

BUILD AFRICA

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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**

Trustees	Keith Leslie (Chair) Richard Germond Tom Lindsay Rupal Mistry Michael Noyes Susanne Niedrum Jason Suckley Simon Wong Katie Spencer-Smith Siobhan Sheridan
Secretary	Adrian Stockman
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 Off Nairobi - Machakos Road, Next to Machakos Teachers College, P. O Box 1259 -90100, Machakos, Kenya.
Ugandan Branch Office	Build Africa Uganda Block 245, Plot 431 & 424 Kabalagala, Central Zone, Off Gaba Road, 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
TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The Trustees present our report and accounts for the year ended 31 December 2012. 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
Jason Suckley	Simon Wong
Katie Spencer-Smith	Siobhan Sheridan

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

Phil Vernon	(Resigned 4 th December 2012)
Jane West	(Resigned 16 April 2013)

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 2012

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 and Senior Management Team 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 TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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 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 wider sections of the public in Africa) arising from our work.

3. OBJECTIVES, PLANNING & PERFORMANCE

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 livelihoods 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 and savings group 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 livelihoods 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 2012

We provide learning opportunities

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 and 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?

Build Africa supports 50,000 pupils in over 100 schools in Uganda and Kenya.

In our education programme we partner with parents, teachers, children, government departments and local community-based organisations to identify and prioritise the challenges that each school faces, and then prepare realistic and focused three-year School Development Plans to address them. We:

- Help schools, communities and local government staff to work together to improve planning, monitoring and evaluation at school level, resulting in a School Development Plan;
- Train and mentor school committees in better school management;
- Carry out teacher training (eg in child centred approaches examination writing techniques);
- Provide new and renovated classrooms, water supplies, toilets, teacher accommodation, staff rooms, resource centres, furniture (such as desks and chairs) and learning materials (such as textbooks).

Working in schools so isolated that government bodies often find them hard to reach, we promote community understanding of the importance of education and child rights and work hard to ensure girls get the education they are entitled to.

Specific education projects include:

Rights, Education and Development Project (READ)

At the start of 2012, Build Africa began implementing the READ Project (funded by the UK government's Department for International Development), which seeks to increase retention and completion rates at 40 rural Ugandan primary schools over a three year period. In particular, it focuses on:

- *Increased community participation:* working with parents and local leaders to increase their expertise, and to take ownership of the development of their schools and the performance of their children
- *Better school management:* School Management Committees will be able to take the lead role in the development and implementation of School Development Plans; to work transparently, hold teachers accountable for their attendance and performance and use resources efficiently.
- *Addressing gender issues:* parents and teachers will be more aware of the importance of educating girls and have the skills to influence their attendance in a constructive way. Girls will be more confident, more willing to raise gender-specific issues and better able to participate in the development of the school.

BUILD AFRICA

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Have Children Empowered (HACE)

HACE is our response to the need for child protection and child rights in Ugandan schools. During 2012, the *HACE* project made great progress in promoting awareness of child protection issues amongst parents, teachers and pupils in ten pilot schools. The specific problems raised by the children have either been resolved or referred to the relevant authorities.

Issues mentioned by children include child labour, sexual misconduct, child neglect, teacher absenteeism, corporal punishment and abusive language by teachers, lack of mid-day meals, domestic violence and bullying. In addition, the project has trained community paralegal officers in child protection issues. These paralegals now work closely with School Management Committees, Parent Teacher Associations and other community development agents.

The actions taken by the paralegals, School Management Committees and local leaders resulted into the return to regular attendance of over 250 children in the *HACE* supported schools in 2012.

Water and Food Access Project (WAFAP)

Funded through the Vitol Charitable Trust, WAFAP aims to improve the health of pupils by providing access to safe water and better nutrition in 28 primary schools in six districts in Uganda. This project, which began in April 2012, comprises a water and a food component.

Water Component

Through the WAFAP initiative, Build Africa is committed to providing access to safe, clean water to schools in Uganda. By December, preparations were underway to provide clean drinking water in several schools benefitting more than 4,500 children. To ensure the sustainability and safety of the boreholes, Build Africa trained water user committees to take charge of their operation and maintenance.

Food Component

Working with KULIKA Uganda, we trained 52 teachers and gardeners in organic farming in 2012. All 28 schools received training, seeds and farming tools. After establishing gardens, many of the schools achieved successful harvests of beans, which contributed towards new or existing feeding programmes. Pupils and parents also received lessons in establishing vegetable nursery beds in demonstration gardens.

Case study: The feeding programme at Kooki Primary School

Since it was founded twelve years ago Kooki primary school has struggled to provide a sustainable feeding programme for its pupils. But all that changed when Build Africa's Water and Food Access Project provided training in organic farming and enough seeds and equipment for the school to establish and tend a three-acre garden of maize, beans and vegetables. Now 800kgs of maize and 90kgs of beans have been harvested, enough to feed the 250 pupils at the school for up to 16 school weeks. By that time, the next harvest will be due.

9-year old Jennifer she is so happy now she can eat porridge at school: "When I started school last year, I wanted to stop because of hunger. But this year I am very happy because I do not get hungry at school."

Community cooperation has been crucial, with parents contributing an additional 200kgs of maize. And in the near future they will increase food production by ploughing a larger portion of land and using water from the new water source. "We look forward to extending the feeding programme with the help of the parents and we will make sure that everyone in the community learns from the training", said Kulaba Monica, Kooki's head teacher.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

We promote better livelihoods

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.

What are we doing?

In total, our livelihoods projects, which comprise close to 1,400 savings groups, reached over 50,000 people in 2012.

We work with our non-governmental and governmental partners to provide income opportunities to the rural poor, improving their diet, access to education and healthcare. We:

- Give people the opportunity to save and access credit by setting up savings and loans groups and working with banks to make credit available;
- Train farmers in modern agricultural practices;
- Increase people's knowledge of and access to good markets and linking suppliers to producers;
- Encourage cooperation amongst producers to help them purchase materials and equipment and to bulk sell produce at a fair and representative price;
- Raise awareness of the policies, opportunities and support available to entrepreneurs and those seeking work;

Specific livelihoods projects include:

Through the *Save-up* and *Savings and Loans Associations Projects in Uganda* and *JISALA Programme* in Kenya, Build Africa continues to create sustainable models for increasing the incomes of the poor, giving them better access to education and healthcare and a more nutritious diet. We give parents and young people the opportunity to save, to work their way out of poverty and to increase the prosperity of their communities.

Through better access to credit (and the culture of investment and reinvestment that is a hallmark of the scheme) savers can now afford life-changing assets such as iron roofed houses, bicycles, livestock and sewing machines; while parents and guardians can now afford school fees and materials.

We increased people's knowledge of and access to good markets, linking suppliers to producers. For example, 16 of the groups have been linked with Mukwano, a company which works with farmers to increase soya bean, grain and sunflower production. Contracts were signed and 727 kg of sunflower seeds were purchased.

We stimulated cooperation between producers so as to improve their bargaining power and make it possible for them to purchase shared materials and equipment.

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Lessons Learned

There comes a time when the successful savings groups may want to grow their saving and borrowing potential beyond what their VSLA can offer. The transition to other forms of microfinance will need to be addressed in future.

Savings groups provide opportunities for additional development initiatives, such as HIV awareness raising or child protection to be introduced amongst large numbers of people.

Farming communities benefit enormously from the small scale financial opportunities provided by the savings groups (they can diversify and increase their production, invest in entrepreneurial projects, purchase essential equipment and explore joint marketing opportunities). This improves the level of returns which they then reinvest in the scheme and moves them on to a new income level.

North Western Livelihood Support Project (NWELIS)

In 2012, Build Africa received funding from Agri-Business Initiative to support a 2 year project in Kiryandongo. The project will help 7,500 savers increase their maize production and improve their access to financial support and profitable markets.

The project has some exciting innovations: with the help of 47 demonstration gardens, and in partnership with a local farming group called Pakanyi United Farmer's Cooperative, 1,240 savers will receive training in farming business skills and agronomy (including maize pest control and better crop management) and gender awareness.

Case study: Yweyambe-B farmers put their fertilizers on trial

To ensure that farmers get the most out of their Maize crops, the North Western Livelihood Support Project is testing different fertilizers and trialling different weeding and planting practices.

As a result, members of the Yweyambe-B savings group will not only be saving time and money by bulk-buying their fertilizer and seed as a group, they will also be ready to plant at the optimum time, and their combination of Dap and Urea fertilizers will be sure to maximize their harvest.

Our objectives for 2012 and how we performed

2012 was an important and successful year for Build Africa and we take great pride that in October 2012, Build Africa was chosen as The Charity Times' International Charity of the Year, an award that recognises the tireless work of everyone at Build Africa.

In 2012 the number of people that we're supporting in our education and livelihoods programmes increased from 55,000 to close to 100,000. But these figures tell only part of the story. Terms such as 'aid', 'relief' and 'hand-out' don't apply to Build Africa: we don't think in the short term. Instead we unlock potential and provide opportunity; supplying the skills, resources and freedom of choice that help people make more informed life choices and mitigate the set-backs that keep them trapped in the cycle of poverty. For every one of these 80,000 people, there are family members and members of the community that benefit as well, now and in the long term.

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Our education and livelihoods programmes are improving every year, both in their scope and in their focus. For example, in 2012 we saw some important developments in our child well-being and gender equality work, providing dignity and confidence to the marginalised poor, making for healthier and happier lives. We have more effective monitoring and evaluation procedures, illustrated by innovations such as the *Shule Yetu* tool (which enables communities to analyse the development of their own school); while better knowledge sharing means that we now have mutually beneficial relationships with Non-Governmental Organisations such as CBMUK, Womankind Worldwide, PEAS, Right to Play and War on Want, as well as relationships with universities and corporate bodies in both the UK and Africa.

Our new financial system of only making funding pledges when we have secured the income worked incredibly well in 2012. We've done what a good business would have done in our environment, cutting overheads where there was no chance of funding, but also trying to find ways to grow in other areas, and we are now seeing the fruits of our labours. In addition, the high standard of work that we are developing through projects like the Vitol Foundation-funded *Water and Food Access Project* and the multi-funded *Rural Education for Secondary School Transition and Retention Project* is testament to our success at submitting a range of funding applications during the year.

The complexity and variety of our projects means we recruit and train highly capable staff. People who care about the work they do and have the capacity to listen to people properly, who can gather evidence effectively and take responsibility for their own strategic areas. It is because of them that we now feel we can raise the bar again.

Turning now to specific objectives for the year:

- 1. We will undertake more activities in the districts that we work in while expanding our work into new districts as well.**

How did we perform?

By the end of the year, we were working with 71 schools in Uganda and 32 in Kenya. This total of 103 schools shows a significant increase over the 78 schools we were working with 12 months ago.

We expanded the breadth and depth of our activities in all the Ugandan regions where we work and in the Machakos region of Kenya. As part of the process of securing our financial base, we curtailed some activities that were proving difficult or impossible to fund; a consequence of this was a significant reduction of our activities in the Naivasha/Rift Valley region of Kenya

During 2012, we made efforts to expand our activities into new regions. We applied (unsuccessfully) for funding to develop a Livelihoods project in the Amuria district in Uganda.

We have identified the Coast region in Eastern Kenya as an area we would like to expand into, which is a part of Kenya with serious development needs. Although one funding application for girls' education in this project was unsuccessful during the year, we now have funding for our first project in this region.

We are also currently conducting a feasibility study into expansion into Kaberamaido, Apac and Oyam districts in Uganda.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

- 2. 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**

How did we perform?

We now have more effective monitoring and evaluation procedures, illustrated by innovations such as the *Shule Yetu* ("Our School" in Swahili) tool, which enables communities to analyse the development of their own school. This tool is a huge step towards a very sophisticated assessment of how a school is performing and where its development needs are most acute.

The use of *Shule Yetu* is quite an intensive exercise, involving Build Africa's staff guiding communities through a very detailed assessment of their own schools. The results are extremely informative and tailored to each individual school. Because the communities carry out the exercise, *Shule Yetu* not only provides valuable data, it also results in the communities being focussed clearly on the next stages of their schools' journeys.

- 3. 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.**

How did we perform?

During 2012, we have cultivated mutually beneficial partnerships with Non-Governmental Organisations such as CBMUK, Womankind Worldwide, Vision Aid Overseas, Promoting Equality in African Schools, Right to Play and War on Want, as well as relationships with universities and corporate bodies in both the UK and Africa.

As well as these relationships based on knowledge sharing, we have worked very effectively with new partners to achieve greater programmatic impact. Examples include:

- Working with Kulika in Uganda to help us deliver the food component of the Water and Food Access Project;
- Working with three partners in Uganda on specific aspects of the Rights, Education and Development Project (READ) project;
- In partnership with Absolute Return for Kids (ARK), Build Africa represented Uganda as the only African country to participate in the 2012 International Survey on Child Well-being, surveying 1,049 twelve year olds and 1,048 ten year olds in eastern Ugandan schools

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- 4. 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. In particular the project will focus on ensuring that the specific needs of the 7,072 female pupils are addressed.**

How did we perform?

Engagement processes such as school and community meetings and the formulation and review of SDPs have increased community participation in school development. Multiple mobilisation techniques have resulted in participation consistently exceeding expectations. Training has helped to empower SMCs with the knowledge and skills needed to effectively carry out their roles as well

as conduct meetings, monitor teaching and learning, welfare of school community (hygiene, child protection) and generation of action plans. Exposure visits were conducted to share best practice approaches between high performing schools and those struggling in areas of education quality.

Initial research into teacher absenteeism found rates as high as 37.5%, exceeding the national average by 17%. The research provided the foundation for generating advocacy activities aimed at improving teacher motivation, resources and attendance. As a result, systems to monitor teacher absenteeism and tardiness have been established in schools that involve keeping an open record of teacher attendance. It is now clear which teachers are regularly in attendance and for those who are not, the headteacher and SMC are in a better position to identify the reasons why and how to effectively address them.

Activities such as community and school level meetings and radio programmes have directly led to attitude changes amongst school communities. This has been demonstrated through parents taking actions to monitor girls' attendance as well as the fact that gender related issues, such as the provision of sanitary pads, were raised in 21% of the School Development Plans (SDP). Parents have implemented actions to address concerns raised in the SDP; these include having separate accommodation for girls to give them privacy and provide routine guidance and counselling to girls.

- 5. 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.**

How did we perform?

Our new financial system of only making funding pledges when we have secured the income worked well in 2012. We've done what a good business would have done in our environment, cutting overheads where there was no chance of funding, but also trying to find ways to grow in other areas, and we are now seeing the fruits of our labours.

Very cautious initial income budgets are primarily used to determine the sustainable size of the charity's core and the outlook for income is then continually updated. As the outlook climbs above the initial conservative income budgets, informed decisions are made about the best strategic use of funds. In this way, we ensure that no activities are undertaken without being fully funded. We also ensure that decisions about use of funds are made on the most current information possible and reflect Build Africa's strategic aims.

This approach, coupled with a very strong focus on cashflow, puts the charity on a much firmer footing and leaves us well positioned to respond to the uncertainty that is now a fact of life for virtually all charities.

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- 6. 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.**

How did we perform?

We saw success in Uganda during 2012 as the local team secured local funding from the Agri-Business Initiative to support a 2 year Livelihoods project in Kiryandongo. Additionally, both the Kenyan and Ugandan teams were instrumental in supporting the UK team in securing multi-year funding for projects in those countries.

However, we recognise that there is more to do to achieve this objective; during 2013, we will plan to recruit a fundraiser based in Kenya with the specific task of securing funding from East African funding sources.

- 7. 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.**

How did we perform?

As described earlier Have Children Empowered (*HACE*) is our response to the need for child protection and child rights in Ugandan schools. During 2012, the *HACE* project made great progress in promoting awareness of child protection issues amongst parents, teachers and pupils in ten pilot schools..

Community paralegal officers have been trained in child protection issues. These paralegals now work closely with School Management Committees, Parent Teacher Associations and other community development agents.

The actions taken by the paralegals, School Management Committees and local leaders resulted into the return to regular attendance of over 250 children in the *HACE* supported schools in 2012.

Integrating the results and learnings of *HACE* into our new strategy is an essential next step as we continue to keep Child Rights high on our agenda.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

4. LOOKING FORWARD: PLANS FOR 2013 AND BEYOND

2012 was an important transitional year for Build Africa; we are now in an excellent position to build on our achievements and the progress that led to us receiving the Charity Times 2012 International Charity of the Year award.

Our plans for 2013 include:

- (i) a new multi-year programmes strategy to help us to provide better choice and opportunity to the people of rural Africa by providing a clear programmatic direction, by improving the high levels of efficiency and effectiveness in both of our core programmes, by further strengthening our monitoring and evaluation systems for better programme planning and implementation, by scaling up and expanding more cost-effective programmes, and by developing collaborations with other organisations in a mutually beneficial, knowledge-sharing basis.
- (ii) A full assessment of the resources needed to deliver the programme strategy. This will shape our fundraising focus and will also ensure we have the right skills amongst our staff and that those staff are highly motivated and excited by their roles
- (iii) We will explore the viability of an expansion of our activities into a third African country. We are committed to increasing our organisational impact and diluting the organisational risk that is inherent in only working in 2 countries and to this end, we are investigating opportunities within Nigeria. Factors to be considered include: a clear understanding of local needs, the local educational environment and our ability to have significant impact; a spread of committed funders; identification of suitable partner organisations to work with; safety and security of staff.
- (iv) We aim to register a non-profit organisation within the USA. This organisation would not be controlled by Build Africa and would have an independent board of Trustees. However, it would have the capacity to approach foundations within the USA for funding to support activities that match those of Build Africa and would have the discretionary capacity to grant those funds on to Build Africa. This has the potential to allow us to access significant funding within the USA:
- (v) We will continue to take particular care of vulnerable groups within our communities. In particular, we will continue to develop and strengthen child protection and child rights aspects of our activities.
- (vi) We will ensure that our plans are supported within a sustainable financial framework.

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5. FINANCES

Review of 2012 financial position and fundraising activities

2012 continued to create pressure and challenges for the charity sector. The year's highest priority for Build Africa was to create a financial basis and an operational approach that leaves the organisation best placed to deal with the difficulties and uncertainties around generating income.

By the end of 2012, we have made substantial progress towards achieving that aim. Income budgets fully reflect the different levels of risk and unpredictability attached to different income streams. Very cautious initial income budgets are primarily used to determine the sustainable size of the charity's core; this process necessitated some very tough decision, including cutting back on unfunded activities in Kenya and reducing support costs in the UK (both of these decisions led to a number of staff redundancies).

The outlook for income is continually updated; as the outlook climbs above the initial conservative income budgets, informed decisions are made about the best strategic use of funds. In this way, we ensure that no activities are undertaken without being fully funded. We also ensure that decisions about use of funds are made on the most current information possible and reflect Build Africa's strategic aims.

This approach, coupled with a very strong focus on cashflow, puts the charity on a much firmer footing and leaves us well positioned to respond to the uncertainty that is now a fact of life for virtually all charities.

During the year Build Africa raised £2.78 million (2011 - £2.53 million) of income and spent £2.65 million (2011 - £2.87 million). This led to a surplus for 2012 of £119K, although this surplus arose entirely on restricted funds; there was a small deficit of £13K on unrestricted, undesignated funds. When compared to the much larger deficit in 2011 of £352K it is clear that the measures taken to make our financial base solid are working and we anticipate a small surplus for 2013. Given that we also had to respond to a decline in the sterling exchange rate of around 15% against the Kenyan and Ugandan currencies in the first 6 weeks of the year, this result for the year is particularly pleasing.

In accordance with SORP 2005, support costs have been allocated between charitable activities and fundraising. Build Africa spent 79% of its total expenditure on charitable activities, 20% 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. Expansion remains a primary objective for Build Africa but in the latter months of 2012 we have reduced our support cost base, including staff numbers and premises costs, to ensure our base is financially sustainable. As we generate income growth, we will expand project activities accordingly and will ensure that support costs only increase to the extent necessary for excellent programme delivery.

Our income in 2012 grew by £250K compared to 2011, an increase of 10%. Against the background of the global recession and the difficulties faced by the whole of the UK charity sector, this is pleasing.

Build Africa has looked closely at which income streams continue to thrive and which fundraising activities continue to generate strong returns. Some activities have been halted because the income being raised in these difficult times barely covered the cost of the activities.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

However, the ever-improving quality of our programme work and the fact that we are increasingly able to demonstrate the impact of that work means that we are able to approach sophisticated institutional funders for multi-year grants. Recent successes include:

- READ (Rights, Education and Development)
- TRP (Transition Research Project)
- RESTAR (Rural Education for Secondary Transition and Retention)
- WAFAP (Water and Food Access Project)
- NWELIS (North Western Livelihood Support Project)

This represents exciting growth potential for Build Africa in the coming years and is not just confined to the UK. We have secured statutory funding in Uganda and during 2013, we will appoint a Kenyan fundraiser to focus on generating income in Kenya.

Our unrestricted reserves were £544K at the year end; unrestricted, undesignated reserves at £355K. This is below our target and we plan to replenish the reserves with a surplus in 2013 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. Getting reserves back to the target range of around £700K is a high priority over the next 3 years for the Trustees.

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 – 15 of this report and Note 5 to the accounts.

In summary, 2012 was a challenging year in financial terms for Build Africa but it was also a year in which addressing those challenges has put the charity on a sustainable footing. The Trustees and management have made changes that have put 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.

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.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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.

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 2012 the unrestricted, undesignated reserves were £355K compared to our risk-based reserves policy target of around £700K. We expect to generate a modest surplus in 2013 to begin to replenish reserves and will continue with this objective in the following years until reserves reach target levels. It is likely to take a number of years to bring reserves up to the target level but the objective remains a high priority over the next 3 years for Trustees and senior management alike.

BUILD AFRICA TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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

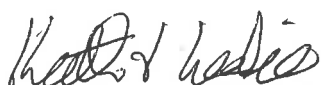
H W Fisher & Company were appointed auditors to the company and in accordance with section 489 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the members' annual meeting.

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 2012, the total time given by volunteers was the approximate equivalent of 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



Keith Leslie

Dated: 20 May 2013

**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 2012 set out on pages 22 to 37. 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 2012 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.



Saalesh 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:  2013

BUILD AFRICA**STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME & EXPENDITURE ACCOUNT
YEAR ENDED 31 DECEMBER 2012**

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2012 £	Total 2011 £
Incoming Resources						
<u>Incoming resources from generated funds</u>						
Voluntary income:						
Donations and gifts	2	893,997	-	859,472	1,753,469	1,947,610
Legacies	2	23,297	-	-	23,297	68,645
Grants	2	28,927	-	830,367	859,294	361,929
Total Voluntary Income		946,221	-	1,689,839	2,636,060	2,378,184
Activities for generating funds	3	129,148	-	11,239	140,387	140,941
Investment and other income	4	7,072	-	-	7,072	13,967
Total Incoming resources from generated funds		1,082,441	-	1,701,078	2,783,519	2,533,092
Income from charitable activities		-	-	-	-	-
Total Incoming Resources		1,082,441	-	1,701,078	2,783,519	2,533,092
Resources Expended						
Costs of generating funds	5	535,918	-	-	535,918	609,423
Expenditure on charitable activities	5	529,395	74,511	1,484,468	2,088,374	2,233,332
Governance costs	6	29,558	-	-	29,558	28,024
Total Resources Expended		1,094,871	74,511	1,484,468	2,653,850	2,870,779
Net outgoing resources before transfers		(12,430)	(74,511)	216,610	129,669	(337,687)
Foreign exchange loss		(750)	(9,307)	(534)	(10,591)	(14,015)
Net surplus/(deficit) for the year		(13,180)	(83,818)	216,076	119,078	(351,702)
Transfers between funds		(4,205)	84,302	(80,097)	-	-
Asset revaluation		-	-	-	-	-
Fund balances at 1 January 2012		372,543	188,313	15,278	576,134	927,836
Fund balances at 31 December 2012	12,13,14	355,158	188,797	151,257	695,212	576,134

The notes on pages 25 to 37 form part of these accounts

BUILD AFRICA
BALANCE SHEET AS AT 31 DECEMBER 2012 - CHARITY

	Notes	2012 £	£	2011 £	£
Fixed assets					
Tangible assets	9		70,083		46,548
Current assets					
Debtors	10	257,719		315,667	
Cash at bank and in hand		351,632		181,798	
		609,351		497,465	
Creditors: amounts falling due within one year					
	11	(98,860)		(132,237)	
Net current assets					
			510,491		365,228
Total assets less current liabilities					
			580,574		411,776
Income funds					
Restricted funds	13		196,175		5,596
Designated Funds	14		70,083		46,548
Unrestricted funds			314,316		359,632
	12,15		580,574		411,776

The accounts were approved by the Board on 20 May 2013

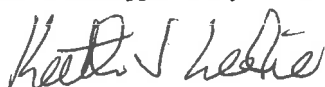


The notes on pages 25 to 37 form part of these accounts.

BUILD AFRICA
BALANCE SHEET AS AT 31 DECEMBER 2012 - GROUP

	Notes	2012		2011	
		£	£	£	£
Fixed assets					
Tangible assets	9		188,797		188,313
Current assets					
Debtors	10	282,693		352,612	
Cash at bank and in hand		518,584		364,909	
			<u>801,277</u>		<u>717,521</u>
Creditors: amounts falling due within one year	11	(294,862)		(329,700)	
Net current assets			<u>506,415</u>		<u>387,821</u>
Total assets less current liabilities			<u>695,212</u>		<u>576,134</u>
Income funds					
Restricted funds	13		151,257		15,278
Designated Funds	14		188,797		188,313
Unrestricted funds			355,158		372,543
	12,15		<u>695,212</u>		<u>576,134</u>

The accounts were approved by the Board on 20 May 2013



The notes on pages 25 to 37 form part of these accounts.

BUILD AFRICA

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

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.

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.

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 FOR THE YEAR ENDED 31 DECEMBER 2012

Tangible fixed assets and depreciation

All assets costing more than £250 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

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.

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.

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.

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.

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 FOR THE YEAR ENDED 31 DECEMBER 2012****2 Voluntary income**

	Unrestricted funds	Restricted funds	2012	2011
	£	£	£	£
Donations and gifts	893,997	859,472	1,753,469	1,947,610
Legacies receivable	23,297	0	23,297	68,645
Grants receivable	28,927	830,367	859,294	361,929
	<u>946,221</u>	<u>1,689,839</u>	<u>2,636,060</u>	<u>2,378,184</u>

3 Activities for generating funds

	Income generated	Associated costs	Net funds generated	Net income
			2012	2011
			£	£
Turnover from trading activities	2,432	(1,186)	1,246	(5,987)
Fundraising events	137,955	(55,611)	82,344	56,512
Total	<u>140,387</u>	<u>(56,797)</u>	<u>83,590</u>	<u>50,525</u>

4 Investment income and other income

	2012	2011
	£	£
Interest receivable	529	647
Other income including profit on disposals of assets	6,543	13,320
	<u>7,072</u>	<u>13,967</u>

Interest receivable during the year arose as follows:

	2012	2011
	£	£
Short-term deposits held with UK financial institutions	428	546
Short-term deposits held with Ugandan branches of UK financial institutions	0	0
Short-term deposits held with Kenyan branches of UK financial institutions	101	101
	<u>529</u>	<u>647</u>

BUILD AFRICA
NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012

5. Resources expended	Uganda	Kenya	UK	Total 2012	Total 2011
	£	£	£	£	£
Costs of generating funds:					
Costs of generating voluntary income	0	0	370,154	370,154	395,260
Costs of activities to generate funds	0	0	56,797	56,797	90,416
Support Costs	0	0	108,967	108,967	123,747
<i>Total cost of generating funds</i>	0	0	535,918	535,918	609,423
<u>Cost of charitable activities:</u>					
Education					
Direct Project Costs	534,741	393,200	432,230	1,360,171	1,619,922
Support Costs	53,499	73,704	113,310	240,513	231,445
<i>Total Education costs</i>	588,240	466,904	545,540	1,600,684	1,851,367
Livelihoods					
Direct Project Costs	164,977	40,364	99,182	304,523	261,245
Support Costs	16,505	7,566	26,001	50,072	57,982
<i>Total Livelihoods costs</i>	181,482	47,930	125,183	354,595	319,227
Orphans and Vulnerable Children	21,271	0	0	21,271	53,488
Water & Food	87,791	24,033	0	111,824	0
Nigeria study	0	0	0	0	9,250
<i>Total cost of charitable activities</i>	878,784	538,867	670,723	2,088,374	2,233,332
<i>Governance costs</i>	11,811	10,809	6,938	29,558	28,024
Total resources expended	890,595	549,676	1,213,579	2,653,850	2,870,779

BUILD AFRICA
NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012

6. Support & governance costs

Support costs	2012	2011
	£	£
Support costs during the year comprised:		
Staff costs	91,447	118,317
Premises costs	98,990	109,377
Postage/office costs	35,222	37,205
Human Resources costs	36,743	29,337
Depreciation of non-programme assets	37,475	39,321
IT costs	28,452	19,738
Finance costs	21,720	21,911
Travel costs	37,721	18,150
Legal costs	13,646	5,958
Other costs	(1,864)	14,977
Total Support Costs	399,552	414,291

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

Governance costs	2012	2011
	£	£
Costs relating to Governance comprise:		
Audit fees	22,864	22,152
Other costs	6,694	5,872
	29,558	28,024

Audit fees include 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 (2011: Nil). No Director/Trustee was reimbursed for expenses incurred in attending Board meetings (2011 - £Nil).

BUILD AFRICA**NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012****8. Staff Costs****Number of employees**

The average monthly number of employees during the year was:

	2012	2011
Fundraising and communications	9	8
Programmes	45	47
Support	11	12
	<u>65</u>	<u>67</u>

Employment costs

	2012	2011
	£	£
Wages and salaries	1,030,731	1,022,340
National Insurance	96,649	90,358
Pensions	79,795	79,838
	<u>1,207,175</u>	<u>1,192,536</u>

Analysis by activity

		2012	2012
		Staff	£
Education:	Uganda	15	130,039
	Kenya	12	168,580
	UK	6	236,477
Total Education		33	535,096
Enterprise:	Uganda	7	74,189
	Kenya	3	59,792
	UK	2	81,945
Total Enterprise		12	215,926
Fundraising:	UK	9	307,096
Total Fundraising		9	307,096
Support:	Uganda	5	16,890
	Kenya	3	30,776
	UK	3	101,391
Total Support		11	149,057

Total Employment costs and number of employees

65	1,207,175
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Employees whose total emoluments during the year exceeded £60,000 is as follows:

£60,000 - £69,999	2	(2011 - 3)
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BUILD AFRICA
NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012

9. Tangible fixed assets

Charity	Computer Equipment	Fixtures & leasehold Improvements	Total
Cost	£	£	£
At 1 January 2012	67,944	46,470	114,414
Additions	45,538	0	45,538
Disposals and scrapped assets	0	0	0
At 31 December 2012	113,482	46,470	159,952
Depreciation			
At 1 January 2012	52,415	15,451	67,866
Charge for the year	13,579	8,424	22,003
Disposals and scrapped assets	0	0	0
At 31 December 2012	65,994	23,875	89,869
Net book value			
At 31 December 2012	47,488	22,595	70,083
At 31 December 2011	15,529	31,019	46,548

Group	Motor Vehicles	Computer Equipment	Fixtures & leasehold Improvements	Total
Cost	£			£
At 1 January 2012	201,608	117,188	164,542	483,338
Additions	40,238	47,510	3,929	91,677
Revaluations	17,856	0	0	17,856
Disposals and scrapped assets	(35,163)	(655)	(2,520)	(38,338)
Foreign exchange loss	(17,415)	(4,414)	(6,838)	(28,667)
At 31 December 2012	207,124	159,629	159,113	525,866
Depreciation				
At 1 January 2012	128,862	89,788	76,375	295,025
Charge for the year	39,063	17,907	11,628	68,598
Revaluations	15,829	0	0	15,829
Disposals and scrapped assets	(28,685)	2,207	3,455	(23,023)
Foreign exchange loss	(11,821)	(3,631)	(3,908)	(19,360)
At 31 December 2012	143,248	106,271	87,550	337,069
Net book value				
At 31 December 2012	63,876	53,358	71,563	188,797
31 December 2011	72,746	27,400	88,167	188,313

BUILD AFRICA
NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012

10. Debtors

	Charity		Group	
	2012	2011	2012	2011
	£	£	£	£
Accrued income	190,629	263,657	190,629	263,658
Prepayments, other debtors	67,090	52,010	92,064	88,954
	<u>257,719</u>	<u>315,667</u>	<u>282,693</u>	<u>352,612</u>

11. Creditors: amounts falling due within one year

	Charity		Group	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	12,936	23,376	16,466	56,594
Deferred income	28,110	0	28,110	0
Taxes and social security	33,235	37,741	49,501	38,405
Accruals & other creditors	24,579	71,120	200,785	234,701
	<u>98,860</u>	<u>132,237</u>	<u>294,862</u>	<u>329,700</u>

12. Charity Reserves

	As at 1 January 2012	Income	Resources expended	Transfers between funds	As at 31 December 2012
	£	£	£	£	£
Unrestricted Reserves	359,632	1,083,952	(1,128,484)	(784)	314,316
Designated Reserves (Note 14)	46,548	0	(22,003)	45,538	70,083
Restricted reserves (Note 13)	5,596	1,585,015	(1,349,682)	(44,754)	196,175
Total reserves	<u>411,776</u>	<u>2,668,967</u>	<u>(2,500,169)</u>	<u>0</u>	<u>580,574</u>

BUILD AFRICA
NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012

12. Reserves Summary

Group Reserves

	As at 1 January 2012 £	Income £	Resources expended £	Foreign exchange gain/(loss) £	Transfers between funds £	As at 31 December 2012 £
Unrestricted	372,543	1,082,441	(1,094,871)	(750)	(4,205)	355,158
Designated (Note 14)	188,313	0	(74,511)	(9,307)	84,302	188,797
Restricted (Note 13)	15,278	1,701,078	(1,484,468)	(534)	(80,097)	151,257
Total reserves	576,134	2,783,519	(2,653,850)	(10,591)	0	695,212

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

	As at 1 January 2012 £	Income £	Resources expended £	Transfers between funds £	As at 31 December 2012 £
Education, specific projects (Uganda)	2,306	351,022	332,256	0	21,072
School retention & completion (Uganda)	0	199,542	199,542	0	0
Livelihoods projects (Uganda)	0	87,105	87,105	0	0
Education, specific projects (Kenya)	3,290	340,937	274,113	0	70,114
Livelihoods projects (Kenya)	0	86,698	86,698	0	0
Skills For Living (Uganda)	0	169,946	169,946	0	0
Skills For Living (Kenya)	0	67,600	67,600	0	0
Water & Food Security (Uganda)	0	125,024	91,063	0	33,961
Transition: primary to secondary (Kenya)	0	73,451	7,623	0	65,828
Transition: primary to secondary (Uganda)	0	5,200	0	0	5,200
Gifts in Kind	0	78,490	33,736	(44,754)	0
	5,596	1,585,015	1,349,682	(44,754)	196,175

BUILD AFRICA**NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012****13 Restricted funds - Group**

	As at 1 January 2012 £	Income £	Resources expended £	Transfers/ revaluation £	Foreign exchange gain/(loss) £	As at 31 December 2012 £
Education, specific projects (Uganda) (i)	2,306	351,021	332,257	(14,308)	0	6,762
School retention & completion (Uganda) (ii)	0	199,542	199,542	0	0	0
Livelihoods, specific projects (Uganda) (iii)	0	87,105	87,105	0	0	0
Education, specific projects (Kenya) (i)	3,290	340,937	274,113	0	0	70,114
Livelihoods, specific projects (Kenya) (iii)	0	86,698	86,698	0	0	0
Skills For Living (Uganda) (vii)	0	169,946	169,946	0	0	0
Skills For Living (Kenya) (vii)	0	67,600	67,600	0	0	0
Water & Food Security Programme (Uganda) (v)	0	125,024	91,062	(33,962)	0	0
Transition: primary to secondary school (Kenya) (iv)	0	73,451	7,623	0	0	65,828
Transition: primary to secondary school (Uganda) (iv)	0	5,200	0	0	0	5,200
Gifts in Kind (vi)	0	78,490	33,736	(44,754)	0	0
Ugandan Civil Society Fund (viii)	(1,760)	26,311	33,154	8,563	40	0
Orphans & Vulnerable Children, Uganda (ix)	5,633	9,453	21,271	6,314	(129)	(0)
Village Savings & Loans Associations, Uganda (x)	5,809	53,249	56,587	838	(403)	2,906
NWELIS (xi)	0	27,051	23,774	(2,788)	(42)	447
	15,278	1,701,078	1,484,468	(80,097)	(534)	151,257

Where more has been spent on a project than is covered by restricted income, a transfer is made to that project from unrestricted income. In addition, transfers against projects (i) and (v) reflect the harmonisation of different accounting treatments of project spend between the UK and overseas branches of Build Africa.

BUILD AFRICA
NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012

13 Restricted funds

The charity's restricted funds are summarised below:

(i) Education, specific projects. Where a funder has specified the activity and/or location of the education work their gift is intended to fund, it is included in these restricted funds. In most cases, these funds are restricted to activities at specific schools.

(ii) In 2012, the Department for International Development awarded Build Africa a 3 year grant to improve the attendance and attainment of children at 40 Ugandan rural primary schools. The grant is for £342,648 from January 2012 to December 2014 and is intended to fund 75% of the costs of this project.

These accounts include the following amounts in respect of this grant:

	£
Expenditure on activities within the project	199,542
Income received from DfID	130,633
Income yet to be included in a funding claim to DfID	23,524
Income from other funders	45,385
Total 2012 income	199,542

(iii) These funds represent donations restricted to aspects of our Livelihoods work which improves the opportunities for communities to generate income for themselves.

(iv) These funds represent projects whose emphasis is on improving the opportunities in rural areas for children who complete primary school to move on to secondary education. The activities in these projects aim to change the attitudes of pupils and families to secondary education, to improve the quality of primary education and to raise the incomes of families so they can afford to send their children to secondary school.

(v) The Water and Food Security project has two main elements. Firstly, communities are provided with a reliable supply of water; the nature of the supply depends on the local geology but is usually or borehole or a well. Secondly, schools in those communities are trained to set up and maintain gardens that provide a reliable food supply. This not only helps to feed the children at the schools but also adds to the communities' food-growing skills.

(vi) During 2012, we received gifts in kind in the form of online advertising (from Google), software (Microsoft) and computer equipment (Nokia). We are very grateful indeed to these companies for this tangible support.

BUILD AFRICA**NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012****13 Restricted funds**

(vii) 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.

(viii) This project was funded by the Government of Uganda and focused on mainstreaming awareness of HIV and AIDS within Ugandan schools. The project was completed during 2012

(ix) The Orphans and Vulnerable Children project was also funded by the Government of Uganda, focusing on improving the school attendance of these children as well as improving the opportunities of the families caring for those children to earn an income. The project was completed in 2012.

(x) The VSLA project in Uganda is a programmatic partnership with Care International, assisting communities in to establish and run savings and loans groups that enable access funding for small businesses, short-term loans for medical and other household needs as well as providing a return for group members on savings.

(xi) The NWELIS project is funded in Uganda by the Agri-Business Initiative Trust and extends our VSLA programme within the Masindi and surrounding regions.

14 Designated funds

Charity	As at 1 January 2012	Income	Resources expended	Transfers between funds	As at 31 December 2012
	£	£	£	£	£
Capital Assets	46,548	0	(22,003)	45,538	70,083
Total reserves	46,548	0	(22,003)	45,538	70,083

Group	As at 1 January 2012	Income	Resources expended	Foreign exchange gain/(loss)	Transfers between funds	As at 31 December 2012
	£	£	£	£	£	£
Capital Assets	188,313	0	(74,511)	(9,307)	84,302	188,797
Total reserves	188,313	0	(74,511)	(9,307)	84,302	188,797

BUILD AFRICA
NOTES TO THE ACCOUNTS: YEAR ENDED 31 DECEMBER 2012

15 Analysis of net assets between funds

Charity	Unrestricted funds	Designated funds	Restricted funds	Total
Funds at 31 December 2012:	£	£	£	£
Tangible fixed assets	-	70,083	-	70,083
Cash at bank and in hand	155,457	-	196,175	351,632
Current assets	257,719	-	-	257,719
Creditors falling due with one year	(98,860)	-	-	(98,860)
	<u>314,316</u>	<u>70,083</u>	<u>196,175</u>	<u>580,574</u>

Group	Unrestricted funds	Designated funds	Restricted funds	Total
	£	£	£	£
Fund balances at 31 December 2012:				
Tangible fixed assets	0	188,797	0	188,797
Cash at bank and in hand	367,327	0	151,257	518,584
Current assets	282,693	0	0	282,693
Creditors falling due with one year	(294,862)	0	0	(294,862)
	<u>355,158</u>	<u>188,797</u>	<u>151,257</u>	<u>695,212</u>

16 Commitments under operating leases

	Charity		Group	
	2012	2011	2012	2011
Expiry date:	£	£	£	£
Between 1 and 5 years	0	0	30,551	30,551
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>78,551</u>

The commitment is in respect of the charity's offices in Tunbridge Wells, Nairobi and Kampala

