

BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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) Claire Gillingwater Ronald Kansere Tom Lindsay Rupal Mistry Julie Pörksen James Shaw-Hamilton Jason Suckley Phil Vernon Karen Westley Simon Wong
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 Suna Road P O Box 10604, 00100 GPO Nairobi Kenya
Ugandan Branch Office	Build Africa Uganda P.O.Box 7224 Kampala Uganda
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	National Westminster Bank plc 19 Mount Ephraim Road Tunbridge Wells Kent TN1 1EN CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ

**BUILD AFRICA
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

The Trustees present their report and accounts for the year ended 31 December 2010. The Trustees also serve as the Charity's Directors.

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

1. GENERAL INFORMATION

Trustees/Directors

The Trustees at the date of this report are:

Keith Leslie (Chair)	Ronald Kansere
Claire Gillingwater	Rupal Mistry
Tom Lindsay	James Shaw-Hamilton
Julie Pörksen	Phil Vernon
Jason Suckley	Simon Wong
Karen Westley	

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

Hugh Morris	(Resigned 31 March 2010)
Rose Nanfuka	(Resigned 28 January 2010)
Hugh Allen	(Resigned 11 May 2010)
Valerie Vaughan-Dick	(Resigned 12 May 2010)
Mark Florman	(Resigned 1 February 2011)

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 the trustees 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 the trustees must not approve the financial statements unless they 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, the trustees 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.

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The trustees 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. They 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.

Other Administrative details

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

2. ORGANISATION

Structure and governance

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

Trustees are appointed with a view to ensuring that Build Africa has a variety of experience including international development, business management, financial, and fund-raising. Periodically, the Board undertakes a skills audit to identify areas where additional experience would be useful; the results of this exercise influence the appointment of new Trustees. The Board in consultation with the Chief Executive undertakes the appointment of Trustees. All new Trustees are provided with a comprehensive induction information pack and other relevant training so as to ensure that all Trustees have an appropriate understanding of their responsibilities and the background to the current activities and key management issues of the organisation. Additionally, Trustees 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, additional smaller committees are established whose membership is constituted of selected trustees with delegated authority from the full board to undertake detailed reviews, analysis or policy development in conjunction with members of the senior management team and to report back findings and recommendations to the full Board. There are currently 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, formerly Partners for Progress) 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.

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

Build Africa in the UK shares with 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

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

3. OBJECTIVES, PLANNING & PERFORMANCE

We have experienced a year of growth that has coincided with economic fragility in the UK and a turbulent world in general. Perhaps against expectations and the experience of many in the voluntary sector, 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.

We are developing education and income generating programmes that are making a real difference to some of the poorest communities in the world. 2010 was a year in which we continued to build on our successes and use the lessons we learned to move closer to realizing our vision of empowering every young person we work with to complete school and to work their way out of poverty. The essence of our strategy includes:

We have 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;

We promote 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. And 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;

We link 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 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).

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Build a School

Doubling the attendance rates of rural primary school children would reduce levels of food insecurity by 20-24% (United Nations ESCO, 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

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; not only for the individual child, but for society in general.

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.

Building healthier communities: Difficult subjects like the transmission of HIV and AIDS 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.

How did we do: targets

- To increase the percentage of students passing their leaving exams;
- To increase the number of students taking their leaving exams;

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How did we do: outcomes

- In rural Uganda the percentage of students passing their leaving exams is 94.5% in schools we have been supporting for 5 years or more, compared to 79.3% in the schools we have just recently started supporting;
- The average number of Kenyan students per school taking their leaving exams has risen from 27 in schools we have worked with for two or less years, to 55 in schools that we have worked with for longer;

Lessons learned

The problem of increasing class sizes: The popularity of Build Africa supported schools in both Uganda and Kenya has led to an increase in class sizes as students transfer from less well equipped schools in the area. On average there are 115 pupils per class when we start working with schools, which reduces to less than 50 within 5 years. However, the figure starts to climb again to 67 as students transfer from less well equipped schools in the area. The final figure is still great, but in response to the rise we will be implementing a 'clustering' strategy, concentrating our resources on multiple schools in a given area rather than single schools spread over large areas. This will go some way to tackling the problem of new pupils flocking in from neighbouring schools.

Case study

Jane is a 16 year old student at Kapkures Primary School in the Naivasha District of Kenya:

"At the beginning of 2010 there was a lot of congestion in the old classrooms, which made learning hard. There were a lot of diseases like colds, flu, pneumonia and eye infections because of the dust and many children missed school because of health.

But many wonderful things happened to our school in that year. The teachers used only to walk at the front of the class because there was no room. Now they are able to move around the new classrooms and help all the pupils. It also used to be noisy. We could hear the classes next door which made it difficult to concentrate. Now it is quiet and we can concentrate. Because of this my marks are much better: in both Science and English I have gone from 50% to 70%."

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. Lack of access to appropriate financial services, as well as a lack of business and financial skills, combine to keep people in poverty. In Uganda, for example, only 14% of the adult population are in salaried employment and just 4% of the population of rural Uganda has access to a credit institution.

What are we doing?

We launched the Village Savings and Loans Scheme in 2009 in rural Uganda to help 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.

We work with self-selected groups who organise themselves into savings associations. Formed on the basis of trust and transparency, members can save their money in a secure fund and access loans through the

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group, buying shares on a weekly basis that increase in value as more money is saved. The interest charged on the loans is distributed amongst all the group members as savings income.

By pooling their resources, they are able to invest in small scale enterprises, as well as their land, in order to increase food production. Additional contributions are made into a welfare fund which can be accessed in emergencies. The scheme is also contributing towards significant increases in school attendance as village savers are able to pay for school costs and medical treatment and can afford keep their children off the farm and in the classroom.

Building healthier communities: In Uganda we are also integrating HIV and AIDS education into the rural income projects by selecting local Peer Educators from among Village Savings and Loans Associations. These peer educators can then educate their families and communities about healthy living.

Building gender equality

In the rural areas of Uganda and Kenya it is often the women who face the greatest burden of work, given their traditional responsibilities for growing much of the food and caring for the sick and dying. In many cases they are also the sole breadwinners of the family because of the HIV epidemic.

Our income generating projects have been particularly popular with the women in the community: they account for 64% of our Village Savings and Loans Association scheme members. 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.

How did we do: targets

- To reduce poverty by increasing the incomes of the rural poor and their ability to access education and healthcare;
- To empower the female members of the community, giving them a greater say in the way money is spent in their household and improving the level of support that parents are able to make towards the education of their children.

How did we do: outcomes

- On average each saver makes £15.45 profit per year on £31 saved. When your annual earnings are less than £150 per year, that extra income can make an enormous difference;
- Of the 20,707 savers in 752 groups, 64% of the members are women. This has led to increased confidence in how their household income has been spent

Lessons learned

Integrating our programmes: Our studies have shown that if the Village Savings and Loans Schemes in any given community are to be as effective as possible they must be combined with our education projects. Increasing income opportunities helps children to go to school and a quality education increases income in the long term. That is why we will concentrate our efforts on establishing savings groups in areas surrounding Build Africa supported schools and will combine our income generation and education programmes in all of the communities we work with in the future.

Case study

Isiah is a member of a savings group in the remote Puuna community of Uganda. The money he has raised through the group has helped him expand his farming business in 2010, selling cowpeas, groundnuts, cassava and millet at nearby markets:

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"I have two children at Puuna Primary School, Esther and Lazarus. They are not my children, they are orphans, but I also have one child of my own called Agnes. When I get a loan from the savings group I always spend part of it on stationery, school uniform and meeting the household basics."

Isiah's hard work and devotion is acknowledged by all of his children. Academically the rewards have been enormous: "He has helped by buying books, pens, a geometry set and even uniform", Esther told us. "I find school more interesting now. We have new classrooms now and the materials that we need. I was 25th in the class then but now I am 7th out of 46."

Becoming better: organisational developments in 2010 and beyond

Building better programmes: in 2010 we agreed on a long term strategy to further improve our effectiveness:

- *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;*
- *Maximise our effectiveness by listening to, understanding and responding to all the people and organizations we work with;*
- *Our ability to respond to the particular needs of each community will be improved by better partnering, particularly with other Non-governmental Organisations and Community Based Organisations;*
- *Improve the links between the Build an Income and Build a School Programmes so that they have the maximum impact on the communities where we work;*
- *Increase awareness of Build Africa to drive increased support and funding;*
- *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.*

As an example of our future programme developments we will be working with a further 12 new schools in 2011, taking the current total number of schools we are working with to 78. In our income generating programme we will be expanding operations in Uganda (and for the first time into Kenya as well) as well as increasing the variety of activities offered by providing links to banks and financial services and expanding the business training and support services.

Building better staff: It goes without saying that quality programmes depend on quality staff, and in 2010 we made a commitment to all staff, irrespective of role or location, of training, development and exciting challenges at work, together with a commitment to pay fair and competitive salaries. Alongside this, we are striving to create a culture of openness and respect in which every person knows that their opinion on what we do matters and will be heard. Our intention is not only to attract great staff but also to excite them so that they choose to stay and develop with us, using their talents to help us improve continuously.

Building child protection: 2011 will see Build Africa implement its Child Protection scheme. We believe that the best way to protect children is to empower them to protect themselves. We therefore propose to:

- Train all teachers and school management committees that we work with to identify issues and begin to tackle them;
- Set up child rights clubs that will be piloted in a selection of Ugandan and Kenyan schools.

Building better monitoring and evaluation: In 2010 we also made great progress in developing the scope and detail of our monitoring. Our website features an impressive range of performance indicators that will continue to grow in the future. We keep you updated on progress at every school that we work with, providing a level of detail that you won't find on the websites of other organisations.

Building better financial management: Our professional approach to purchasing the currencies we need to operate in Africa was recognised and commended during the year. A sector-wide publication on currency

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management by the Charity Finance Directors' Group used Build Africa is an example of good practice in this field. Our approach of building a close working relationship with a specialist currency firm and following market movements to buy currency at opportune times saves us over £100K per year compared to the 'easy option' of taking rates offered by the high street banks.

Review of 2010 financial position and fundraising activities

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

During the year Build Africa raised £2.54 million (2009 - £2.27 million) of income and spent £2.61 million (2009 - £2.36 million).

In accordance with SORP 2005, support costs have been allocated between charitable activities and fundraising. The Statement of Financial Activities shows that after allocating support costs, Build Africa spent 77% of its total expenditure on charitable activities, 22% on fundraising and 1% on governance. Allocated within these percentages are support costs in all locations of around 15% of total expenditure (excluding one-off costs of the UK office move during the year). 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. We have strong management and are investing in developing the skills of our staff in all parts of the organisation. 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.

Our income grew in 2010 by around £277K (12%). Against the background of the global recession and the difficulties faced by the whole of the UK charity sector, this is a performance of which we are proud. However, the growth in income was slightly less than we had anticipated with a small number of significant donations which had been expected at the end of the year not materialising. As a consequence, we have strengthened our income forecasting and planning tools so that we are better able to anticipate similar events and are able to respond by looking at expenditure plans and/or replacement sources of income.

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 most of these areas.

We have been successful in raising funds from statutory sources in Uganda, with around £138K being received in 2010 for three different projects. Our plans for 2011 and beyond include increasing statutory income from a broader range of sources (both in African 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.

Our charitable expenditure has increased by around £119K over 2009 levels. During the previous year, we completed the Build a Farm programme, so a true comparison of our ongoing programme activities shows an increase of around £300K, largely in activities in education. In particular, we have been able to fund more of the non-construction aspects of education programmes; increasing the spend on areas such as teacher training, School Management Committee training and community engagement represent a significant increase in the true impact of our education programmes.

An emphasis in previous years on maintaining low costs of generating voluntary income had blunted income growth. To counteract this trend and serve the interests of future beneficiaries, Trustees and management have decided to increase investment in generating future income streams. This strategy began in 2008 and

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is proving successful with a 38% increase in income since the 2007 year end. Although this investment strategy has increased fundraising costs to 22% of income (including allocated support costs), it is leading to increased funds being devoted to future charitable activities and is resulting in a greater number of young Africans being reached. Increased income also brings greater certainty and sustainability to our programmes.

A significant factor contributing to the deficit for 2010 was the decision to utilise the accumulated surplus on reserves to relocate the UK office. The old office had become unworkably overcrowded and was in a very poor state of repair, leading to serious inefficiencies in day to day working. As shown in note 6, there was around £31K of revenue expenses associated with this relocation with further capital expenditure to replace antiquated equipment being included in note 9.

For a description of how our expenditure supported our key objectives, please refer to pages 6 – 10 of this report and Note 5 to the accounts.

The deficit of £70K (before revaluations and currency movements) was partly a result of the decision to use a prior surplus to fund the UK office move and partly a result of income for the year being around 1% below budget. Our unrestricted, undesignated reserves position at the end of the year was £29K below our target level. Given the difficult times that the sector has endured recently, we consider this to be a satisfactory position, particularly given the high level of liquidity on our balance sheet. Further details of the reserves position are given in notes 12 -15 to the accounts and in the Reserves Policy section of this report.

Risk Management and internal control

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

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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. We will also focus very intently on supporter care so that we retain as many of our current supporters as we can. Secondly, we have budgeted cautiously for 2011 and have a detailed contingency expenditure plan which we will implement if income does not reach budgeted levels. Thirdly, we believe the best way to protect and grow income 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.

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 2010 the unrestricted, undesignated reserves were £671K compared to our risk-based reserves policy target of around £700K. This shortfall of around 4% is not felt to be a cause for concern in the light of our expectations of income growth in the short and medium term. A portion of budgeted growth in income over the next three years will be used to bring reserves back up to target levels. Trustees and management will continue to monitor financial performance closely and if there are signs that income or expenditure is deviating significantly from plan, measures will be taken to protect reserves.

Investment Policy

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

Disclosure of information to auditors

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

Auditors

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

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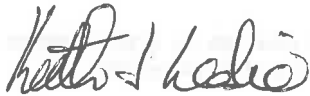
Voluntary help

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 2010, 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: 14 May 2011

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

We have audited the financial statements of Build Africa for the year ended 31 December 2010 set out on pages 17 to 31. 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 2010 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
(A COMPANY LIMITED BY GUARANTEE)
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.



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: *23 May* 2011

BUILD AFRICA

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT YEAR ENDED 31 DECEMBER 2010

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
Incoming Resources						
<u>Incoming resources from generated funds</u>						
Voluntary income:						
Donations and gifts	2	1,010,403	-	905,727	1,916,130	1,741,542
Legacies	2	84,997	-	0	84,997	54,479
Grants	2	51,768	-	331,177	382,945	311,025
Total Voluntary Income		1,147,168	-	1,236,904	2,384,072	2,107,046
Activities for generating funds	3	123,124	-	22,742	145,866	141,930
Investment and other income	4	13,010	-	-	13,010	17,378
<u>Total Incoming resources from generated funds</u>		<u>1,283,302</u>	<u>-</u>	<u>1,259,646</u>	<u>2,542,948</u>	<u>2,266,354</u>
Income from charitable activities		-	-	-	-	-
Total Incoming Resources		1,283,302	-	1,259,646	2,542,948	2,266,354
Resources Expended						
Costs of generating funds	5	574,200	-	0	574,200	449,166
Expenditure on charitable activities	5	731,244	54,784	1,227,089	2,013,117	1,893,778
Governance costs	6	25,978	-	-	25,978	19,508
Total Resources Expended		1,331,422	54,784	1,227,089	2,613,295	2,362,452
Net outgoing resources before transfers		(48,120)	(54,784)	32,557	(70,347)	(96,098)
Foreign exchange loss	1.6	(10,706)	(15,846)	(1,218)	(27,769)	(20,094)
Net deficit for the year		(58,826)	(70,629)	31,339	(98,116)	(116,192)
Transfers between funds		(94,172)	94,172	0	-	-
Asset revaluation		-	12,195	-	12,195	-
Fund balances at 1 January 2010		823,782	179,273	10,702	1,013,757	1,129,949
Fund balances at 31 December 2010	12,13,14	670,784	215,011	42,041	927,836	1,013,757

The notes on pages 20 to 31 form part of these accounts.

BUILD AFRICA

BALANCE SHEET AS AT 31 DECEMBER 2010 - CHARITY

		2010		2009	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		60,598		19,037
Current assets					
Debtors	10	242,058		210,315	
Cash at bank and in hand		473,276		611,892	
		<u>715,334</u>		<u>822,207</u>	
Creditors: amounts falling due within one year	11	<u>(100,529)</u>		<u>(123,221)</u>	
Net current assets			614,805		698,986
Total assets less current liabilities			<u>675,403</u>		<u>718,023</u>
Income funds					
Restricted funds	13		33,946		4,958
Designated Funds	14		60,598		19,037
Unrestricted funds			580,859		694,028
	12,15		<u>675,403</u>		<u>718,023</u>

The accounts were approved by the Board on

2011

→ May 19th

Keith J Leslie

Keith Leslie, Chair

The notes on pages 20 to 31 form part of these accounts.

BUILD AFRICA

BALANCE SHEET AS AT 31 DECEMBER 2010 - GROUP

		2010		2009	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9	215,011		159,273	
Current assets					
Debtors	10	258,462		226,476	
Cash at bank and in hand		736,956		804,267	
		<u>995,418</u>		<u>1,030,743</u>	
Creditors: amounts falling due within one year	11	<u>(282,593)</u>		<u>(176,259)</u>	
Net current assets			712,825		854,484
Total assets less current liabilities			<u>927,836</u>		<u>1,013,757</u>
Income funds					
Restricted funds	13		42,041		10,702
Designated Funds	14		215,011		179,273
Unrestricted funds			670,784		823,782
	12,15		<u>927,836</u>		<u>1,013,757</u>

The accounts were approved by the Board on *14th May* 2011



Keith Leslie, Chair

The notes on pages 20 to 31 form part of these accounts.

**BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

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

BUILD AFRICA
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2010 £	2009 £
Donations and gifts	1,010,403	905,727	1,916,130	1,741,542
Legacies receivable	84,997	0	84,997	54,479
Grants receivable	51,768	331,177	382,945	311,025
	1,147,168	1,236,904	2,384,072	2,107,046

Throughout 2010, Build Africa received support from more than 50 charitable trusts and foundations. Thanks to the generous support of donors such as the Equitable Charitable Trust and the Vodafone Foundation, we were able to undertake activities benefiting thousands of children. We are therefore enormously grateful to all those trusts, foundations, companies and individuals who supported Build Africa during the year.

3 Activities for generating funds

	Income generated	Associated costs	Net funds generated 2010 £	Net income 2009 £
Turnover from trading activities	14,966	(6,724)	8,242	2,632
Fundraising events	130,900	(42,991)	87,909	94,012
Total	145,866	(49,715)	96,151	96,644

During 2010, a very successful fundraising dinner and auction was held in London. In addition to generating funds, the event also created relationships with several new supporters of the charity. Other successful events included a sponsored climb of Mount Kilimanjaro which raised around £20,000.

4 Investment income and other income

	2010 £	2009 £
Interest receivable	11,420	17,378
Profit on disposals of assets	1,590	0
	13,010	17,378

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

5. Resources expended	Uganda	Kenya	UK	Total 2010	Total 2009
	£	£	£	£	£
Costs of generating funds:					
Costs of generating voluntary income			425,554	425,554	371,692
Costs of activities to generate funds			49,715	49,715	45,286
Support Costs			98,931	98,931	32,188
Total cost of generating funds	-	-	574,200	574,200	449,166
Cost of charitable activities:					
Education					
Direct Project Costs	553,706	383,767	386,523	1,323,996	1,018,610
Support Costs	66,165	44,093	144,973	255,231	249,522
Total Education costs	619,871	427,860	531,496	1,579,227	1,268,132
Income					
Direct Project Costs	147,497	26,444	100,289	274,230	504,199
Support Costs	17,625	35,220	38,618	91,463	121,447
Total Income costs	165,122	61,664	138,907	365,693	625,646
Orphans and Vulnerable Children	53,146			53,146	-
Nigeria Feasibility Study			15,051	15,051	-
Total cost of charitable activities	838,139	489,524	685,454	2,013,117	1,893,778
Governance costs	10,726	8,846	6,406	25,978	19,508
Total resources expended	848,865	498,370	1,266,060	2,613,295	2,362,452

The increase in education expenditure represents the expansion of our activities in this area. During 2009, we completed our Build a Farm Programme, a major income generation project. This accounts for the decrease in expenditure on income projects in 2010.

The Nigeria Feasibility Study was funded wholly by one specific grant.

BUILD AFRICA

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

6. Support and governance costs

Support costs	2010	2009
	£	£
Support costs during the year comprised:		
Staff costs	193,514	177,039
Premises costs	88,878	62,686
Postage/office costs	27,465	34,267
Human Resources costs	21,512	14,299
Depreciation of non-programme assets	34,447	57,073
IT costs	16,319	23,343
Finance costs	14,895	16,957
Travel costs	9,281	10,215
Legal costs	4,527	2,072
Other costs	3,296	5,206
	414,134	403,158
Exceptional costs - UK Office Move	31,491	0
Total Support Costs	445,625	403,158

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

Governance costs	2010	2009
	£	£
Costs relating to Governance comprise:		
Audit fees	20,116	18,004
Other costs	5,862	1,504
	25,978	19,508

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 (2009: Nil). No Director/Trustee was reimbursed for expenses incurred in attending Board meetings (2009 - £227).

BUILD AFRICA
NOTES TO THE ACCOUNTS
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

8. Staff Costs

Number of employees

The average monthly number of employees during the year was:	2010	2009
Fundraising and communications	8	8
Programmes	46	39
Support	11	11
	65	58

Employment costs

	2010	2009
	£	£
Wages and salaries	918,151	843,601
National Insurance	85,676	70,429
Pensions	68,088	70,371
	1,071,915	984,401

Employment Costs and number of employees by activity

	2010	2010
	No of staff	£
Education:		
Uganda	16	132,519
Kenya	15	171,578
UK	4	198,194
Total Education	35	502,291
Enterprise:		
Uganda	8	59,660
Kenya	1	3,961
UK	2	104,096
Total Enterprise	11	167,717
Fundraising:		
UK	8	208,394
Total Fundraising	8	208,394
Support:		
Uganda	3	17,445
Kenya	3	37,449
UK	5	138,619
Total Support	11	193,513
Total Employment costs and number of employees	65	1,071,915

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

£70,000 - £79,999	0	(2009 - 1)
£60,000 - £69,999	1	(2009 - 1)

BUILD AFRICA

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2010

9. Tangible fixed assets				
Charity	Computer Equipment	Fixtures, fittings & leasehold improvements	Total	
Cost	£	£	£	£
At 1 January 2010	98,940	16,046	114,986	
Additions	15,022	41,209	56,231	
Disposals and scrapped assets	(50,969)	(11,696)	(62,665)	
At 31 December 2010	62,993	45,559	108,552	
Depreciation				
At 1 January 2010	79,903	16,046	95,949	
Charge for the year	9,278	4,579	13,857	
Disposals and scrapped assets	(50,156)	(11,696)	(61,852)	
At 31 December 2010	39,025	8,929	47,954	
Net book value				
At 31 December 2010	23,967	36,630	60,598	
At 31 December 2009	19,037	0	19,037	
Group	Motor Vehicles	Computer Equipment	Fixtures, fittings & leasehold improvements	Total
Cost		£	£	£
At 1 January 2010	178,131	143,658	122,361	444,150
Additions	54,164	26,371	53,252	133,787
Revaluations	0	3,083	9,112	12,195
Disposals and scrapped assets	(16,719)	(57,734)	(11,903)	(86,356)
Foreign exchange loss	(21,402)	(4,319)	(9,374)	(35,095)
At 31 December 2010	194,174	111,059	163,448	468,681
Depreciation				
At 1 January 2010	109,193	110,664	65,020	284,877
Charge for the year	34,830	19,323	15,124	69,277
Disposals and scrapped assets	(12,417)	(56,921)	(11,897)	(81,235)
Foreign exchange loss	(11,943)	(2,928)	(4,379)	(19,250)
At 31 December 2010	119,663	70,138	63,868	253,670
Net book value				
At 31 December 2010	74,510	40,921	99,580	215,011
At 31 December 2009	68,938	32,994	57,341	159,273

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER
2010

10. Debtors	Charity		Group	
	2010	2009	2010	2009
	£	£	£	£
Accrued income	200,703	182,010	200,703	182,010
Prepayments and other debtors	41,355	28,305	57,759	44,466
	242,058	210,315	258,462	226,476

11. Creditors: amounts falling due within one year

	Charity		Group	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	40,844	10,976	67,240	30,355
Deferred income	0	13,436	0	13,436
Taxes and social security costs	31,294	27,863	31,294	27,863
Accruals & other creditors	28,391	70,946	184,059	104,606
	100,529	123,221	282,593	176,258

12. Summary of all reserves

Charity Reserves

	Movement in funds				
	Balance at	Income	Resources	Transfers	Balance at 31
	January		expended	between	December
	2010			funds	2010
	£	£	£	£	£
Unrestricted	694,028	1,271,373	(1,329,124)	(55,418)	580,859
Designated (Note 14)	19,037	0	(13,857)	55,418	60,598
Restricted (Note 13)	4,958	1,121,536	(1,092,548)	0	33,946
Total Reserves	718,023	2,392,909	(2,435,529)	0	675,403

Group Reserves

	Movement in funds					
	Balance at	Income	Resources	Foreign	Transfers	Balance at 31
	1 January		expended	exchange	between	December
	2010			gain/(loss)	funds	2010
	£	£	£	£	£	£
Unrestricted	823,782	1,283,302	(1,331,422)	(10,706)	(94,172)	670,783
Designated (Note 14)	179,273	0	(54,784)	(15,846)	106,367	215,011
Restricted (Note 13)	10,702	1,259,646	(1,227,089)	(1,218)	0	42,041
Total reserves	1,013,757	2,542,948	(2,613,295)	(27,770)	12,195	927,835

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010 £	Income £	Resources expended £	Transfers between funds £	Balance at 31 December 2010 £
Education projects, Uganda	4,958	505,315	489,577	0	20,696
Income projects, Uganda	0	16,769	16,769	0	0
Education projects, Kenya	0	238,866	234,866	0	4,000
Uganda, Skills For Living	0	222,239	222,239	0	0
Kenya, Skills For Living	0	86,412	86,412	0	0
Nigeria Pilot Study	0	18,500	9,250	0	9,250
World of Difference	0	33,436	33,436	0	0
	4,958	1,121,536	1,092,548	0	33,946

Group	Movement in funds					
	Balance at 1 January 2010 £	Income £	Resources expended £	Transfers and asset revaluations £	Foreign exchange gain/(loss) £	Balance at 31 December 2010 £
Education projects, Uganda	4,958	505,314	489,577	0	0	20,695
Income projects, Uganda	0	16,768	16,768	0	0	0
Education projects, Kenya	0	238,866	234,866	0	0	4,000
Uganda, Skills For Living	0	222,239	222,239	0	0	0
Kenya, Skills For Living	0	86,412	86,412	0	0	0
Nigeria Pilot Study	0	18,500	9,250	0	0	9,250
World of Difference	0	33,436	33,436	0	0	0
Ugandan Civil Society Fund	0	46,282	42,839	0	(361)	3,082
Orphans & Vulnerable Children, Uganda	3,177	40,864	42,562	0	(288)	1,191
Village Savings & Loans Associations, Uganda	2,567	50,965	49,140	0	(569)	3,823
	10,702	1,259,646	1,227,089	0	(1,218)	42,041

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

13 Restricted funds

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.

Restricted funds with a balance at 31 December 2010 are detailed below:	31 December 2010	
	Charity	Group
		£
Fund for 2011 work with Ugandan schools;	20,695	20,695
Fund for 2011 work with Kenyan schools ;	4,000	4,000
Nigeria Pilot study	9,250	9,250
Mainstreaming HIV/AIDS Education	0	3,082
Orphans & Vulnerable Children, Uganda	0	1,191
Village Savings & Loans Associations, Uganda	0	3,823
	33,945	42,041

The funds for Ugandan schools in Kumi and Masindi represent income received from supporters for schools where our work will not begin until 2011.

The Mainstreaming HIV/AIDS in Education is funded in Uganda by the Ugandan Civil Society Fund and focuses on education children on issues surrounding HIV and AIDS within their school environment, working the teaching into the children's curriculum.

The Orphans and Vulnerable Children project is also funded in Uganda by the Ugandan Civil Society Fund. The project works with children in the region of Buliisa and addresses the issues of food security and of future income security. It is particularly targeted at children made vulnerable by the effects of HIV/AIDS. The restricted fund at the 2010 year end represents money received from the funder that will be spent in 2011.

The Village Savings and Loans project is funded in Uganda by the Gates Foundation via Care International. The project helps poor rural communities with no realistic access to mainstream financial institutions to form local savings associations. Members earn interest on the amount saved and have the ability to take loans to help with school fees, healthcare costs or to help start new businesses or to invest in existing subsistence farming activities. The restricted fund at the 2010 year end represents money received from the funder that will be spent in 2011.

The Nigeria pilot study was begun in November 2010 with funding from a corporate donor to investigate the possibility of Build Africa beginning to work in Nigeria. This pilot study will be completed in the first half of 2011.

All balances on the above funds are expected to be spent during 2011.

BUILD AFRICA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

14 Designated Funds

Charity

	Movement in funds				
	Balance at 1 January 2010 £	Income £	Resources expended £	Transfers between funds £	Balance at 31 December 2010 £
Capital Assets	19,037	0	(13,857)	55,418	60,598
Total reserves	19,037	0	(13,857)	55,418	60,598

Group

	Movement in funds					
	Balance at 1 January 2010 £	Income £	Resources expended £	Foreign exchange gain/(loss) £	Transfers between funds £	Balance at 31 December 2010 £
Capital Assets (i)	159,274	0	(54,784)	(15,846)	114,171	202,816
Asset Revaluation (ii)	0	0	0	0	12,195	12,195
Vehicle purchase in 2010 (iii)	20,000	0	0	0	(20,000)	0
Total reserves	179,274	0	(54,784)	(15,846)	106,366	215,010

(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 year end. The resulting revaluation reserve is treated as designated for the same reasons as the capital asset fund.

(iii) Funds were designated in 2010 for the replacement of a vehicle used for transport to and from projects in Uganda. This was purchased in 2010 and the fund is no longer required.

BUILD AFRICA
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THE YEAR ENDED 31 DECEMBER 2010

15 Analysis of net assets between funds

Charity	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 December 2010 are represented by:				
Tangible fixed assets	-	60,598	-	60,598
Cash at bank and in hand	439,330	-	33,946	473,276
Current assets	242,058	-	-	242,058
Creditors: amounts falling due with one year	(100,529)	-	-	(100,529)
	580,859	60,598	33,946	675,403

Group	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 December 2010 are represented by:				
Tangible fixed assets	0	215,010	0	215,010
Cash at bank and in hand	694,916	0	42,041	736,956
Current assets	258,462	0	0	258,462
Creditors: amounts falling due with one year	(282,594)	0	0	(282,594)
	670,784	215,010	42,041	927,835

16 Commitments under operating leases

At 31 December 2010 the company had these annual commitments under non-cancellable operating leases:

	Land and buildings			
	Charity		Group	
Expiry:	2010 £	2009 £	2010 £	2009 £
Greater than 5 years	48,000	0	48,000	-
	48,000	0	48,000	0

The commitment in 2010 represents the annual rent of the charity's UK offices in Tunbridge Wells. The charity moved into these offices in September 2010, which is why there was no commitment in 2009.

