

**BUILD AFRICA**  
**(A company limited by guarantee)**  
**TRUSTEES' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

Charity Registration No. 298316

Company Registration No. 2200793 (England and Wales)

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The Trustees present our report and accounts for the year ended 31 December 2016. The Trustees also serve as the Charity's Directors. In preparing the accounts, we have followed the accounting policies set out in the notes the accounts and the requirements of the Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Northern Ireland (FRS 102) (Effective 1 January 2015).

**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 14). Build Africa has a 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 fundraising. 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, they 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.

**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 the 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 primarily 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 and therefore meet the charities SORP definition of branches of Build Africa UK. Additionally, both organisations are formally registered in their respective countries as branches of Build Africa.

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

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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. These close relationships are an effective conduit for ensuring the efficient and effective delivery of programmes that meet the Charity's objectives, the Trustees' and management's strategy.

2016 was a year of consolidation under Linda Edwards and the Senior Management Team (SMT), comprising Michael Baah, Director of Finance and Resources, Sam Harris, Director of Fundraising and Communications and Jen Steele, Interim Director of Strategy and Impact (from 1 December). New Country Directors were recruited for Build Africa Kenya and Build Africa Uganda. The SMT started on a comprehensive change management process which will run into 2017.

**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.

The Trustees comprise the Board of Trustees and the Senior Management Team comprises the key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day to day basis. All trustees give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in note 7 to the accounts.

**Key Management remuneration**

The pay of the International Senior Management Team and all staff is reviewed annually. In view of the nature of the Charity, the Trustees benchmark is against pay levels in other charities. The Trustees consider the current pay scales and annual cost of living awards, comparable to charities or non-governmental organisations of similar size and structure.

**OBJECTIVES, PLANNING & PERFORMANCE: WHAT WE DO AND THE IMPACT WE MAKE**

In 2016, Build Africa started a process to review its strategy and refresh it in line with a market assessment around market niches and to be based on the evidence about what works in education programming. Build Africa decided to focus all of its efforts on securing improved learning outcomes for children and to use its livelihoods work to help support part of the equation of getting children into school and learning. The following section describes the work it did in 2016 and is organised around its revised strategy and its outcomes, which was launched in 2017.

Build Africa believes in the power of education to help end poverty. We work to give children the education they need and fight the inequalities that stand in their way.

We partner with remote and rural communities where children are leaving school without vital basic skills. Our unique approach then helps parents and teachers to create sustainable, effective schools and to nurture their children's learning.

For over 20 years we have ensured vulnerable children in Africa have the right infrastructure, teaching and family support so they can get the most from their time at school and go on to lead productive, healthy and happy lives.

**The challenges Build Africa addresses**

In the areas in which Build Africa works, children are leaving school without the basic skills they need to be successful later in life. The following are the type of challenges its work addresses.

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**OBJECTIVES, PLANNING & PERFORMANCE: WHAT WE DO AND THE IMPACT WE MAKE (CONT'D)**

*At the household and community levels:*

- *Income is insufficient to meet household needs.* Agriculture is often the main source of income for parents. However many farmers struggle without the right seeds, equipment or training in sometimes harsh environments. As a result, they become unable to provide food for their families, pay healthcare bills or afford their children's education.
- *Socio-cultural norms marginalize the value of education as well as the importance of all children receiving an education.* Minorities, children living with disabilities, and girls are often at a particular disadvantage, as discrimination, abuse, early pregnancy and child marriage can stand in their way. So too is it rare for parents to see themselves as partners in the learning process, and thus learning in the home, or engagement with Parent Teacher Councils, is uncommon leading to poor reinforcement of good learning practices.
- *A lack of basic financial literacy and small business financial services prevent many families from investing in their livelihoods or accessing support in times of need – leaving entire communities vulnerable to economic or environmental crisis, and putting their children's future at risk.*

*Statistics that elucidate the types of challenges we address in our work*

- Smallholder farmers account for 75% of agricultural production in sub-Saharan Africa, a region in which 48.5% of the population is living on less than \$1.25 a day and 69% on less than \$2.00 per day<sup>i</sup>.
- A recent study conducted by Build Africa found that 50% of farmers surveyed reported that they earned \$45 or less a month, below the 2015 poverty line of roughly \$58.5 per month established by the World Bank.
- A 2011 study found that 20-30% of food is wasted through post-harvest losses in sub-Saharan Africa, enough to feed 48 million people.
- In Kenya, national financial inclusion rates show that only 30% of people over 15 years old have any kind of formal savings and only 15% have ever borrowed formally<sup>ii</sup>.
- Better enforcement of early marriage laws would increase average years of schooling attained in sub-Saharan Africa by 39%<sup>iii</sup>.

*At the school level:*

- *Learning spaces are insufficient in availability and quality.* They can be few and far between in rural areas, and when they exist they are often insufficient in size or quality to function as a safe and appropriate space to learn and play. Important infrastructure such as clean water and hygienic sanitation can also be missing, putting children at risk of preventable diseases.
- *School policy and practice often does not put in place the practices and behaviours that make a school a safe learning space for all children.* In many instances, schools do not have functioning child safeguarding and protection policies, training for personnel on inclusiveness, or are not functioning enough hours a year with enough resources to make the space a proper school.
- *There are often insufficient teaching and learning materials-* such as books and games- to help make learning fun. At the same time, the materials that do exist are not always well designed to help children develop the social, emotional, cognitive, and physical skills they need to succeed in later life.
- Without proper training and ongoing mentoring, teachers are often unable to meet the needs of students. This is the greatest factor for poor student learning and drop-out.

*Statistics that elucidate the types of challenges Build Africa addresses in its work*

- Less than 75% of primary school teachers in developing countries are being trained according to national standards<sup>iv</sup>
- The average pupil to teacher ratio in Uganda is 43:1 per class<sup>v</sup>
- Teachers from rural schools in Kenya were absent 20% of the time<sup>vi</sup>

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**OBJECTIVES, PLANNING & PERFORMANCE: WHAT WE DO AND THE IMPACT WE MAKE (CONT'D)**

**Build Africa's approach**

Build Africa delivers an innovative and powerful programme of work to create lasting change for children and their families in rural Africa. It works in homes, communities and schools to ensure that everyone with a vested interest in improved educational outcomes is involved as part of the solution. It works in remote and rural regions of Kenya and Uganda where many people are surviving below the poverty line – meaning children are leaving school without the basic skills they need.

Build Africa knows that each community its supports is different. It takes time to understand their unique needs, and it prides itself on the relationships it maintains. It employs local staff, not just with expertise in its projects, but in the social and cultural environments in which it works.

**Build Africa's aims**

Build Africa's work has two aims: *Improve access to education* for children and *improve the quality of education* that they receive.

***Improving access to education***

Build Africa aims to help children overcome the barriers that prevent them from going to school, including tackling inequality in their communities and supporting parents to earn a secure living to provide for them.

- It addresses income constraints by helping parents and caregivers earn a secure living so they can afford to support their children through school.
- It address financial literacy constraints by helping parents and caregivers learn how to establish and manage household budgets
- It addresses socio-cultural constraints by helping families and community leaders understand the value of investing in education for all as a lifelong learning activity that takes place in schools, communities, and homes

***Improving access to education (continued)***

*Statistics that elucidate the rationale for our work*

- A child whose mother can read is 50% more likely to live past aged 5<sup>vii</sup>
- Each extra year of a mother's schooling reduces infant mortality by 5-10%<sup>viii</sup>
- Investing in girls' education could boost the agricultural output of Sub-Saharan Africa by 25%<sup>ix</sup>

***Improving the quality of education***

Build Africa aims to help children have the best possible education during their time at school, including support from well-trained teachers in a safe and engaging environment.

- Build Africa ensures the opportunity to learn exists by helping establish and monitor school policies that promote and protect the overall wellbeing of teachers and students
- Build Africa helps schools get engaging learning resources, inspiring text books and educational games to foster experiential, child-focused learning
- Build Africa makes sure schools are safe and that they are accessible to all types of learners, by helping rehabilitate and construct school spaces and by improving access to clean drinking water, hygienic toilets and sanitation
- Build Africa trains teachers in innovative child-focused teaching methods appropriate for each age group, making sure staff are motivated and well supported
- Build Africa helps develop teaching and learning materials that are relevant for the type of skills children need for later success

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**OBJECTIVES, PLANNING & PERFORMANCE: WHAT WE DO AND THE IMPACT WE MAKE (CONT'D)**

*Statistics that elucidate the rationale for our work*

- Up to 30% of variance in student test scores in a given year may be attributed to teachers<sup>x</sup>
- If all students in low-income countries left school with basic reading skills, 171 million people could be lifted out of poverty, equal to a 12% cut in global poverty<sup>xi</sup>
- Every additional year of schooling increases a person's earnings by 10%<sup>xii</sup>

**Build Africa's evidence-based solutions and their outcomes:**

***Outcome 1: No child is denied an education***

**A. Household income increases due to:**

- Cash transfers
- Village Savings and Loan Associations
- Training and mentoring for farmers, SMEs and agribusinesses
- Market mapping
- Establishment of agri-business forum with multiple level stakeholders
- Collectivisation

**B. Household investment in education increases due to:**

- Training and mentoring on financial literacy

**C. Socio-cultural acceptance of education for all increases due to:**

- Training and mentoring on supporting equitable access to education and home-based learning

*Example of outcomes from our programming:*

**Under the Kenya Farmers Network Project:**

- Access to financial services of the farmers increased tremendously during the FNP from 13% to 74%.
- 96% of the farmers were able to pay back their loans.
- Investment by farmers on their farms before the project was low at 25%; by the end 91% of the participating farmers invested in their farms.
- A recent research project conducted with our beneficiary groups in Nakuru, Kenya found that 78% of farmers now found they were able to meet family expenses and school levies and 65% said they had learned better ways of farming through the VSLA groups.

**Under the Uganda Maize Value Chain Development Project:**

- Revenue from sale of maize for beneficiary farmers increased by nearly 71% between June 2012 and June 2014.

**Under the Uganda Rural Education for Secondary School Transition and Retention project**

- The percentage of parents with positive attitudes toward their children's education increased from 72.5%-88.5% between project start and end.
- Similarly, the percentage of children stating that their parents were more supportive of their education increased from 63%-87.5% during the same timeframe.
- The percentage of parents dedicating £6 a month or more to educational costs increased from 51.5%-88.5% during the same timeframe.

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**OBJECTIVES, PLANNING & PERFORMANCE: WHAT WE DO AND THE IMPACT WE MAKE (CONT'D)**

***Outcome 2: Every child in school has the chance to learn***

Due to technical advisement of Head Teachers, School Management Committees, and District Education Offices around policy establishment and monitoring as well as on-going mentoring and support for (head) teachers:

- A. Minimum annual instructional hours are established and respected
- B. Schools meet the needs of students and teachers and are located less than approximately 1-3 km from communities
- C. Teachers and students are at school during instructional hours
- D. The student to teacher ratio is less than approximately 40:1
- E. Appropriate teaching and learning materials are available, in a ~1:1 ratio to students, and appropriately used
- F. Teachers are on task, spending 80%+ of their time on academic learning

*Examples of outcomes from our programming:*

Under the Kenya Transitions Research Project

- Teachers (58.2%) of those who participated in the evaluation said the school had development plans while 50.7% said they were following the action plans.

Across Uganda and Kenya:-

- There was an 18% increase in the performance of year 8 pupils of Songoloi School in the Gilgil district of Uganda - it was lifted from bottom of the country in 2014 to number 12 out of 22 schools by the end of 2016 following a range of support from Build Africa, including for infrastructure.
- Build Africa raised sufficient money to provide 59 schools in Ngora, Uganda, with classroom libraries that are reaching 19,480 P1 to P3 pupils. The resources in these libraries are proving beneficial and are enhancing lessons in reading, counting and storytelling. Pupils' confidence within the classroom is improving, giving each child a chance to experience the delight of reading a story for the first time.
- In Uganda, Build Africa constructed boreholes at six schools, built latrines at four schools and rehabilitated water tanks at eight schools within a water and sanitation project. This has ensured that more than 14,000 pupils have access to safe water, hand washing facilities and child-friendly toilets for boys and girls and children with disabilities.
- Build Africa constructed a teacher's house, kitchen, three classroom blocks and four latrine blocks in Uganda. These are providing more than 4,300 pupils with safe learning environments and child-friendly sanitation facilities.
- Build Africa constructed three latrine blocks and a water tank in Kenya, ensuring that more than 800 pupils have access to safe water and hygienic child-friendly toilets.

***Outcome 3: Every child leaves school with the skills they need***

Due to technical advisement of District Education Offices, Head Teachers, and School Management Committees, teacher training and mentoring, and the provision of appropriate teaching and learning materials:

- A. Effective teacher training and professional development is prioritised
- B. Student wellbeing is a focus
- C. Functional (pre) literacy and (pre) numeracy is a priority
- D. The school to home learning continuum exists



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**OBJECTIVES, PLANNING & PERFORMANCE: WHAT WE DO AND THE IMPACT WE MAKE (CONT'D)**

*Examples of outcomes from our programming:*

Under the Uganda Rural Education for Secondary School Transition and Retention project

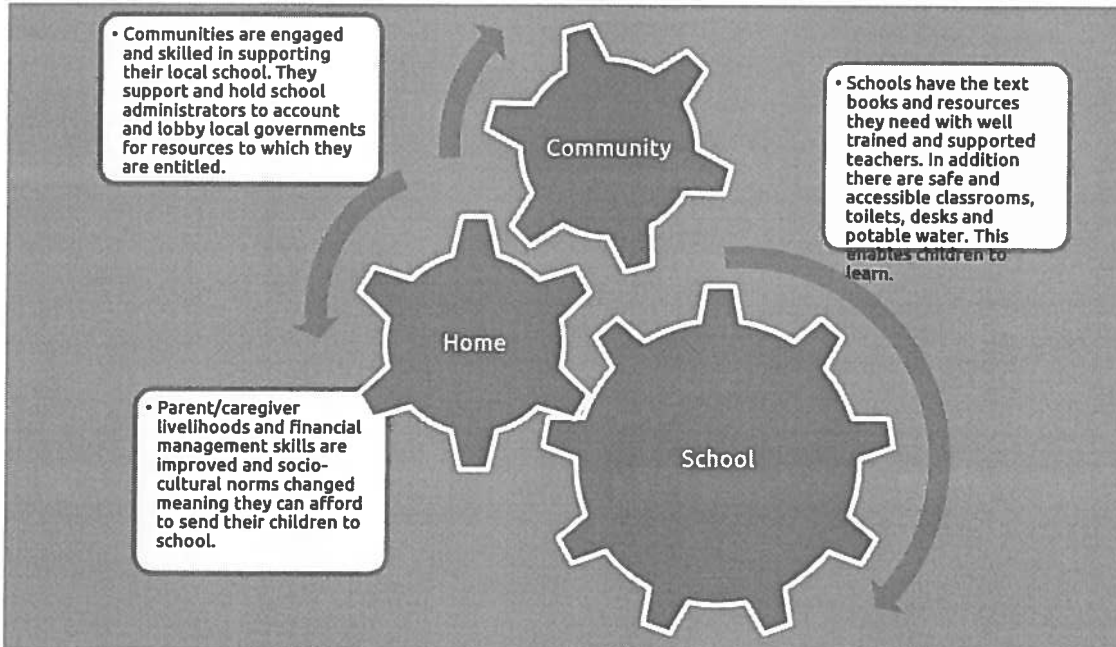
- Children's learning improved as evidenced by increased pass rates on their numeracy tests from 83-93% and from 78%-92.5% on their literacy tests.

Under the Kenya Transitions Research Project

52.2% of the teachers alluded that the training had improved learning in class, 68.7% stated that teaching aids had promoted good learning outcomes.

- 34.3% of the teachers said that the SMC training had improved governance in schools while 58.2% acknowledged that the SMC have provided effective leadership in implementing the development plans of the school.
- 56.7% of the teachers stated that there was increased accountability between SMC and parents and as a result 70.2% attested that the training received had reduced conflict among parents, teachers and SMC.
- After the training 88.7% of the parents started to attend meetings convened to discuss school development initiatives, 87.1% got involved in the planning process of the school development plans.
- 85.9% of the pupils stated that teachers had become sensitive on matters relating to violation of their rights and dealt with such cases immediately.
- 71% of the pupils who responded to the questionnaires said that sexual abuse and harassment had reduced since BAK started working with their schools.

**How it works**



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**LOOKING FORWARD: 2017 AND BEYOND**

In 2017, Build Africa will fully launch its strategy refresh and begin implementing a more integrated programme of work. It will pilot its revised Monitoring Evaluation, Accountability and Learning (MEAL) system and begin aggregating and establishing a longitudinal profile of its outputs and outcomes of its work. It will finish the foundational systems strengthening of its child safeguarding efforts. It will begin building models for potential social business activities. Finally, it will be building learning activities into its work so that not only will it be evidence-based, but evidence-generating as well.

<b>Outcome 1: <i>No child is denied an education</i></b>	<b>Outcome 2: <i>Every child in school has the chance to learn</i></b>	<b>Outcome 3: <i>Every child leaves school with the skills they need</i></b>
<ul style="list-style-type: none"> <li>• Community Empowerment for Education Project 2</li> <li>• Kwale Girls Project</li> <li>• Songoloi Village Project</li> </ul>		
	<ul style="list-style-type: none"> <li>• EQUAL (Early Years Education Quality in Uganda) Project</li> <li>• ILEAP (Improving Learning and Education Attainment in Primary) Project</li> <li>• Ngora 19 (Early Grade Reading) Project</li> <li>• STEPS (Supporting Transitions and Early Preparation to School) Project</li> <li>• Subject Excellence Project</li> <li>• Teacher Empowerment Project</li> <li>• Area Development Project</li> <li>• Early Childhood Education Project</li> </ul>	
<ul style="list-style-type: none"> <li>• Farmer Network Project</li> <li>• Amka Project</li> <li>• PLP (Parallel Learning Project)</li> <li>• Wezesha (Enable) Project</li> </ul>	<ul style="list-style-type: none"> <li>• Heshima (Dignity-WASH Project) Project</li> <li>• Leave No School Behind Project</li> </ul>	<ul style="list-style-type: none"> <li>• Nepepe (Transitions Research) Project</li> <li>• Msingi Bora (Strong Foundations) Project</li> </ul>

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**LOOKING FORWARD: 2017 AND BEYOND (CONT'D)**

***No child is denied an education***

Under the second phase of the Farmers Network Project, Build Africa will work with 3,000 farmers in Kenya to increase their ability to support their families. This new project will build on existing achievements, integrating agricultural training, economic security training and enhancing farmers' abilities to support their children's education in the home.

Throughout its future programming, Build Africa is integrating its educational work with other sectors to maximise impact. For example, it is introducing referrals for health services to its education projects. Early access to healthcare either through communities or in schools themselves reduces key barriers to accessing education. A great deal of evidence shows that delivery of health services in schools is one of the most cost effective and impactful ways of improving children's attendance and retention in education.

Finally, it will enable young mothers to learn basic literacy and numeracy skills while also supporting their children's early years' development. It will also work with men via a 'Forward Thinking Fathers' Programme, changing attitudes and encouraging them to support their partners' efforts both in the home and community as a means of addressing gender inequity.

***Every child in school has the chance to learn***

Build Africa will continue to ensure that students have access to basic water and sanitation. It aims to work in 8 schools across Kwale, Kenya, in 2017 to construct new facilities and train and educate school communities in sanitation issues. The Wezesha project will particularly seek to address cultural challenges around menstruation for older girls, making sure they have private washrooms as well as equipping them with dignity kits and skills to make reusable sanitary towels.

Build Africa will cluster its approach, working in several schools at a time to provide similar services, as a means of improving our cost efficiency. A designated staff member will oversee behavioural change elements and trainings of school Boards of Management as well as making sure that the children fully understand the linkage between hygiene and health. Again working in school clusters Build Africa aims to develop the physical infrastructure at 12 schools in Bukedea and Ngora districts, Uganda. Build Africa will also continue to address wider school needs, undertaking construction work where necessary.

Build Africa will also begin to focus on Information and Communication Technology, the availability of which has been shown to have a positive impact on learning. As well as being a cost-effective way of reaching large numbers of children with the materials, when ICT materials are used to revolutionise the way children are taught in the classroom, they can be extremely impactful. Studies dating back to the 1980s in Nicaragua showed that children who were given access to radio-based mathematics classes scored 1.5 standard deviations higher than counterparts who just had workbooks.<sup>xiii</sup> Build Africa will focus on radio content and podcasts which will help enhance interactive learning in the classroom, strengthening teachers' ability to deliver against the curriculum and handle the scarcity of physical resources they are faced with.

***Every child leaves school with the skills they need***

Build Africa's on-going work will continue to gather evidence on the effectiveness of the early grade literacy approach being rolled out in Ugandan schools. Furthermore, it is engaging a panel of top-performing teachers in Kwale, Kenya, to engage in peer mentoring and support sessions for teachers who are struggling to deliver. Finally, Build Africa will establish teacher learning circles, collaborative working groups where teachers are empowered to generate their own solutions to the challenges they face. Once the implementation model is refined, this will also form part of Build Africa's cluster approach.

**FINANCES**

**Review of 2016 financial position and fundraising activities**

2016 was an extremely challenging year for fundraising. We faced both external and internal challenges that limited both our ability to produce proposals for funding as well as secure funding in a contracting foreign aid environment.

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**FINANCES (CONT'D)**

**Review of 2016 financial position and fundraising activities**

As with most charities, Build Africa has traditionally managed its finances on a knife-edge. Whilst a strong focus has been made on professionalizing our technical and financial practices, a number of factors have coincided and in effect acted as multipliers of each other leading to a significant deficit on the charity's unrestricted funds. Our general reserves have therefore been consumed consequently impacting on our cash flow. There are both internal and external factors that have created our current circumstances.

***External factors***

The economic uncertainty following Brexit in addition to on-going changes to the foreign assistance landscape have negatively affected us, as described below:

***Economic uncertainty:***

This has affected our cost of operations as a result of the weakening sterling, as well as impacting donor giving due to uncertainty about financial markets in the future. The direct implication is:

a) 22% drop in income in 2016. This income was primarily due in Q4 2016. Conversations with supporters indicate they are being more cautious with their giving until they feel more comfortable with the financial environment, but continue to be committed to Build Africa.

***The foreign assistance landscape is changing rapidly:***

a) Public perception surveyed by the Charity Commission is the lowest it has been since 2005. This is further compounded by the UK shift to protectionism, the focus on 'trade not aid' and an anti-immigration agenda. This has led to a major reduction in enquiries to support our work;

b) Institutional funding for Kenya and Uganda is declining as a result of shifting donor priorities, depleting the pool of available large-scale funds earmarked for multi-year projects.

***Internal factors***

A number of changes have impacted how Build Africa historically managed its funds, specifically:

***BA appointed new auditors:*** The appointment of a new Finance & Resources Director as well as new auditors in 2016, coinciding with the introduction of a new financial accounting and planning system highlighted weaknesses in the manner in which restricted and unrestricted funds had been historically managed. The newly designed group multidimensional chart of accounts, using a more robust accounting software will mitigate these issues arising in the future.

***Insufficient project budgeting:*** During 2016, we identified several multi-year projects which commenced in 2014 which had been designed with insufficient budgets for implementation, thereby forcing Build Africa to draw on unrestricted funds to cover these costs. A rigorous budgeting process underpinned by a stronger multi-currency fund accounting system, is now in place to ensure that individual funds are adequately tracked and monitored throughout the financial year.

Whilst we've weathered a protracted period of crisis management, we have also made some substantial gains over the last 18 months: most critically, intensified our fundraising efforts, trimmed unrestricted costs substantially, focussed our programming on best practice and are monitoring and evaluating our work on an ongoing basis.

During the year Build Africa raised £2,581,539 (2015: £3,307,939) of income and spent £3,082,566 (2015: £3,561,248). This resulted in an excess of expenditure over income for 2016 of £501,027, before consideration of foreign exchange gain of £90,766.

In accordance with the SORP, support costs have been allocated between charitable activities and fundraising. Build Africa spent 77% (2015: 80%) of its total expenditure on charitable activities and 23% (2015: 20%) on fundraising.

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**FINANCES (CONT'D)**

Our income in 2016 was about 22% lower than 2015 for reasons explained earlier in this report. Despite the decrease, we have improved the quality of our programme work and are increasingly able to demonstrate the impact of that work. There will be challenges in 2017 as some of our current projects come to an end. We are taking steps to establish a consistent pipeline of multi-year projects and associated funding that will reduce the risk of dips in income but until that point is reached, we will need to manage the risk of peaks and troughs in project funding.

Build Africa will begin to reap the cost benefits of the organisational restructure in part during 2017 and in full in the 2018 financial year. The intense fundraising drive that started in December 2016 with the appointment of a new Director of Strategy and Impact should also see income, particularly from Trusts and Foundations and Statutory on an upward trend in the latter part of 2017 and in 2018. Whilst 2017 has seen the beginning of the charity's financial stabilisation efforts, 2018 and subsequent years will see Build Africa making bigger unrestricted surpluses to replenish and build its free reserves.

Further details of the reserves position are given in notes 14 - 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 4 – 11 of this report and Note 5 to the accounts.

The trustees acknowledge the risks around going concern and have put in place plans to mitigate these risks to ensure that Build Africa continues to operate in the foreseeable future. Please refer to page 21 of the accounts under 'Accounting policies on the trustees' mitigation plans and actions.

**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. Previously the risk register was reviewed via its three sub-committees; during 2015 the board reviewed its operating model to ensure greater effectiveness and cohesive oversight, in particular on risk. Consequently the risk-register is reviewed in full by the Finance Committee which meets quarterly and at every Board Meeting (also quarterly), thereby ensuring that all Trustees are fully abreast of risks across the organisation.

In addition to the organisational risk register, each country programme holds a register as well as all large projects, which have their own risk registers which are used by project management teams to make operational decisions. All fundraising events have their own risk assessments. Foreign currency risk is mitigated by the use of forward purchase contracts where practical to do so.

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, comprehensive documented suite of financial procedures accessible to all staff.
- Financial Reporting: the Board approves and monitors the annual budget and income projections. Each Board meeting receives an update on the latest forecast income and expenditure together with explanations of significant variations. The Finance Committee reviews the financial reports in detail and agrees any appropriate management actions; minutes from this Committee's meetings are presented to the Board.

**BUILD AFRICA**  
(A company limited by guarantee)

**TRUSTEES' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Risk Management and internal control (continued)**

- Programme reporting. Regular 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.
- 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, through the issue of annual independent management letters.
- External forensic audits being commissioned in response to whistle-blowing and/or after any change in senior financial personnel.

The principal risks and uncertainties facing the Charity and its subsidiary undertakings, as identified by the Charity's Trustees include the following:

- **Funding:** There are presently funding constraints in Kenya and Uganda partly due to the changing priorities of donors. In response to this risk and under the leadership of the Trustees, the Senior Management Team is exploring diversified sources of income for the organisation. We are also exploring the possibility of expanding our work to countries in Africa where there is a need but also where we are likely to attract increased funding.

Build Africa is also considering moving into new related areas of work to ensure that our work in education is holistic. We will also use this as an opportunity to attract more funding for our cause.

- **Security:** Build Africa, like most international NGOs, continues to face security risks in the countries where it works. This is mainly as a result of the increasing global threat of terrorism which puts staff and assets of international NGOs at risk. The Trustees are mitigating this risk by ensuring that Build Africa has a comprehensive risk assessment and plan not only for the countries that it works in but also as part of the due diligence in the new countries that it will be working in. The organisation encourages staff in all locations continue to be vigilant and also ensures that adequate insurance is in place to cover any unforeseen security related eventualities.

**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. Our policy therefore is to hold a level of unrestricted, undesignated free reserves (i.e. ignoring assets not readily convertible to liquid funds) sufficient to meet the quantification of risks on the risk register.

As at December 2016, the total unrestricted reserves held by the organisation stood at negative £79,049. The organisation held restricted funds of £652,994. These funds are earmarked for our project work and not available for general purposes.

The Trustees have a 5 year strategy to achieve its targeted unrestricted reserves level of £700,000. They believe this level to be appropriate given Build Africa's future plans. As at the end of 2016, our free reserves had been depleted and were in deficit. It was necessary to use up the organisation's free reserves in 2016 to stabilise her from the effects of falling income streams in a challenging funding climate. Build Africa will leverage on the stability to be derived from the restructure and major cost cutting exercise in 2016 to start the process of replenishing its free reserves to the desired levels. The Trustees continue to aim setting aside modest amounts of surplus towards achieving its planned reserves target. In future years we will continue to diversify our income base and control costs to ensure that we make notable strides towards achieving our long term unrestricted reserves target.

## BUILD AFRICA

### TRUSTEES' REPORT AND ACCOUNTS

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### REFERENCE AND ADMINISTRATIVE INFORMATION

<b>Trustees</b>	Andrew White (Chair) Richard Germond (until 26 April 2016) Susanne Niedrum (until 26 April 2016) Rupal Mistry (until 25 October 2016) Tom Lindsay (until 25 October 2016) Simon Wong (until 27 July 2016) Katie Spencer-Smith Michael Noyes Jeff van der Eems (from 27 July 2016) Apoorva Chandra (from 27 July 2016) Richard Brown (from 26 January 2017) Gabriele Cipparrone (from 24 April 2017)
<b>Secretary</b>	Michael Baah
<b>Chief Executive</b>	Linda Edwards (until 31 August 2017) Martin Realey (from 1 September 2017)
<b>Charity number</b>	298316
<b>Company number</b>	2200793
<b>Registered office &amp; principal address</b>	Vale House, Clarence Road Tunbridge Wells Kent TN1 1HE
<b>Kenyan Office</b>	Build Africa Kenya P. O Box 1259 -90100, Machakos, Kenya.
<b>Ugandan Office</b>	Build Africa Uganda Block 245, Plot 431 & 424 Kabalagala, Central Zone, Off Gaba Road, P. O Box 7224, Kampala, Uganda.
<b>Auditors</b>	haysmacintyre 26 Red Lion Square London, WC1R 4AG
<b>Bankers</b>	National Westminster Bank plc 19 Mount Ephraim Road Tunbridge Wells Kent, TN1 1EN  CAF Bank 25 Kings Hill West Malling, Kent, ME1 54J

**BUILD AFRICA**  
**(A company limited by guarantee)**

**TRUSTEES' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**GENERAL INFORMATION**

**Trustees/Directors**

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 the Board of Trustee' responsibilities for the financial statements**

The Trustees, who are also directors of Build Africa for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year and not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of the affairs of the Charity as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the year then ended.

In preparing those financial statements which give a true and fair view, the Trustees should follow best practice and:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 assume that the charitable company will continue on that basis.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each of the directors, who held office at the date of approval of this Trustees' Report, 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 made aware of such information.

On behalf of the Board of Trustees

  
\_\_\_\_\_  
Andrew White  
Chair of Trustees

27  
..... September 2017



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BUILD AFRICA

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We have audited the financial statements of Build Africa for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 trustees and auditor**

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

We have been appointed auditor under the Companies Act 2006. 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

### **Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies section of the financial statements concerning the charitable company's ability to continue as a going concern. As mentioned in the note, the charitable company is in a negative unrestricted reserves position at 31 December 2016. This indicates the existence of a material uncertainty which would cast significant doubt on the ability of the charitable company to continue as a going concern. Our opinion is not modified in respect of this matter.


## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF BUILD AFRICA

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### 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:

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

  
Murtaza Jessa (Senior statutory auditor)  
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square  
London  
WC1R 4AG

Date: 27/09/2017

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**BUILD AFRICA**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>Income &amp; Endowments from:</b>						
Donations and Legacies	2	797,054	-	1,568,366	2,365,420	2,885,519
Other Trading Activities	3	199,775	-	-	199,775	407,544
Investment	4	16,344	-	-	16,344	14,876
<b>Total Income</b>		<b>1,013,173</b>	<b>-</b>	<b>1,568,366</b>	<b>2,581,539</b>	<b>3,307,939</b>
<b>Expenditure on:</b>						
Raising funds	5	695,103	-	-	695,103	696,080
Charitable activities	5	871,997	-	1,515,466	2,387,463	2,865,168
<b>Total Expenditure</b>		<b>1,567,100</b>	<b>-</b>	<b>1,515,466</b>	<b>3,082,566</b>	<b>3,561,248</b>
<b>Net income/(expenditure) before gains/(losses) on foreign exchange</b>						
		(553,927)	-	52,900	(501,027)	(253,309)
Foreign exchange gains		81,154	-	9,612	90,766	281,642
<b>Net income for the year</b>		<b>(472,773)</b>	<b>-</b>	<b>62,512</b>	<b>(410,261)</b>	<b>28,333</b>
Transfers between funds	15	108,919	(111,202)	2,283	-	-
<b>Net movement in funds</b>		<b>(363,854)</b>	<b>(111,202)</b>	<b>64,795</b>	<b>(410,261)</b>	<b>28,333</b>
<b>Fund balances at 1 January 2016</b>		<b>284,805</b>	<b>111,202</b>	<b>588,199</b>	<b>984,206</b>	<b>955,873</b>
<b>Fund balances at 31 December 2016</b>	15	<b>(79,049)</b>	<b>-</b>	<b>652,994</b>	<b>573,945</b>	<b>984,206</b>

The statement of financial activities has been prepared on the basis that all activities are continuing, other than those indicated above.

All recognised gains and losses are included in the Statement of Financial Activities.

No summary income and expenditure account has been prepared because this information is clearly identified in the above statement.

The accompanying notes form part of these financial statements.

The full comparatives of the Statement of Financial Activities for 2015 are in Note 21.

**BUILD AFRICA**

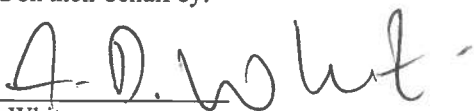
**BALANCE SHEET**

**AS AT 31 DECEMBER 2016**

**Company number: 2200793**

	Notes	£	2016	£	£	2015	£
<b>FIXED ASSETS</b>							
Tangible assets	9			174,768			111,202
<b>CURRENT ASSETS</b>							
Debtors	11	140,462			317,049		
Cash at bank and in hand		501,694			798,124		
		<u>642,156</u>			<u>1,115,173</u>		
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(242,979)</u>			<u>(242,169)</u>		
<b>NET CURRENT ASSETS</b>				<u>399,177</u>			<u>873,004</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				<u>573,945</u>			<u>984,206</u>
<b>INCOME FUNDS</b>							
Restricted funds	14			652,994			588,199
Designated funds	16			-			111,202
Unrestricted funds	16			(79,049)			284,805
	14, 16			<u>573,945</u>			<u>984,206</u>

The financial statements were approved and authorised for issue by the Board of trustees on 27 September 2017 and signed on their behalf by:



Andrew White  
Chair of Trustees

The accompanying notes form part of these accounts.

**BUILD AFRICA****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Cash used in operating activities</b>	19	(292,843)	40,501
<b>Cash flows from investing activities</b>			
Interest income		16,344	14,876
Purchase of tangible fixed assets		(97,578)	(59,701)
Proceeds from the sale of tangible fixed assets		4,010	3,786
Foreign exchange gain /(loss) on revaluation of fixed assets		(17,129)	15,937
Revaluation		-	-
<b>Cash provided by (used in) investing activities</b>		(94,353)	(25,102)
<b>Increase (decrease) in cash and cash equivalents in the year</b>		(387,196)	15,399
Cash and cash equivalents at the beginning of the year		798,124	1,064,367
Change in cash due to ex rate movements		90,766	(281,642)
<b>Total cash and cash equivalents at year end</b>		<u>501,694</u>	<u>798,124</u>
<b>Analysis of Cash and Cash Equivalents</b>			
		2016 £	2015 £
Cash in hand		501,694	798,124
Notice deposits		-	-
		<u>501,694</u>	<u>798,124</u>

## BUILD AFRICA

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

##### **Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Build Africa meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Charity is a company limited by guarantee, incorporated in England and Wales (company number: 2200793) and a charity registered in England and Wales (charity number: 298316). The Charity's registered office address is: Vale House, Clarence Road, Tunbridge Wells, TN1 1HE.

##### **Preparation of accounts on a going concern basis**

The trustees, in consideration of the negative equity position at the end of December 2016, recognise the risks associated with operating at the current level of unrestricted funds. They believe however, that these risks can be mitigated through the various operational changes described below, which will build unrestricted funds to enable Build Africa operate as a going concern for the foreseeable future.

At the start of the 2017 financial year, the organisation undertook a major organisational restructuring exercise which resulted in the significant reduction of UK staffing numbers and costs. A similar exercise took place in Kenya in mid 2017. As a result of these actions we have been able to reduce recurring annual costs by approximately £300,000. These cost cutting measures will impact positively on the financial viability of Build Africa going forward.

In addition to the above, the trustees continue to take the following steps/actions;

- A further review of the current operating 'business' model and effecting a much leaner model that will enable the charity to start making surpluses and replenishing its negative free reserves from 2018. The Board will make decisions on the new leaner structure at its meeting in October 2017.
- Appointment of a new CEO with effect from September 2017 to provide impetus to Build Africa's fundraising efforts as well as rebuilding donor confidence. The Charity is already seeing results with some major donors starting to re engage and commit financially.
- Full monthly (rather than quarterly) Board meetings to review the management accounts for the group and consider financial performance including monthly cashflows.
- Strengthening and Broadening the Senior Management Team with effect from September 2017 to include two Heads of Departments, enabling more informed decision making as well as greater ownership and buy-in of decisions.
- Reviewing and approving a cashflow forecast for one year to the end of September 2018 to ensure that Build Africa is able to meet its financial outflows for the next twelve months.
- Working in close liaison with our bankers who have agreed to cover short term overdrafts as may be required by Build Africa without the burden of hefty overdraft arrangement/facility fees, (Build Africa has to date, not utilised this facility).

The review of our financial position and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

##### **Overseas organisations**

The financial statements incorporate the results of the charity and its overseas activities, Build Africa Kenya and Build Africa Uganda on a line-by-line basis. Build Africa Kenya and Build Africa Uganda meet the SORP definition of branches of Build Africa UK.

## BUILD AFRICA

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. ACCOUNTING POLICIES (continued)

##### **Income**

All income is recognised once the charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably. 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 are included as income from activities in furtherance of the Charity's objects only where these grants amount to a contract for services.

Donations, legacies and gifts and are included in full in the Statement of Financial Activities when there is entitlement, probability of receipt and the amount of income receivable can be measured reliably.

Income from charitable activities is recognised as earned as the related services are provided. Income from other trading activities is recognised as earned as the related goods are provided.

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

##### **Expenditure**

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, although support costs and indirect staff costs are apportioned to activities; these costs are apportioned in the same proportion as direct staff costs.

##### *Fundraising costs*

These include the direct expenditure and staff costs related to 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.

##### **Tangible fixed assets and depreciation**

All assets costing more than £250 are capitalised.

The cost of tangible fixed assets is written off in 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



## **BUILD AFRICA**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **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 subsidiaries are included in the 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 subsidiaries at the year-end exchange rate.

##### **Accumulated funds**

Funds held by the Charity are:

Unrestricted 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. They also include an amount equal to the net book value of the Charity's fixed assets, thus recognising that this portion of unrestricted funds would not be quickly convertible into liquid assets.

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.

##### **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.

##### **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.

##### **Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES (continued)**

**Critical accounting judgements and estimation uncertainty**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application charitable company's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Those areas subject to judgement and uncertainty are as follows:

- Foreign exchange rate translation

As noted above, the assets and liabilities of Build Africa Kenya and Build Africa Uganda are included in the 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 charity have exercised judgement when assessing the exchange rates at each date.

**Financial instruments**

Basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable are accounted for on the following basis:

*Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within current liabilities.

*Debtors and creditors*

Debtors and creditors are measured at the transaction price less any provision for impairment. Any losses arising from impairment are recognised as expenditure.

**Employee benefits**

*Short term benefits*

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

*Employee termination benefits*

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

2. DONATIONS AND LEGACIES	Unrestricted Funds £	Restricted Funds £	2016 Funds £	2015 Funds £	
Donations and gifts	797,054	-	797,054	554,672	
Legacies receivable	-	-	-	15,500	
Grants receivable	-	1,568,366	1,568,366	2,315,347	
	<u>797,054</u>	<u>1,568,366</u>	<u>2,365,420</u>	<u>2,885,519</u>	
3. OTHER TRADING ACTIVITIES	Income Generated £	Associated Costs £	Net funds Generated 2016 £	Net Income 2015 £	
Fundraising events	<u>199,775</u>	<u>(151,087)</u>	<u>48,688</u>	<u>239,643</u>	
4. INCOME FROM INVESTMENTS			2016 £	2015 £	
Interest receivable			3,351	2,542	
Other income including profit on disposals of assets			12,993	12,334	
			<u>16,344</u>	<u>14,876</u>	
Interest receivable during the year arose as follows:					
Short term deposits held with UK financial institutions			161	707	
Short-term deposits held with Ugandan branches of UK financial institutions			-	848	
Short-term deposits held with Kenyan branches of UK financial institutions			3,190	987	
			<u>3,351</u>	<u>2,542</u>	
5. EXPENDITURE	Uganda £	Kenya £	UK £	Total 2016 £	Total 2015 £
<b>Raising funds</b>					
Costs of generating voluntary Income	-	-	458,725	458,725	414,891
Activities to generate funds	-	-	151,087	151,087	167,901
Support costs	-	-	85,291	85,291	113,288
<b>Total costs of raising funds</b>	<u>-</u>	<u>-</u>	<u>695,103</u>	<u>695,103</u>	<u>696,080</u>
<b>Costs of charitable activities</b>					
<b>Education</b>					
Direct project costs	615,112	509,763	710,410	1,835,285	2,146,302
Support costs	69,616	31,477	212,946	314,039	245,287
<b>Total education costs</b>	<u>684,728</u>	<u>541,240</u>	<u>923,356</u>	<u>2,149,324</u>	<u>2,391,589</u>

**BUILD AFRICA**

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

5. EXPENDITURE (continued)

	Uganda £	Kenya £	UK £	Total 2016 £	Total 2015 £
<b>Livelihoods</b>					
Direct Project costs	2,704	55,967	40,347	99,018	264,410
Support costs	465	10,492	12,094	23,051	25,019
<b>Total livelihood costs</b>	<u>3,169</u>	<u>66,459</u>	<u>52,441</u>	<u>122,069</u>	<u>289,429</u>
<b>Water and Food</b>					
Direct Project Costs	103,610	-	-	103,610	166,845
Support Costs	12,460	-	-	12,460	17,305
<b>Total water and food costs</b>	<u>116,070</u>	<u>-</u>	<u>-</u>	<u>116,070</u>	<u>184,150</u>
<b>Total cost of charitable Activities</b>	803,967	607,699	975,797	2,387,463	2,865,168
<b>Total expenditure</b>	<u><u>803,967</u></u>	<u><u>607,699</u></u>	<u><u>1,670,900</u></u>	<u><u>3,082,566</u></u>	<u><u>3,561,248</u></u>

6. SUPPORT AND GOVERNANCE COSTS

	2016 £	2015 £
<b>Support costs</b>		
Support costs during the year comprised:		
Staff costs	134,475	121,503
Premises costs	94,476	88,233
Postage/office costs	28,935	15,601
Human resources costs	21,560	25,293
Depreciation of non-programme costs	25,496	41,302
IT costs	28,778	29,125
Finance costs	21,638	15,077
Travel costs	31,377	15,779
Legal costs	3,630	2,472
Governance costs	33,854	40,492
Other costs	10,622	6,023
<b>Total support costs</b>	<u><u>434,841</u></u>	<u><u>400,900</u></u>

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

**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Governance costs</b>		
Costs relating to Governance comprise:		
Audit fees	28,584	31,050
Other costs	5,270	9,442
	<u>33,854</u>	<u>40,492</u>

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

**Net income/(expenditure)**

This is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration	28,584	31,050
Depreciation	49,153	54,109
Charges under operating leases	<u>93,471</u>	<u>90,471</u>

**BUILD AFRICA****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2016****7. DIRECTORS**

None of the Directors/Trustees (or any persons connected with them) received any remuneration during the year (2015: Nil). No Director/Trustee was reimbursed for expenses incurred in attending Board meetings (2015: Nil). Aggregate donations of £0 (2015: £0) were received from Trustees during the year.

**8. STAFF COSTS**

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
<b>Number of employees</b>		
The average monthly number of employees during the year was:		
Fundraising and communications	9	10
Programmes	46	49
Support	11	11
	<u>66</u>	<u>70</u>
	<b>£</b>	<b>£</b>
<b>Employment costs</b>		
Wages and salaries	1,215,756	1,309,795
National Insurance	121,011	104,089
Pensions	76,178	80,269
Redundancy and termination payments	28,987	48,058
	<u>1,441,932</u>	<u>1,542,211</u>
<b>Analysis by activity</b>		<b>2016</b>
	<b>Staff</b>	<b>£</b>
<b>Education:</b>		
Uganda	19	251,923
Kenya	15	235,852
UK	4	293,655
<b>Total education</b>	<u>38</u>	<u>781,430</u>
<b>Livelihoods</b>		
Uganda	-	-
Kenya	5	78,617
UK	3	131,786
<b>Total livelihoods</b>	<u>8</u>	<u>210,403</u>
<b>Water</b>		
Uganda	2	31,136
<b>Total Water</b>	<u>2</u>	<u>31,136</u>
<b>Fundraising</b>		
UK	8	257,886
<b>Total Fundraising</b>	<u>8</u>	<u>257,886</u>

**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**8. STAFF COSTS (continued)**

	Staff	2016 £
Uganda	4	3,760
Kenya	2	31,447
UK	4	125,870
<b>Total support</b>	<u>10</u>	<u>161,077</u>
<b>Total employment costs and number of employees</b>	<u>66</u>	<u>1,441,932</u>

The total employee benefits of the key management personnel of the charity were £323,122 (2015: £356,613). Of this, £228,812 (2015: £245,372) relates to the key management personnel of Build Africa UK.

**9. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Computer Equipment £	Fixtures & leasehold Improvements £	Total
<b>Cost</b>				
At 1 January 2016	183,372	189,903	138,083	511,358
Additions	31,399	61,529	4,650	97,578
Revaluation	-	-	-	-
Disposals and scrapped assets	-	(52,655)	(1,775)	(54,430)
Transfers	-	9,131	(9,131)	-
Foreign exchange gain/(loss)	30,777	9,612	14,550	54,939
At 31 December 2016	<u>245,548</u>	<u>217,520</u>	<u>146,377</u>	<u>609,445</u>
<b>Depreciation</b>				
At 1 January 2016	134,485	170,571	95,100	400,156
Charge for the year	25,508	16,947	6,698	49,153
Revaluation	-	-	-	-
Disposals and scrapped assets	-	(51,577)	(865)	(52,442)
Transfers	-	2,648	(2,648)	-
Foreign exchange gain/(loss)	22,014	7,376	8,420	37,810
At 31 December 2016	<u>182,007</u>	<u>145,965</u>	<u>106,705</u>	<u>434,677</u>
<b>Net Book Value</b>				
At 31 December 2016	<u>63,541</u>	<u>71,555</u>	<u>39,672</u>	<u>174,768</u>
At 31 December 2015	<u>48,887</u>	<u>19,332</u>	<u>42,983</u>	<u>111,202</u>

**BUILD AFRICA****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2016****10. OVERSEAS ORGANISATIONS**

In order to operate in Kenya and Uganda Build Africa is required by local legislation to establish 100% controlled locally registered organisations. These organisations are treated as branches of Build Africa and their accounts are included within the accounts of Build Africa.

The financial results of Build Africa Kenya and Build Africa Uganda are detailed below:

	<b>Build Africa Kenya</b>		<b>Build Africa Uganda</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income and endowments from:</b>				
Donations and legacies	496,009	683,173	809,127	735,683
Investments	-	-	-	-
Charitable activities	3,191	13,320	12,992	848
<b>Total income</b>	<b>499,200</b>	<b>696,493</b>	<b>822,119</b>	<b>736,531</b>
<b>Expenditure on</b>				
Raising funds	-	-	-	-
Charitable activities	607,699	600,013	803,967	741,416
<b>Total expenditure</b>	<b>607,699</b>	<b>600,013</b>	<b>803,967</b>	<b>741,416</b>
<b>Net income/(expenditure)</b>	<b>(108,499)</b>	<b>96,480</b>	<b>18,152</b>	<b>(4,885)</b>
Foreign Exchange Gain/Loss	13,091	(4,568)	6,464	(5,534)
Transfers between funds	-	-	-	-
Asset Revaluation	-	-	-	-
<b>Fund balances at 1 January 2016</b>	<b>186,733</b>	<b>94,821</b>	<b>43,053</b>	<b>53,472</b>
<b>Fund balances at 31 December 2016</b>	<b>91,325</b>	<b>186,733</b>	<b>67,669</b>	<b>43,053</b>



**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**10. OVERSEAS ORGANISATIONS (continued)**

The assets and liabilities of the entities were:

	Build Africa Kenya		Build Africa Uganda	
	2016 £	2015 £	2016 £	2015 £
Assets	143,712	238,090	110,684	126,900
Liabilities	(52,387)	(51,357)	(43,015)	(83,847)
Total net assets	<u>91,325</u>	<u>186,733</u>	<u>67,669</u>	<u>43,053</u>
Restricted funds	(22,226)	131,907	80,344	15,178
Unrestricted funds	113,551	54,826	(12,675)	27,875
Aggregate reserves	<u>91,325</u>	<u>186,733</u>	<u>67,669</u>	<u>43,053</u>

**11. DEBTORS**

	2016 £	2015
Accrued income	60,242	224,532
Prepayments, other debtors	80,220	92,517
	<u>140,462</u>	<u>317,049</u>

**12. CREDITORS: amounts falling due within one year**

	2016 £	2015
Trade creditors	36,632	22,343
Deferred income	-	3,055
Taxes and social security	18,075	40,539
Accruals and other creditors	188,272	176,232
	<u>242,979</u>	<u>242,169</u>

**13. ANALYSIS OF DEFERRED INCOME**

	2016 £	2015 £
Deferred income at 1 January	3,055	248,299
Applied during the year	-	122,067
Released during the year	(3,055)	(367,311)
Deferred income at 31 December	<u>-</u>	<u>3,055</u>

**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

14. RESTRICTED FUNDS	As at 1 January		Expenditure £	Transfers £	Foreign exchange	As at 31 December 2016 £
	2016 £	Income £			Movement £	
BAUK Wellspring Advisors LLC	22,592	136,434	(106,625)	-	(2,796)	49,605
BAUK Allen & Nesta Ferguson Trust	-	15,000	(15,000)	-	-	-
BAUK British & Foreign School Society	-	11,804	(12,723)	919	-	-
UK BIG Lottery	101,750	390,198	(364,590)	-	1,624	128,982
UK Comic Relief	138,823	159,619	(307,319)	-	1,728	(7,149)
BAUK Cross Foundation	-	40,000	(37,002)	-	83	3,081
BAUK Dulverton Trust	-	32,124	(10,980)	-	-	21,144
BAUK Elma Foundation	13,783	-	(13,783)	-	-	-
BAUK Euroclear	43,929	38,139	(83,104)	934	102	-
BAUK FNP Donors	-	24,000	(24,000)	-	-	-
BAUK ILEAP Individual Donors	(312)	21,994	(2,145)	-	(135)	19,402
BAUK Individual Donors (Ngora 19)	-	35,615	-	-	-	35,615
BAUK Vitol Charitable Foundation	50,416	56,738	(58,368)	-	1,858	50,644
BAUK Construction Projects funding	150,752	47,509	(127,274)	-	776	71,763
BAUK Carson Glore Foundation	-	21,169	(8,619)	-	-	12,550
BAUK Adrian & Jane Frost Charitable Trust	-	25,750	-	-	-	25,750
BAUK Charlenes Project	-	85,706	(34,801)	-	-	50,905
BAUK Urban Potential	-	25,000	(25,000)	-	-	-
BAUK Wrendale Designs	-	21,695	-	-	-	21,695
BAUK Pass it on Africa	-	63,236	(14,000)	-	-	49,236
BAUK Individual donors	-	99,880	(83,365)	-	-	16,515
BAUK Various Charitable Trusts'						
Restricted Funds (£10k income or less)	45,028	69,147	(69,054)	(2,796)	2,249	44,574
BAU WaterAid Uganda	6,417	83,609	(91,149)	603	520	-
BAU Research Triangle Institute	-	16,627	(8,834)	-	337	8,130
BAU Segal Family Foundation	4,864	12,576	(8,621)	-	813	9,632
BAU Unicef	-	28,178	-	-	1,220	29,398
BAU Other Restricted Funds (£10k income or less)	10,157	6,619	(9,110)	2,623	1,233	11,522
	<u>588,199</u>	<u>1,568,366</u>	<u>(1,515,466)</u>	<u>2,283</u>	<u>9,612</u>	<u>652,994</u>

## BUILD AFRICA

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 14 RESTRICTED FUNDS (CONTINUED)

##### Explanation of restricted funds

- (i) **Wellspring Advisors LLC:** Three year funding starting in 2016 towards the STEPS Project in Uganda. The project supports transition and early preparation to school and is targeted at 5,200 pupils in 10 schools. AJWS has also provided funding for the new NEPEPE project in Uganda starting in December 2016.
- (ii) **Allen & Nesta Ferguson Charitable Trust:** Funding towards Build Africa's food and security project in Uganda, providing reliable water supply and training in schools and communities. The project helps feed the children at school and also enhances the communities' food growing skills.
- (iii) **British & Foreign School Society (BFSS):** Three year funding towards the Teachers Education Project (TEP) in Uganda targeting an estimated 70 teachers during the duration of the project.
- (iv) **Big Lottery:** Three year joint funding towards improving the quality of education in 40 schools in Kwale, Kenya. The project is focusing on the needs of disadvantaged girls, ensuring good quality learning experiences and addressing barriers that stop girls attending, participating and attaining in primary school.
- (v) **Comic Relief:** Three year joint funding with Big Lottery towards improving the quality of education in 40 schools in Kwale, Kenya. The project is focusing on the needs of disadvantaged girls, ensuring good quality learning experiences and addressing barriers that stop girls attending, participating and attaining in primary school. Additional funding was received after the year end to eliminate the deficit carried forward at the year end.
- (vi) **Cross Foundation:** Providing three year funding to the Songolai Village Project in Kenya. This is an educational project targeting one school.
- (vii) **Dulverton Trust:** Funding towards creating healthy and hygienic schools in Uganda. The project provides pupils at four rural Uganda primary schools with access to clean safe water and the opportunity of a healthier future.
- (viii) **The ELMA Foundation:** Co- funding for Research and Transition focused project in 40 schools in Bukedea and Ngora Districts, Eastern Uganda. Ended March 2016
- (ix) **Euroclear:** Funding towards infrastructure and Village Saving and Loans Association in Kalengo school and community, Ngora district Uganda.
- (x) **FNP Donors:** Various donors providing funding to support the three year Farmers Network Project (FNP) in Kenya. This is a livelihoods project targeting approximately 4,000 farmers.
- (xi) **ILEAP Individual Donors:** Donations in support of 'The Improved Learning and Education Attainment in Primary project' (ILEAP) is a project that will ensure that boys and girls in P1 to P3 receive support for their learning, both in and out of school ensuring that they acquire the fundamental skills they need in order to achieve a good level of educational attainment. Over three years ILEAP will work directly with more than 23,000 of the most disadvantaged pupils.
- (xii) **Individual Donors (Ngora 19):** Co funding from Individual donors towards the Ngora 19 Project in Uganda starting in January 2017 to improve the Quality of Primary School Education in selected districts in Uganda.
- (xiii) **Vitol Charitable Foundation:** Three year funding towards the EQUAL project in Uganda, supporting early years education quality in Uganda and targeting 10 schools.
- (xiv) **Construction Projects funding:** Funding towards various schools and infrastructure projects in Kenya and

Uganda. In most cases, these funds are restricted to activities at specific schools  
**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**14 RESTRICTED FUNDS (CONTINUED)**

**Explanation of restricted funds**

- (xv) **Carson Glore Foundation:** Funding provided for school development and infrastructure support to Kisiyani Primary School Machakos, Kenya
- (xvi) **Adrian and Jane Frost Charitable Trust:** Donation to wider construction and WASH project in 8 schools in Kwale, Kenya.
- (xvii) **Charlene's Project:** Financial Support to 5 schools and neighbouring communities including school infrastructure, teacher training and supplies in Uganda
- (xviii) **Urban Potential:** Funding towards wider Water and Sanitation project across 31 schools in Pallisa & Kibuku districts, Eastern Uganda ending March 2017.
- (xix) **Wrendale Designs:** Funding towards construction of a classroom and other infrastructure at Kiatuni school in Kenya.
- (xx) **Pass it on Africa:** Part funding to wider construction and WASH project in 8 schools in Kwale, Kenya. Pass it on Africa partnered with Build Africa in 2015 and will continue to support Build Africa until October 2017.
- (xxi) **BAUK Individual Donors:** Funding received from individuals for educational projects in Kenya and Uganda.
- (xxii) **Various Charitable Trusts' Restricted Funds – BAUK (£10k income or less):** This represents a combination of various restricted funds of less than £10,000 per donor received in the UK for various projects in Kenya and Uganda
- (xxiii) **WaterAid Uganda:** Funding for the Water and Food Security project (WATSAN). The project provides communities with a reliable supply of water and provides training in schools in those communities to set up and maintain gardens that provide a reliable food supply. This not only helps feed the children at the school but also adds to the communities' food-growing skills.
- (xxiv) **Research Triangle Institute (RTI):** Three year funding for the Community Empowerment for Education improvement Project (CEEP) works with approx. 30 schools in North West Uganda to develop the capacity of the communities to hold teachers, school management committees (SMCs) and local government accountable, resulting in improved governance and quality of schools.
- (xxv) **Segal Family Foundation:** Funding for Build Africa's Pastor's Alliance Project (PAP) in Uganda. This project which ended in 2016 was for a School development and governance support project in 5 schools.
- (xxvi) **UNICEF:** One year funding starting from December 2016 to improve the quality of primary school education in selected districts in Uganda. Estimated direct beneficiaries; 48,000 across 60 schools
- (xxvii) **Various Restricted Funds – BAU £10k income or less):** This represents a combination of various restricted funds of less than £10,000 per donor received in Uganda to support various Build Africa projects in Uganda.
- (xxviii) **Gifts in Kind:** This relates to Gift in Kind from Whistlejacket regarding Probono work on Build Africa's branding project.

**Transfers:**

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. During the year, transfers totalling £2,283 were made.

**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**15. RESERVES SUMMARY**

	As at 1 January 2016 £	Income £	Expenditure £	Foreign Exchange Gain/(loss) £	Transfers and Revaluations £	As at 31 December 2016 £
Unrestricted	284,805	1,013,173	(1,567,100)	81,154	108,919	(79,049)
Designated	111,202	-	-	-	(111,202)	-
Restricted	588,199	1,568,366	(1,515,466)	9,612	2,283	652,994
<b>Total reserves</b>	<u>984,206</u>	<u>2,581,539</u>	<u>(3,082,566)</u>	<u>90,766</u>	<u>-</u>	<u>573,945</u>

The designated funds were closed during the year and transferred to general unrestricted funds.

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total £
<b>Fund balances: 31 December 2016</b>				
Tangible fixed assets	174,768	-	-	174,768
Cash at bank and in hand	-	-	501,694	501,694
Current assets	(10,838)	-	151,300	140,462
Creditors falling due within one year	(242,979)	-	-	(242,979)
	<u>(79,049)</u>	<u>-</u>	<u>652,994</u>	<u>573,945</u>

**17. COMMITMENTS UNDER OPERATING LEASES**

	2016 £	2015 £
The charity had commitments under non-cancellable operating leases as follows:		
Operating leases which expire:		
Within one year	97,751	90,471
Between 1 and 5 years	81,796	164,530
Greater than 5 years	-	-
	<u>179,547</u>	<u>255,001</u>

The commitment is in respect of the charity's offices in Tunbridge Wells (UK), Nairobi and Kwale (Kenya) and Kampala (Uganda). In February 2015, Build Africa Kenya moved out of the Machakos office and terminated the lease.

**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**18. TAXATION**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purpose. The charity is not exempt from VAT which is included with the expenses to which it relates on the Statement of Financial Activities.

**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Net movement in funds</b>	(410,261)	28,333
Add back depreciation charge	49,153	54,109
Investment income	(16,344)	(14,876)
(Gains)/losses on disposal of fixed assets	(2,022)	-
(Gains)/losses on foreign exchange	(90,766)	281,642
Decrease (increase) in debtors	176,587	(48,765)
Increase (decrease) in creditors	810	(259,942)
<b>Net cash used in operating activities</b>	<u>(292,843)</u>	<u>40,501</u>

**20. RELATED PARTY TRANSACTIONS**

In 2016 no transactions took place between the Charity and its wholly owned subsidiaries.

There were no other outstanding balances with related parties as at 31 December 2016 (2015: £nil).

**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**21. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £	Designated Funds £	Restricted funds £	Total 2015 £
<b>Income and endowments from:</b>				
Donations and legacies	555,118	-	2,330,401	2,885,519
Other trading activities	407,544	-	-	407,544
Investments	14,876	-	-	14,876
Charitable activities	-	-	-	-
<b>Total income</b>	<u>977,538</u>	<u>-</u>	<u>2,330,401</u>	<u>3,307,939</u>
<b>Expenditure on</b>				
Raising funds	696,080	-	-	696,080
Charitable activities	528,378	60,468	2,276,322	2,865,168
<b>Total Resources Expended</b>	<u>1,224,458</u>	<u>60,468</u>	<u>2,276,322</u>	<u>3,561,248</u>
<b>Net income/(expenditure) before gains / losses on foreign exchange</b>	(246,920)	(60,468)	54,079	(253,309)
Foreign exchange gain/(loss)	295,364	(9,369)	(4,353)	281,642
<b>Net income</b>	48,444	(69,837)	49,726	28,333
Transfers between funds	(143,980)	55,706	88,274	-
Asset Revaluation	-	-	-	-
<b>Net movement in funds</b>	<u>(95,536)</u>	<u>(14,131)</u>	<u>138,000</u>	<u>28,333</u>
<b>Fund balances at 1 January 2015</b>	<u>380,341</u>	<u>125,333</u>	<u>450,199</u>	<u>955,873</u>
<b>Fund balances at 31 December 2015</b>	<u>284,805</u>	<u>111,202</u>	<u>588,199</u>	<u>984,206</u>

**BUILD AFRICA**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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<sup>i</sup> The Borgen Project, 2013, <http://borgenproject.org/5-poverty-statistics-on-sub-saharan-africa>

<sup>ii</sup> World Bank, 2014

<sup>iii</sup> Global Education Monitoring Report 2016: Gender Review. (2016). UNESCO.

<sup>iv</sup> UNESCO 'Teaching and Learning: Achieving quality for all'. Education for All Global Monitoring Report. UNESCO, Paris (2014)

<sup>v</sup> UNESCO 'Teaching and Learning: Achieving quality for all'. Education for All Global Monitoring Report. UNESCO, Paris (2014)

<sup>vi</sup> P. Glewwe, N. Ilias, M. Kremer. Teacher incentives. *Am. Econ. J. Appl. Econ.*, 2 (3) (2010), pp. 205-227

<sup>vii</sup> [http://www.unesco.org/fileadmin/MULTIMEDIA/HQ/ED/GMR/pdf/gmr2010/MDG2010\\_Facts\\_and\\_Figures\\_EN.pdf](http://www.unesco.org/fileadmin/MULTIMEDIA/HQ/ED/GMR/pdf/gmr2010/MDG2010_Facts_and_Figures_EN.pdf)

<sup>viii</sup> The Global Partnership for Education. (2015). The Global Partnership for Education FactSheet. The Global Partnership for Education. Retrieved from <http://www.globalpartnership.org/content/global-partnership-education>.

<sup>ix</sup> The Global Partnership for Education. (2015). The Global Partnership for Education FactSheet. The Global Partnership for Education. Retrieved from <http://www.globalpartnership.org/content/global-partnership-education>.

<sup>x</sup> Davidson, M., & Hobbs, J. (2012). Delivering reading intervention to the poorest children: The case of Liberia and EGRA-Plus, a primary grade reading assessment and intervention. *International Journal for Educational Development*.

<sup>xi</sup> Education for All Global Monitoring Report, 2011

<sup>xii</sup> Global Education Report, UNESCO GEM Report The Benefits of Education Page 7

<sup>xiii</sup> Kremer and Holla, Improving Education in the Developing World – What have we learned from Randomised Evaluations?