all staff are trained
- 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
- External auditors in Kenya and Uganda being formally required to report to the UK on adherence to financial controls

The most significant risks faced at present by the charity are potential shortfalls in voluntary income. Some of our supporters will undoubtedly find that personal circumstances require them to reduce gifts to charities. Additionally, we are aware of the risk that UK public spending cuts may result in more competition for funding in areas where we have enjoyed success. Our response to these risks is threefold. Firstly, we are pursuing many activities to increase income, with a high priority being placed on submitting high quality applications to statutory funders, confident in the strength of our project work. Secondly, we will focus intently on supporter care so that we retain as many of our current supporters as we can. A key requirement here is to be able to demonstrate how effective a donation to Build Africa is, so we are investing time and money in demonstrating the true impact of our programme work. Thirdly, we have revised our planning approach so that we exclude from spending plans any income felt to have a high risk attached to securing it; such income will only be committed as and when it is received.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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, undesignated 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 2011 the unrestricted, undesignated reserves were £373K compared to our risk-based reserves policy target of around £700K. We are planning to generate a surplus in 2012 to begin to replenish reserves and will continue with this objective in the following years until reserves reach target levels.

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 489 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the members' annual meeting.

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: research supporting programme 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 2011, the total time given by volunteers was the approximate equivalent of 4 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


Keith Leslie

Dated: 15 May 2012

**BUILD AFRICA
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BUILD AFRICA**

We have audited the financial statements of Build Africa for the year ended 31 December 2011 set out on pages 19 to 34. 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 charitable company'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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charitable company for the purposes of company law, are responsible for the preparation of the accounts 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 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 group's and the parent 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 Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or 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 group's and of the parent charitable company's affairs as at 31 December 2011 and of the group's deficit 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**BUILD AFRICA
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BUILD AFRICA**

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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

H W T-Partner + [Signature]

Sailesh Mehta (Senior Statutory Auditor)

for and on behalf of H. W. Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Dated: *21 May* 2012

**BUILD AFRICA: STATEMENT OF
FINANCIAL ACTIVITIES INCLUDING
INCOME AND EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER
2011**

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2011 £	Total 2010 £
Incoming Resources						
<u>Incoming resources from generated funds</u>						
Voluntary income:						
Donations and gifts	2	892,084	-	1,055,526	1,947,610	1,916,130
Legacies	2	68,645	-	0	68,645	84,997
Grants	2	28,179	-	333,750	361,929	382,945
Total Voluntary Income		988,908	-	1,389,276	2,378,184	2,384,072
Activities for generating funds	3	137,856	-	3,085	140,941	145,867
Investment and other income	4	13,967	-	-	13,967	13,010
<u>Total Incoming resources from generated funds</u>		1,140,731	-	1,392,361	2,533,092	2,542,948
Income from charitable activities		-	-	-	-	-
Total Incoming Resources		1,140,731	-	1,392,361	2,533,092	2,542,948
Resources Expended						
Costs of generating funds	5	609,423	-	-	609,423	574,200
Expenditure on charitable activities	5	742,209	72,644	1,418,479	2,233,332	2,013,117
Governance costs	6	28,024	-	-	28,024	25,978
Total Resources Expended		1,379,656	72,644	1,418,479	2,870,779	2,613,295
Net outgoing resources before transfers		(238,925)	(72,644)	(26,118)	(337,687)	(70,347)
Foreign exchange loss		(4,319)	(9,051)	(645)	(14,015)	(27,769)
Net deficit for the year		(243,244)	(81,695)	(26,763)	(351,702)	(98,116)
Transfers between funds		(54,997)	54,997	-	-	-
Asset revaluation		-	-	-	-	12,195
Fund balances at 1 January 2011		670,784	215,011	42,041	927,836	1,013,757
Fund balances at 31 December 2011	12,13,14	372,543	188,313	15,278	576,134	927,836

The notes on pages 22 to 34 form part of these accounts

BUILD AFRICA
BALANCE SHEET
AS AT 31 DECEMBER 2011 - CHARITY

		2011		2010	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		46,548		60,598
Current assets					
Debtors	10	315,667		242,058	
Cash at bank and in hand		181,798		473,276	
			497,465		715,334
Creditors: amounts falling due within one year					
	11	(132,237)		(100,529)	
Net current assets					
			365,228		614,805
Total assets less current liabilities					
			411,776		675,403
Income funds					
Restricted funds	13		5,596		33,946
Designated Funds	14		46,548		60,598
Unrestricted funds			359,632		580,859
	12,15		411,776		675,403

The accounts were approved by the Board on 15 May 2012

 K Leslie, Chair

The notes on pages 22 to 34 form part of these accounts

**BUILD AFRICA
BALANCE SHEET
AS AT 31 DECEMBER 2011 - GROUP**

		2011		2010	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		188,313		215,011
Current assets					
Debtors	10	352,612		258,462	
Cash at bank and in hand		364,909		736,956	
		<u>717,521</u>		<u>995,418</u>	
Creditors: amounts falling due within one year	11	(329,700)		(282,593)	
Net current assets			<u>387,821</u>		<u>712,825</u>
Total assets less current liabilities			<u>576,134</u>		<u>927,836</u>
Income funds					
Restricted funds	13		15,278		42,041
Designated Funds	14		188,313		215,011
Unrestricted funds			372,543		670,784
	12,15		<u>576,134</u>		<u>927,836</u>

The accounts were approved by the Board on 15 May 2012

 K Leslie, Chair

The notes on pages 22 to 34 form part of these accounts

BUILD AFRICA
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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 s408 of the Companies Act 2006, 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.

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 programmes including management and technical support.

Governance costs

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

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

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.

The foreign exchange gain/loss shown in the Statement of Financial Activities represents the gain/loss arising on converting the opening balance sheets of overseas branches at the year-end exchange rate.

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 almost no business income (as defined for VAT purposes) and could not therefore recover significant VAT on expenditure. VAT on expenses is included in the same line of the Statement of Financial Activities as the associated expense.

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

2. Voluntary income

	Unrestricted funds	Restricted funds	2011 £	2010 £
Donations and gifts	892,084	1,055,526	1,947,610	1,916,130
Legacies receivable	68,645	0	68,645	84,997
Grants receivable	28,179	333,750	361,929	382,945
	<u>988,908</u>	<u>1,389,276</u>	<u>2,378,184</u>	<u>2,384,072</u>

Amongst the many grants awarded to Build Africa in 2011, we received £7,500 from the Equitable Charitable Trust during the year.

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 2011 £	Net income 2010 £
Turnover from trading activities	13,564	(19,551)	(5,987)	8,242
Fundraising events	127,377	(70,865)	56,512	87,909
Total	<u>140,941</u>	<u>(90,416)</u>	<u>50,525</u>	<u>96,151</u>

4 Investment income and other income

	2011 £	2010 £
Interest receivable	647	11,420
Other income including profit on disposals of assets	13,320	1,590
	<u>13,967</u>	<u>13,010</u>

Interest receivable during the year arose as follows:

	2011 £	2010 £
Short-term deposits held with UK financial institutions	546	1,080
Short-term deposits held with Ugandan branches of UK financial institutions	0	9,745
Short-term deposits held with Kenyan branches of UK financial institutions	101	595
	<u>647</u>	<u>11,420</u>

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

5. Resources expended

	Uganda	Kenya	UK	Total 2011	Total 2010
	£	£	£	£	£
Costs of generating funds:					
Costs of generating voluntary income			395,260	395,260	425,554
Costs of activities to generate funds			90,416	90,416	49,715
Support Costs			123,747	123,747	98,931
Total cost of generating funds	-	-	609,423	609,423	574,200
Cost of charitable activities:					
Education					
Direct Project Costs	656,112	488,248	475,562	1,619,922	1,323,996
Support Costs	54,698	40,556	136,191	231,445	255,231
Total Education costs	710,810	528,804	611,753	1,851,367	1,579,227
Income					
Direct Project Costs	146,080	47,598	67,567	261,245	274,230
Support Costs	12,178	26,454	19,350	57,982	91,463
Total Income costs	158,258	74,052	86,917	319,227	365,693
Orphans and Vulnerable Children	53,488			53,488	53,146
Nigeria Feasibility Study			9,250	9,250	15,051
Total cost of charitable activities	922,556	602,856	707,920	2,233,332	2,013,117
Governance costs	12,082	8,950	6,992	28,024	25,978
Total resources expended	934,638	611,806	1,324,335	2,870,779	2,613,295

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

6. Support and governance costs

Support costs	2011	2010
	£	£
Support costs during the year comprised:		
Staff costs	118,317	193,514
Premises costs	109,377	88,878
Postage/office costs	37,205	27,465
Human Resources costs	29,337	21,512
Depreciation of non-programme assets	39,321	34,447
IT costs	19,738	16,319
Finance costs	21,911	14,895
Travel costs	18,150	9,281
Legal costs	5,958	4,527
Other costs	14,977	3,296
	<u>414,29</u>	<u>414,134</u>
Exceptional costs - UK Office Move	0	31,491
Total Support Costs	<u>414,291</u>	<u>445,625</u>

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

Governance costs	2011	2010
	£	£
Costs relating to Governance comprise:		
Audit fees	22,152	20,116
Other costs	5,872	5,862
	<u>28,024</u>	<u>25,978</u>

Audit fees includes audits for statutory funders in the charity's countries of operation.

7. Directors

None of the Directors/Trustees (or any persons connected with them) received any remuneration during the year (2010: Nil). No Director/Trustee was reimbursed for expenses incurred in attending Board meetings (2010 - £Nil).

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

8. Staff Costs

Number of employees

The average monthly number of employees during the year was:

	2011	2010
Fundraising and communications	8	8
Programmes	47	46
Support	12	11
	67	65

Employment costs

	2011	2010
	£	£
Wages and salaries	1,022,340	918,151
National Insurance	90,358	85,676
Pensions	79,838	68,088
	1,192,536	1,071,915

Employment Costs and number of employees by activity

	2011	2011
	No of staff	£
Education: Uganda	16	136,301
Kenya	12	166,781
UK	6	218,059
Total Education	34	521,141
Enterprise: Uganda	8	66,392
Kenya	3	59,021
UK	2	78,995
Total Enterprise	13	204,408
Fundraising: UK	8	300,171
Total Fundraising	8	300,171
Support: Uganda	5	17,726
Kenya	3	30,774
UK	4	118,316
Total Support	12	166,816
	67	1,192,536

Total Employment costs and number of employees

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

£60,000 - £69,999	3	(2010 - 1)	(including redundancy payment to one employee)
-------------------	---	------------	--

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

9. Tangible fixed assets

Charity	Computer Equipment	Fixtures, fittings & leasehold improvements	Total	
Cost	£	£	£	
At 1 January 2011	62,993	45,559	108,552	
Additions	4,951	911	5,862	
Disposals and scrapped assets	0	0	0	
At 31 December 2011	67,944	46,470	114,414	
Depreciation				
At 1 January 2011	39,025	8,929	47,954	
Charge for the year	13,390	6,522	19,912	
Disposals and scrapped assets	0	0	0	
At 31 December 2011	52,415	15,451	67,866	
Net book value				
At 31 December 2011	15,529	31,019	46,548	
At 31 December 2010	23,968	36,630	60,598	
Group	Motor Vehicles	Computer Equipment	Fixtures, fittings & leasehold improvements	Total
Cost	£	£	£	£
At 1 January 2011	194,174	111,059	163,448	468,681
Additions	38,115	9,622	9,500	57,237
Revaluations	0	0	0	0
Disposals and scrapped assets	(17,992)	(540)	(1,319)	(19,851)
Foreign exchange loss	(12,689)	(2,953)	(7,087)	(22,729)
At 31 December 2011	201,608	117,188	164,542	483,338
Depreciation				
At 1 January 2011	119,663	70,138	63,869	253,670
Charge for the year	33,323	22,249	17,073	72,645
Disposals and scrapped assets	(15,949)	(540)	(1,123)	(17,612)
Foreign exchange loss	(8,175)	(2,059)	(3,444)	(13,678)
At 31 December 2011	128,862	89,788	76,375	295,025
Net book value				
At 31 December 2011	72,746	27,400	88,167	188,313
At 31 December 2010	74,511	40,921	99,579	215,011

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

10. Debtors

	Charity		Group	
	2011	2010	2011	2010
	£	£	£	£
Accrued income	263,657	200,703	263,658	200,703
Prepayments and other debtors	52,010	41,355	88,954	57,759
	315,667	242,058	352,612	258,462

11. Creditors: amounts falling due within one year

	Charity		Group	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	23,376	40,844	56,594	67,240
Deferred income	0	0	0	0
Taxes and social security costs	37,741	31,294	38,405	31,294
Accruals & other creditors	71,120	28,391	234,701	184,059
	132,237	100,529	329,700	282,593

12. Summary of all Reserves

Charity Reserves

	Movement in funds				
	Balance at 1 January 2011	Income	Resources expended	Transfers between funds	Balance at 31 December 2011
	£	£	£	£	£
Unrestricted Reserves	580,859	1,127,310	(1,342,675)	(5,862)	359,632
Designated Reserves (Note 14)	60,598	0	(19,912)	5,862	46,548
Restricted reserves (Note 13)	33,946	1,268,484	(1,296,834)	0	5,596
Total reserves	675,403	2,395,794	(2,659,421)	0	411,776

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

12. Summary of all Reserves (continued)

Group Reserves

	Movement in funds					Balance at 31 December 2011
	Balance at 1 January 2011	Income	Resources expended	Foreign exchange gain/(loss)	Transfers between funds	
	£	£	£	£	£	£
Unrestricted	670,784	1,140,731	(1,379,656)	(4,319)	(54,997)	372,543
Designated (Note 14)	215,011	0	(72,644)	(9,051)	54,997	188,313
Restricted (Note 13)	42,041	1,392,361	(1,418,479)	(645)	0	15,278
Total reserves	927,836	2,533,092	(2,870,779)	(14,015)	0	576,134

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 1 January 2011	Income	Resources expended	Transfers between funds	Balance at 31 December 2011
	£	£	£	£	£
Education projects, Uganda	20,696	506,630	525,020	0	2,306
Income projects, Uganda	0	92,004	92,004	0	0
Education projects, Kenya	4,000	394,291	395,001	0	3,290
Income projects, Uganda	0	16,814	16,814	0	0
Uganda, Skills For Living	0	185,228	185,228	0	0
Kenya, Skills For Living	0	73,517	73,517	0	0
Nigeria Pilot Study	9,250	0	9,250	0	0
	33,946	1,268,484	1,296,834	0	5,596

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

Group	Balance at 1 January 2011 £	Income £	Resources expended £	Transfers and asset revaluations £	Foreign exchange gain/(loss) £	Balance at 31 December 2011 £
Education projects, Uganda	20,695	506,631	525,020	0	0	2,306
Income projects, Uganda	0	92,004	92,004	0	0	0
Education projects, Kenya	4,000	394,291	395,001	0	0	3,290
Income projects, Uganda	0	16,814	16,814	0	0	0
Uganda, Skills For Living	0	185,228	185,228	0	0	0
Kenya, Skills For Living	0	73,517	73,517	0	0	0
Nigeria Pilot Study	9,250	0	9,250	0	0	0
Ugandan Civil Society Fund	3,082	42,814	47,614	0	(42)	(1,760)
Orphans & Vulnerable Children, Uganda	1,191	45,772	41,078	0	(252)	5,633
Village Savings & Loans Associations, Uganda	3,823	35,290	32,953	0	(351)	5,809
	42,041	1,392,361	1,418,479	0	(645)	15,278

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 income 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.

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.

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

13 Restricted Funds (continued)

Restricted funds with a balance at 31 December 2011 are detailed below:

	£	£
	Charity	Group
Fund for 2012 work with Ugandan schools	2,306	2,306
Fund for 2012 work with Kenyan schools	3,290	3,290
Ugandan Civil Society Fund	0	(1,760)
Orphans & Vulnerable Children, Uganda	0	5,633
Village Savings & Loans Associations, Uganda	0	5,809
	<u>5,596</u>	<u>15,278</u>

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

14. Designated Funds

Charity

	Movement in funds				
	Balance at 1 January 2011 £	Income £	Resources expended £	Transfers between funds £	Balance at 31 December 2011 £
Capital Assets	60,598	0	(19,912)	5,862	46,548
Total reserves	60,598	0	(19,912)	5,862	46,548

Group

	Movement in funds					
	Balance at 1 January 2011 £	Income £	Resources expended £	Foreign exchange gain/(loss) £	Transfers between funds £	Balance at 31 December 2011 £
Capital Assets (i)	202,816	0	(72,644)	(9,051)	54,997	176,118
Asset Revaluation	12,195	0	0	0	0	12,195
Total reserves	215,011	0	(72,644)	(9,051)	54,997	188,313

(i) 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.

(ii) Build Africa Kenya undertook an independent valuation of its fixed assets as at the 2010 year end. The resulting revaluation reserve is treated as designated for the same reasons as the capital asset fund.

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

15 Analysis of net assets between funds

Charity	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 December 2011 are represented by:				
Tangible fixed assets	-	46,548	-	46,548
Cash at bank and in hand	176,202	-	5,596	181,798
Current assets	315,667	-	-	315,667
Creditors: amounts falling due with one year	(132,237)	-	-	(132,237)
	<u>359,632</u>	<u>46,548</u>	<u>5,596</u>	<u>411,776</u>

Group	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 December 2011 are represented by:				
Tangible fixed assets	0	188,313	0	188,313
Cash at bank and in hand	349,631	0	15,278	364,909
Current assets	352,612	0	0	352,612
Creditors: amounts falling due with one year	(329,700)	0	0	(329,700)
	<u>372,543</u>	<u>188,313</u>	<u>15,278</u>	<u>576,134</u>

16 Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as follows:

	Charity		Land and buildings Group	
	2011 £	2010 £	2011 £	2010 £
Expiry date:				
Between 1 and 5 years	0	0	30,551	0
Greater than 5 years	48,000	48,000	48,000	48,000
	<u>48,000</u>	<u>48,000</u>	<u>78,551</u>	<u>48,000</u>

The commitment represents the annual rent of the charity's UK offices in Tunbridge Wells and offices in Nairobi and Kampala.