

# Build it

## INTERNATIONAL

Building Brighter Futures

Registered Charity No. 1115989 (England & Wales)



**BUILD IT INTERNATIONAL**

**TRUSTEE'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
(COMPANY LIMITED BY GUARANTEE)**

**YEAR ENDED 31 DECEMBER 2016**

**REGISTERED COMPANY NO. 05495358 (ENGLAND AND WALES)**

[www.builditinternational.org](http://www.builditinternational.org)

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## LEGAL AND ADMINISTRATIVE INFORMATION

<b>Company number</b>	05495358
<b>Charity number</b>	1115989
<b>Governing document</b>	Memorandum and Articles of Association
<b>Trustees</b>	Kathryn Dolan (resigned 23 February 2017) Ronnie Fleming Liz Elston Mayhew John Nutt – Chair Robin Spencer – Treasurer (resigned 5 December 2016) Andrew Sentance (Treasurer from 5 December 2016) Sheila Tuskan Sager Rueben Lifuka (appointed 3 March 2016) Graham Wickenden (appointed 20 April 2017) Lauren Miller (appointed 8 June 2017)
<b>Secretary</b>	Andrew Jowett
<b>Chief Executive</b>	Andrew Jowett
<b>Registered office</b>	The Pump House Coton Hill Shrewsbury SY1 2DP
<b>Auditors</b>	Williamson Morton Thornton LLP 45 Grosvenor Road St Albans Hertfordshire AL1 3AW
<b>Bankers</b>	Barclays Bank plc. Business Banking P.O. Box 89 Shrewsbury Shropshire SY1 2WQ
<b>Website</b>	<a href="http://www.builditinternational.org">www.builditinternational.org</a>



## **INTRODUCTION & HIGHLIGHTS**

We are pleased to present our report outlining developments at Build It International over the past year. This report covers the activities of both Build It International and BII Zambia Ltd. Highlights include:

- Training of a further 70 builders bringing the total to 480
- Completion of three community building projects – we have now completed 37 projects
- Completion of the first buildings at our training centre known as the Centre for Excellence
- Further verification of our impact from the 2017 Impact Study
- Continued investment in project delivery management systems and skills
- Income of £1M

We estimate that around 240,000 people will benefit from our work over the life of the community projects we have completed to date and the 480 builders we have trained.

We also completed a new strategy to guide our efforts from 2017-2021 (details on p7).

This report also serves as a Directors' report as required by s417 of the Companies Act 2006.

In preparing the accounts, the Trustees have followed the accounting policies set out in note 1 to the accounts and comply with the requirements of the governing document, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice 2015.

## **CHARITABLE OPERATIONS**

Build It International was established in 2006 with the aim of supporting the small scale building sector as a way of creating sustainable employment opportunities and economic growth in low-income countries mainly in Africa. Our vision is: *An Africa in which everyone has the opportunity to work and thrive.*

### **The Charity's legal objects are:**

- a. The relief of poverty and the improvement of the conditions of life particularly in socially and economically disadvantaged and flood-prone communities.
- b. The promotion of sustainable means of achieving economic growth and regeneration.
- c. The enhancement of education, primarily in building construction, in deprived and flood-prone communities.
- d. The preservation, conservation and protection of the environment and the use of natural resources.

**Mission Statement:** *Build It creates opportunities for young people and their communities through skills training, work experience and essential community building projects.*

Our approach to achieving this is based on our belief that:

- **Empowering** people and communities unlocks their potential.
- An **entrepreneurial approach** generates economic activity and employment that contributes to a reduction of poverty.
- Sustainable development demands practices, including building, that minimise any negative impact on the **environment**.

Our core activity is construction skills training for younger men and women living in poverty. This has been delivered through on-the-job training at community buildings. From 2017 this approach will be supplemented by Fast Track training at our Centre for Excellence. Our livelihoods based approach includes follow up support to our 'graduates' to help them establish themselves in the job market.

#### **Public Benefit**

Our projects directly benefit low-income communities and families through the provision of schools, health clinics, affordable houses and clean water/sanitation facilities. We further benefit the public by:

- a. **Supporting local livelihoods;** *skills training is important because it reduces poverty by giving people (our trainees) the potential to earn a better living, enjoy greater economic resilience and provide practical skills for the community.*
- b. **Promoting sustainable building materials, design and construction;** *this is important because it promotes a sustainable use of raw materials and improves the quality and affordability of community facilities.*
- c. **Participation of local communities;** *we do this so that they retain ownership of their projects.*

In defining our charitable programme, we have regard for the Charity Commission's general guidance on public benefit and relief of poverty for public benefit.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Build It International (BII) was formed as a company limited by guarantee in 2005 and became a registered UK Charity in September 2006 with a memorandum and articles of association, dated August 2006, as its governing document.

The Directors of the Board (Trustees) are appointed with a view to ensuring that BII enjoys the skills and experience necessary to guide the Charity's work. The Board is responsible for the overall direction of the Charity, policies and legal compliance. Trustee indemnity insurance is included in our insurance policies.

BII is also registered in Zambia. Up until 31 December 2015 this was a not-for-profit society which was registered in Zambia as Build IT International Zambia. This society was considered to be a branch of BII and its results were included within the result of BII on that basis. Since 1 January 2016 the operations in Zambia have been undertaken by BII Zambia Ltd which is a Company limited by Guarantee. The assets of the not-for-profit society have been transferred to the new company. A memorandum of understanding guides the relationship between the UK and Zambia boards. The intention outlined in the memorandum of understanding is that BII Zambia is a subsidiary of BII and, as a result of this, its results are now consolidated into those of BII.

We continue to benefit from the *pro bono* services of a number of advisors for which we would like to record our appreciation. All are experts in areas of relevance to our work (see list on website).

BII's head office is in Shrewsbury in the United Kingdom with eight staff (including four part-time). The focus is on fundraising, finance and strategy. Our office in Lusaka employs 17 staff to manage programme delivery. The Board would like to thank all staff for their hard work, enthusiasm and professional dedication over the past 12 months.

Salaries are set by the Chief Executive in consultation with the Finance and Audit Committee as part of the annual budgeting process.



The Board would also like to acknowledge and thank all the volunteers who have donated their time and expertise in the UK on fundraising and specifically advising on strategy and technical issues. We have also benefitted from significant technical assistance in UK and Zambia from staff at Carillion Training Services, Gensler architects, BuroHappold engineers and A+ Urban Technics for which we are extremely grateful.

## **REVIEW OF ACTIVITIES AND PERFORMANCE AGAINST AIMS AND OBJECTIVES**

Over the period 2012-2016 our aim has been to **improve the lives of at least 150,000 people.**

### **Completed Projects**

In 2016 we completed three new projects in Zambia that will benefit an estimated 35,000 people making a total of 125,000 since 2012. These projects comprise 83 classrooms or equivalents completed against our target of 100 (for 2012-2016) and 133 since we were established. Although making steady progress, we have not reached the five year targets set in 2011. This is mainly due to income constraints compounded by the fall in value of the pound.

<b>Project</b>
<b>Bissell, kitchen</b> New kitchen with rocket stoves for school lunch provision. We will build three classrooms in 2017.
<b>Linda Community School, Laboratory science block</b> Two science laboratories for a community school of 1400 students allowing it to expand to offer grades 8 and 9. Trained 20 trainees.
<b>Chitukuko Community School</b> Three new classrooms, teacher's house and sanitation block. Trained 20 trainees.
<b>Centre for Excellence, Lusaka</b> Completion of our first Learning Plaza and low-income house that will serve as an office for the training team and Year 2 construction team. Trained 30 trainees. This is a landmark achievement for Build It International as the Centre opens for business in Quarter 2 of 2017 and heralds the start of a new chapter in our story to address the challenge of poverty in Zambia.

The location of all projects can be seen on the project map on our web-site.

### **Training Into Work**

We trained 70 new trainees in basic building skills, all of whom took and passed their national trades test. This brings to 328 the total trained since 2012 and 479 since 2008 (33% of whom are women). In 2016, we also trained 19 men and women in rough carpentry and 18 in painting.

The basic skills training programme was reviewed by Chris James of Carillion Training Services. As a result, the structure of the programme has been revised. From 2017, the focus will be slightly narrower with greater emphasis on a higher level of competence in brick-laying, plastering and concrete work. It will also tie in better with the construction programme.

Our *Training Into Work* programme is now well established with support to graduates following their initial training. On graduation all trainees receive a nine piece tool-kit. Of the 70 new graduates, 64 attended a *Finding-a-Job Workshop* that helps them learn to present themselves effectively to potential employers. Some 32 graduates from 2016 attended a week-long building skills refresher course. We continue to directly introduce graduates to construction companies and many more are hired by our contractors on follow up BII projects; at least 28 graduates benefitted from this in 2016.

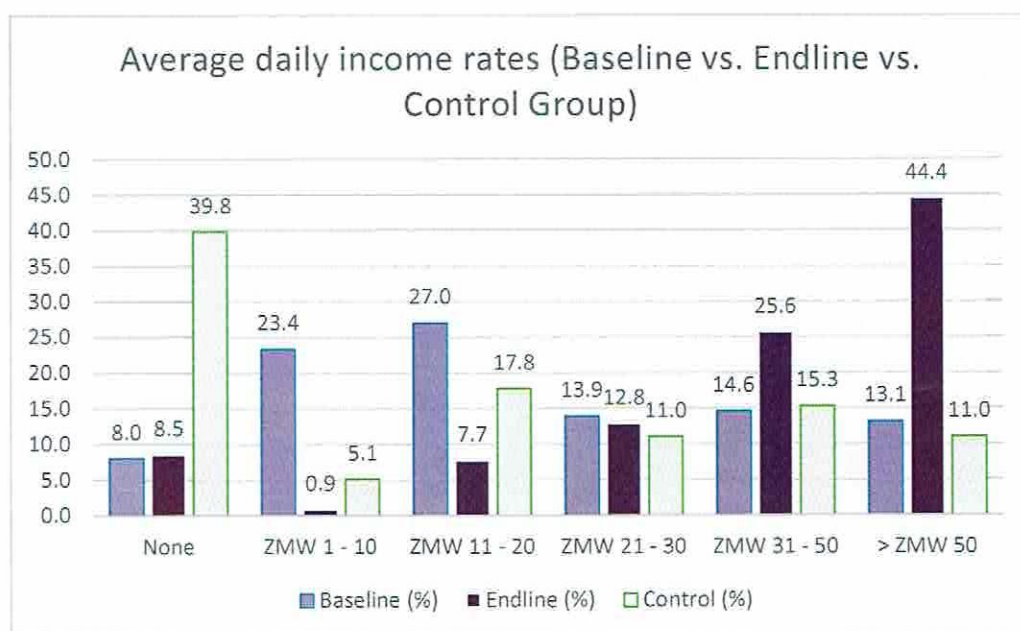
Twenty three graduates took our business skills workshop in July 2016 and three Co-operative Development workshops were held with 64 attendees. This is to assist groups of graduates to secure work together and facilitates group organisation, planning, costing work and managing money. These workshops were reviewed in April 2017 and a number of changes will be made going forwards.

### Annual Impact Study

This was undertaken in March 2017. Independent consultants interviewed 117 trainees out of 162 who graduated in 2012, 2014 and 2015. A control group of 118 was also interviewed. Highlights include:

- 77% of all graduates active in construction sector (94% of those who graduated in 2012)
- Average monthly income has increased from KR335 to KR646
- 2012 trainees are doing better than other groups with 94% active and average incomes up from KR320/month to KR953/month. Their peri-urban location has contributed to this success.
- 23% of our new builders now have bank accounts (10% before training) and 55% of all our graduates are able to save money each month.
- Graduates have consistently invested in their homes and purchased significant items. For example, upgrading domestic sanitation (>50%), switching to electric/solar lighting (36%) and purchasing tools (83%).

The graph below shows how daily income rates have increased from Baseline (before training) to Endline (February 2017). The control group is similar profile individuals who were not trained.





Please contact the office to order a copy of the report or visit our website.

### **Project Management Training**

A further year of support for our site agents (project managers) was delivered by Sheila Tuskan Sager. This covers the skills required to deliver projects on time, on budget and to the desired standard. They include; project planning, daily logs, site and equipment management, procurement, budgeting and forecasting. There is no comparable training available elsewhere in Zambia.

### **Raising Funds**

We raised £1,023,493 in 2016 including gifts in kind. This represents an increase of 9% over 2015 and is testimony to the hard work of our fundraising team led by Andy Brown. Our sincere thanks to all our individual supporters, corporate supporters and grant-making trusts and foundations. We are especially pleased to have renewed our partnership with the insurance company BGL until 2019.

Our fundraising strategy was reviewed to support the new organisational strategy (see p 7).

Build It is a member of the Fundraising Regulator (which has replaced the Fundraising Standards Board). The Trustees are satisfied that during 2016 the charity complied with the Institute of Fundraising's Code of Fundraising Practice (which is also the code of practice monitored by the Fundraising Regulator). We never pass on our supporter's details to third parties.

The Charity actively monitors fundraising activity undertaken on our behalf as far as resources allow. This includes having written agreements in place with corporate partners whose staff fundraise for BII.

During 2016 we received no formal complaints.

### **Governance**

Trustees are recruited openly. Role descriptions are drawn and the positions advertised through trustee recruitment channels. New trustees go through a comprehensive induction process that includes: a full set of key documents (all policies, strategy papers and board minutes), time with senior staff at the Shrewsbury office and a visit to see our work in Zambia after a minimum of one year of membership.

In 2016 we said good-bye to Robin Spencer and Kathryn Dolan and thank them for their time serving the charity. We welcome Rueben Lifuka (representing the Zambia Board) and Graham Wickenden. We are looking to appoint a further two additional board members.

Four meetings were held in 2016. The Memorandum of Understanding between the UK and Zambia boards was reviewed and revised.

Our Finance and Audit committee meets ahead of every board meeting and on an *ad hoc* basis as required. Board members are also represented on our Technical Advisory Group and our Fundraising Advisory Board.

Our Chair undertakes annual individual Trustee reviews.



## **STRATEGY 2017 -2021**

More than a year's work came to a conclusion with the approval of a new strategy to commence in 2017. Our aim is to become the leading building skills trainer in Zambia. The main thrust will be in developing new training pathways that will allow us to increase the number we train. We will continue to deliver high impact community building projects with on-the-job training but will add to this with Fast-Track training at our Centre for Excellence from mid-2017.

Strategic objectives:

- i. Support at least 2,000 individuals men and women through our *Training Into Work* programme with three main pathways: Build It Community Projects, Partner Training Partners and Fast Track training followed by work experience at an Affiliate Contractor Project.
- ii. Deliver 20+ community-led building projects to improve access to health and education facilities for 200,000 people.
- iii. Share our experience to improve the provision and uptake of skills training provision in Zambia beyond our programme.
- iv. Extend our reach to at least one other country from 2019
- v. Promote the uptake of appropriate sustainable building design, materials and construction
- vi. Raise £10M

Our thanks to Andy Guffick for his *pro bono* support to develop the new strategy.

### **Key Objectives for 2017 include:**

- Increase in number of basic skills trainees to 190 as new pathways come on stream
- Delivery of the first courses at our Centre for Excellence that will be further expanded with Year 2 CfE construction
- Completion of two further community school projects
- Revision of the Centre for Excellence business plan including the advocacy strategy
- Raising £1.3M

## **REVIEW OF FINANCIAL POSITION**

**Income** – total for the 12 months to 31<sup>st</sup> December 2016 was £1,023,493 comprising:

- Generous gifts from individual and corporate supporters.
- Unrestricted income making up 39% of the total.

**Expenditure** - total spend including all capital items £1,147,771 for the 12 months to 31 December 2016 (the balance being met by funds carried forwards from 2015).

- Raising funds £234,503 or 24.0% this gave a return of £4.36 for every £1 spent. We are working to improve this ratio.
- Charitable expenditure excluding capital £743,962 or 76.0% including all our work in Zambia with a portion of UK incurred support costs and governance expenses.

- A further £140,228 of capital expenditure was incurred on land and buildings at Centre for Excellence, Lusaka. When this increase in our capacity and resources to deliver training in Zambia is included charitable expenditure rises to 79.0%.

#### **Funds held at 31 December 2016**

- Restricted reserves of £340,270 including £193,044 relating to Centre for Excellence fixed assets.
- Unrestricted reserves £315,080 including £54,068 relating to fixed assets.

#### **STATUTORY POLICIES**

A schedule of policies is maintained with policies reviewed on a rolling programme at Board meetings.

##### **Risk Management**

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. The Risk Register is a standing item at every Board meeting whereby significant risks are identified and evaluated and appropriate actions are agreed.

The Trustees consider that the highest risk that the charity faces is meeting its income targets in time to fund planned programme activities. We are looking to grow significantly in 2017 and have a strategy in place to achieve this but committed income represented 24% of the total budget at the start of the financial year. To manage this risk we closely monitor income forecast and exercise tight control over expenditure.

##### **Investment Policy**

At present, the Trustees do not consider that our current investment policy needs to be changed. This position is regularly reviewed, and the Trustees are satisfied that the current investment returns on surplus cash is acceptable, bearing in mind the current economic climate and the need for surplus (unrestricted) cash funds to be readily accessible. Cash surplus to short-term needs are held with FSA regulated interest bearing accounts.

##### **Grant Making Policy**

The majority of our projects this year are directly managed through our Zambia offices. All project proposals are vetted by the Finance & Audit Committee, and then submitted to Trustees for their approval to ensure that the proposed work is in line with strategy. Where a grant is made to another organisation, appropriate checks are undertaken on the partner, an agreement is signed and project delivery is monitored through visits, reports and audits.

##### **Reserves Policy**

Reserves are held to deal with unforeseen operational costs or falls in income below expectations and to provide funding for agreed projects. Build It International therefore aims to maintain readily realisable reserves sufficient to cover at least three months of average core expenditure. The reserves should also not exceed an upper limit of four months average total expenditure.

At the end of 2016 the value of our unrestricted reserves, excluding fixed assets, was £261,012. This complies with our reserves policy as it falls within our lower and upper limits when capital expenditure is included.

Regular updates on our work are posted on our website: [www.builditinternational.org](http://www.builditinternational.org)



#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also directors of BII for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements 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 which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

#### **SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board on 19<sup>th</sup> June 2017 and signed on its behalf.



**John Nutt**  
Chair of Trustees



**Andrew Sentence**  
Treasurer

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUILD IT INTERNATIONAL**

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We have audited the financial statements of Build It International for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Activity, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows, and the related notes numbered 1 to 21. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the consolidated financial statements, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, 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. 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 (APB'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 parent charitable company's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its 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 and the Charities Act 2011.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUILD IT INTERNATIONAL (CONTINUED)**

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

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Trustees' Annual Report.

*WMT*

Elizabeth Irvine (Senior Statutory Auditor)  
For and on behalf WMT

DATED *27th* June 2017

Chartered Accountants  
Statutory Auditor  
2<sup>nd</sup> Floor  
45 Grosvenor Road  
St Albans  
Hertfordshire  
AL1 3AW

**ANNUAL ACCOUNTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2016**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT**

		Unrestricted funds	Restricted income funds	Total 2016	Total 2015
	Notes	£	£	£	£
<b>INCOME FROM:</b>					
Donations	3	357,175	627,557	984,732	934,488
Other trading activities	3	34,000	-	34,000	-
Investments		4,761	-	4,761	4,029
<b>Total</b>		<b>395,936</b>	<b>627,557</b>	<b>1,023,493</b>	<b>938,517</b>
<b>EXPENDITURE ON:</b>					
Raising funds		193,271	41,232	234,503	189,359
Charitable activities - programme activities in Zambia		65,719	678,243	743,962	736,222
<b>Total</b>	8	<b>258,990</b>	<b>719,475</b>	<b>978,465</b>	<b>925,581</b>
<b>NET INCOME/ (EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS</b>	4	<b>136,946</b>	<b>(91,918)</b>	<b>45,028</b>	<b>12,936</b>
Transfers between funds	15	(188,041)	188,041	-	-
<b>NET MOVEMENT IN FUNDS</b>	4	<b>(51,095)</b>	<b>96,123</b>	<b>45,028</b>	<b>12,936</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward at 1 January 2016		366,175	244,147	610,322	597,386
Total funds carried forward at 31 December 2016	16	315,080	340,270	655,350	610,322

The statement of financial activities includes all gains and losses in the year.



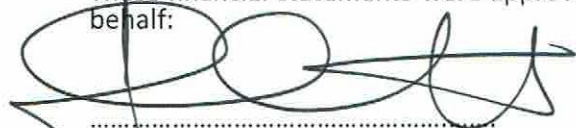
## BALANCE SHEETS


## ANNUAL ACCOUNTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2016

	Notes	Group 31 December 2016 £	BII UK 31 December 2016 £	Group & Company 31 December 2015 £
<b>FIXED ASSETS</b>				
Tangible assets	10	247,112	442	105,212
<b>Total fixed assets</b>		<b>247,112</b>	<b>442</b>	<b>105,212</b>
<b>CURRENT ASSETS</b>				
Debtors	11	73,338	65,881	42,469
Investments	12	76,947	76,947	75,445
Cash at bank and in hand (including advances)		331,370	307,934	450,974
<b>Total current assets</b>		<b>481,655</b>	<b>450,762</b>	<b>568,888</b>
<b>CREDITORS: amounts falling due within one year</b>	13	<b>(73,417)</b>	<b>(22,354)</b>	<b>(63,778)</b>
<b>Net current assets</b>		<b>408,238</b>	<b>428,408</b>	<b>505,110</b>
<b>Net Assets</b>		<b>655,350</b>	<b>428,850</b>	<b>610,322</b>
<b>Funds of the Charity</b>				
Unrestricted funds		315,080	315,080	366,175
Restricted income funds	15	340,270	113,770	244,147
<b>Total funds</b>		<b>655,350</b>	<b>428,850</b>	<b>610,322</b>

Under the Companies Act 2006, s454, on a voluntary basis, the trustees can amend the financial statements if they subsequently prove to be defective.

These financial statements were approved by the Board of Directors on 19<sup>th</sup> June 2017 and signed on its behalf:


  
 .....
   
 John Nutt
   
 Chair of Trustees


  
 .....
   
 Andrew Sentence
   
 Treasurer

Company registration no. 05495358

Charity registration no. 1115989

**CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016	2015
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating cash flows</b>			
Operating surplus		45,028	12,936
Adjustments for items not affecting cash flows:			
Depreciation on equipment		24,354	19,073
(Gain)/ Loss on sale of assets		(267)	2,529
Net operating cash flows before reinvestment in working capital		69,115	34,538
(Increase)/Reduction in accounts receivables		(30,869)	(22,753)
Increase/(Reduction) in accounts payables		9,639	20,988
Net cash flows from operating activities		47,885	32,773
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of land & buildings		(140,228)	(52,816)
Purchase of equipment		(29,078)	(51,476)
Purchase of land, buildings & equipment		(169,306)	(104,292)
Proceeds from sale of motor vehicle		3,319	2,499
Investment	12	(1,502)	(75,445)
Increase/(Reduction) cash and cash equivalents		(119,604)	(144,465)
Cash and cash equivalents at the beginning of the year		450,974	595,439
Cash and cash equivalents at the end of the year		331,370	450,974



## 1. ACCOUNTING POLICIES

### (a) 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 It International 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).

### (b) Going concern

The Board at the time of signing these Accounts have considered that for at least the next twelve months the charity is a going concern.

### (c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no judgements made that have a significant effect on the amounts recognized in the financial statements.

### (d) Income

Income represents donations and grants received which are brought into account on receipt unless their receipt is probable in which case they are brought into account when notified. Grants received in advance are shown as income. Gifts in kind are recognised on receipt and are valued at best estimate of value to the organisation.

Fundraising events participation fees are recognized as income on completion of the event.

### (e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised and refer to the trustees' annual report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

**(f) Interest receivable**

Interest on funds held on deposit is included when earned and the amount can be measured reliably by the charity.

**(g) Fund Accounting**

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the trustees in furtherance of the general charitable objectives.

Restricted funds are subject to specific restrictions funds as imposed by the donors.

**(h) Expenditure**

Expenditure is recognised when a liability is incurred.

Cost of raising funds includes those costs incurred in attracting donations.

Charitable activities include grants made to African NGOs to fund their charitable activities. These costs include both direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with use of resources, e.g. salary by time spent within that activity.

**(i) Irrecoverable VAT**

The charity is not registered for VAT therefore irrecoverable VAT is included with the costs to which it relates.

**(j) Operating leases**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**(k) Tangible fixed assets**

Tangible fixed assets are shown at cost. Assets with a purchase cost above £500 are capitalised.

Depreciation is calculated to write down the cost of assets to their estimated residual values over their expected useful lives as follows:

Land	- 0% on cost
Office equipment and furniture	- 25% on cost
Motor vehicles	- 25% on cost

Assets under construction are buildings and infrastructure which are incomplete. Depreciation will commence when completed and put into use.



**(l) Debtors**

Debtors are recognised at the amount due. Prepayments are valued at the amount prepaid.

**(m) Investments**

Investments comprise cash held in UK interest bearing accounts covered by the Financial Services Compensation Scheme with a notice period of between 91 and 180 days.

**(n) Cash at Bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**(o) 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.

**(p) Financial Instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**(q) Pension contributions**

Since 1 March 2015 Build It International in the UK has offered non-temporary employees membership of a defined contribution occupational scheme "The People's Pension" operated by B&CE. All new non-temporary employees since 1 March 2015 are offered an employer contribution to "The People's Pension"; pre-existing employees have been allowed to retain employer contributions to pre-existing personal pension schemes. The charity's Auto-Enrolment staging date was 1 March 2016; and "The People's Pension" is the scheme in use to comply with those obligations. The terms and conditions of employees of Build It in Zambia follow the requirements and norms applicable to Zambia; which do not include direct contributions by an employer to a pension scheme. Build It International has never had a defined benefit pension scheme.

**(r) Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the SOFA.

**(s) Basis of consolidation**

The financial statements consolidate the results of the UK charitable company and its subsidiary, BII Zambia on a line by line basis.

**2. LEGAL STATUS OF THE CHARITY**

The Charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

**3. INCOME FROM DONATIONS**

	2016	2015
	£	£
Individuals	294,345	198,319
Grants from foundations and trusts and other organizations	690,387	736,169
	<u>984,732</u>	<u>934,488</u>

Grants from foundations and trusts and other organisations income includes donations of services and materials totaling £26,544 (2015: £36,093). This includes £7,500 (2015: £28,900) for concept design support for Centre for Excellence, £nil (2015: £6,598) for specialist computer software, £595 (2015: £595) for provision of meeting facilities, £16,900 (2015: £nil) for consultancy advice (this for developing Centre for Excellence/ Strategy and Information Technology and Communications support), £1,549 (2015: £nil) materials.

Other trading activities comprises payments for participating in a fundraising Golf Day.

**4. MOVEMENT IN FUNDS**

	2016	2015
	£	£
Net movement in funds is stated after charging:		
Depreciation of tangible assets	24,354	19,073
UK Auditors remuneration	7,200	7,200
The auditors were paid nil (2015: £nil) in respect of non- audit services		
Operating lease rentals - land and buildings	9,892	9,776
Recognised exchange differences	<u>(5,150)</u>	<u>(4,486)</u>

**5. STAFF COSTS (UK & ZAMBIA)**

	2016	2015
	£	£
Wages and salaries	381,642	307,497
Social security costs	26,549	21,634
Other pension costs	21,147	18,039
	<u>429,338</u>	<u>347,170</u>



Direct employees (i.e. excluding contract workers)	As at 31st December 2016			As at 31st December 2015		
	Part-time	Full-time	Total	Part-time	Full-time	Total
UK-based staff	4	4	8	3	5	8
Zambia-based staff	-	17	17	-	16	16
Total	4	21	25	3	21	24

Average number of employees (full-time and part-time) in the year of 23.0 (2015: 19.3).

No employee earned in excess of £60,000 (in a 12 month period) including pension contributions.

The cost of Key Management Personnel is £166,974 for four employees (2015: £ 147,753 for four employees). 2016 has four members for twelve months, in 2015 one member worked five months of the year.

Salaries are set by the Chief Executive in consultation with the Finance and Audit Committee as part of the annual budgeting process.

Holiday Pay outstanding at the end of 2016 is £11,587 (2015: not considered materially significant and has not been accrued).

Whilst modest in quantity Build It International greatly values the expertise and voluntary time given by a number of individuals during 2016, 2015 and prior periods.

## 6. TRUSTEE REIMBURSED EXPENSES

A total of £2,331 (2015: £1,377) was incurred related to the expenses of four trustees. This covered the cost of one working visit to Zambia where the majority of our work is located, attending meetings of the Trustees and high value fund raising activities.

## 7. TRUSTEE DONATIONS AND TRUSTEE CONSULTANCY

A total of £23,450 was donated by Trustees and Related Parties (2015: £21,325).

No trustees received remuneration with regard to being a Trustee in the year 2016 or 2015. One Trustee, Sheila Tuskan Sager, received consultancy fees and expenses for work carried out in their professional capacity and related to improvements training and coaching (over a five month period) within our Zambia operations. Selection process for this work took into account expertise, timeliness and cost. The rate agreed was below normal market rates for the work involved. Total cost of the consultancy including flights, fees and expenses was £14,816 (2015: £7,015). This included an outstanding amount of £250 (2015: £4,563) at 31 December 2016 which is due to be paid in 2017.

**8. ALLOCATION OF RESOURCES EXPENDED**

The charity allocates support costs having analysed the principal areas of cost, and attributing to each area the proportion of time or resources expended between Cost of generating funds and Charitable activities.

The charity has allocated its UK support costs as shown below:

2016	Direct costs	Support costs (Including salaries)		Total 2016	2016
	£	£		£	
Cost of generating funds	181,395	53,108	32%	234,503	24.0%
Charitable activities	630,649	113,313	68%	743,962	76.0%
	<u>812,044</u>	<u>166,421</u>		<u>978,465</u>	

2015	Direct costs	Support costs (Including salaries)		Total 2015	2015
	£	£		£	
Cost of generating funds	135,052	54,307	35%	189,359	20.5%
Charitable activities	635,367	100,855	65%	736,222	79.5%
	<u>770,419</u>	<u>155,162</u>		<u>925,581</u>	

**ANALYSIS OF SUPPORT COSTS**

	2016 £	2015 £
UK Staff & Contractors (excluding Fundraising)	117,266	105,466
UK Support costs (including UK office and insurances)	34,473	39,063
UK Audit Fees	7,200	7,200
Costs relating to the governance of the charity	7,482	3,433
Total Support Costs	<u>166,421</u>	<u>155,162</u>

The £4,000 increase in governance costs relate to professional assistance in development of 2017-2021 strategy. This was donated as a Gift in Kind and so matched by income received.



**9. GROUP FINANCIAL STATEMENTS**

The financial statements consolidate the results of BII and its subsidiary, BII Zambia Limited. A separate Statement of Financial Activities and Statement of Cash Flows is not presented for the UK charitable company because the charity has taken advantage of the exemptions in s408 of the Companies Act 2006. The charity only net movement in funds for the year amounted to £61,329.

This is the first period that consolidated statements are required (see note 21).

**10 a). FIXED ASSETS - GROUP**

	Land & buildings £	Office equipment £	Motor Vehicles £	Total £
Costs at 1 January 2016	52,816	20,238	104,959	178,013
Additions	140,228	7,419	21,659	169,306
Disposals	-	(2,737)	(5,549)	(8,286)
At 31 December 2016	193,044	24,920	121,069	339,033
Depreciation at 1 January 2016	-	16,182	56,619	72,801
Depreciation charge for year	-	3,280	21,074	24,354
Disposals	-	(2,114)	(3,120)	(5,234)
At 31 December 2016	-	17,348	74,573	91,921
<b>Net book value at 31 December 2016</b>	<b>193,044</b>	<b>7,572</b>	<b>46,496</b>	<b>247,112</b>
Net book value at 31 December 2015	52,816	4,056	48,340	105,212

Land is leasehold land for the Centre for Excellence project in Zambia.

Buildings will be depreciated over the expected useful life, and will begin in the year in which they are brought into use. Buildings are all at the Centre for Excellence and as at 31 December 2016 are all under construction and not in use. First use is expected in 2017.

At 31 December 2016 there are capital commitments relating to Centre for Excellence of £49,152 (2015: £12,796). Build IT UK - £nil

**10 b). FIXED ASSETS – CHARITABLE COMPANY**

	Office equipment £	Total £
Costs at 1 January 2016	1,140	1,140
Additions	-	-
At 31 December 2016	1,140	1,140
Depreciation at 1 January 2016	414	414
Depreciation charge for year	285	285
At 31 December 2016	699	699
<b>Net book value at 31 December 2016</b>	<b>442</b>	<b>442</b>

**11. DEBTORS**

	Group 2016 £	BII UK 2016 £	Group 2015 £
Gift Aid	734	734	225
Sundry Debtors and Prepayments	72,604	65,147	42,244
	<u>73,338</u>	<u>65,881</u>	<u>42,469</u>

Sundry Debtors includes Grants Receivable of which £63,000 received in January 2017 (2015: £35k received January 2016).

**12. INVESTMENT – GROUP & COMPANY**

A UK deposit account, covered by FSCS, was opened in 2015 with a notice period of 120 days.

**13. CREDITORS** (amount falling due within one year)

	Group 2016 £	BII UK 2016 £	Group 2015 £
Accrued charges - UK audit	7,200	7,200	7,200
Deferred Income	-	-	24,000
Sundry accruals	66,217	15,154	32,578
	<u>73,417</u>	<u>22,354</u>	<u>63,778</u>

2015 Deferred Income relates to trading income for an April 2016 event which successfully took place and no refunds were required.

**14. COMMITMENTS UNDER OPERATING LEASES**

At 31st December 2016 the charity had commitments of £23,415 (2015: £13,550) under non-cancellable operating leases. This relates to a lease on Shrewsbury office premises. Of this £9,865 (2015: £9,865) relates to a period of less than one year and £13,550 (2015: £3,685) relates to a period of one to five years.



NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2016

## 15. ANALYSIS OF RESTRICTED FUNDS

Group balances	Balance 1.1.2016	Incoming resources	Expendi- ture	Transfers from restricted funds	Transfers from unrestricted	Balance 31.12.16	Cumulative capital purchases
	£	£	£	£	£	£	£
<b>Community Buildings with Training &amp; Support</b>							
George Secondary School - excl. Dormitory,	(5,280)	-	733	-	-	(6,013)	
George Secondary School - Dormitory, Twapia	6,577	-	-	-	-	6,577	
Kawama Secondary School	653	-	232	-	-	421	
Donata School for children with disabilities	8,326	-	8,326	-	-	-	
Shipungu Community School	-	-	3,608	3,608	-	-	
Kabaka Community School	2,699	-	39	-	-	2,660	
Mutaba - formerly Kapiri Health Centre	21,606	44,950	73,904	-	7,348	-	
Katuba Community School	3,868	(1,921)	12,139	10,192	-	-	
Mwala Community School	1,333	14,039	11,568	-	-	3,804	
Bissell Community School	-	14,265	25,429	11,164	-	-	
Chitukuko Community School	-	108,646	117,893	9,247	-	-	
Linda Community School	-	83,582	104,828	-	-	(21,246)	
Zambia Community Schools	10,947	110,300	15,247	(31,680)	-	74,320	
Training into Work/Capacity Building	34,451	47,703	116,405	-	34,251	-	
Programme Support & Development Costs	-	1,029	147,471	-	146,442	-	
<b>Other Projects</b>							
Centre for Excellence	147,680	204,964	75,508	-	-	277,136	193,044
Other Projects (incl. Kapiri Girls Education)	11,287	-	6,145	(2,531)	-	2,611	
<b>Total</b>	<b>244,147</b>	<b>627,557</b>	<b>719,475</b>	<b>-</b>	<b>188,041</b>	<b>340,270</b>	<b>193,044</b>

Fundraising is for individual projects and collectively for projects of a similar nature.

Community Building projects include our training programme and constructing buildings for long-term local use.

Other projects include preliminary work on a dedicated training facility "Centre for Excellence" and one grant to promote girls in education at schools we have built in Kapiri.

Two Restricted funds are in deficit. George Secondary School: Subject to donor agreement surplus funds on a similar Restricted project will be transferred to offset this deficit. Linda Community School: this is a matter of timing of income from the donor and the deficit is temporary in nature. Should payments not be received there are sufficient funds available, including from Unrestricted funds, to cover the above deficits.

Income for Centre for Excellence is for both capital and annual expenditure, and the cumulative capital expenditure (which is additional to that in the Expenditure column) is shown to further transparency.

The restricted funds in the UK charity relate to funds not yet transferred to Zambia and relate to various projects noted above.

**16. ANALYSIS OF FUNDS**

Group	Unrestricted Funds £	Restricted Funds £	Balance 31.12.2016 £
Fixed Assets	54,068	193,044	247,112
Current Assets	283,366	198,289	481,655
Current Liabilities	(22,354)	(51,063)	(73,417)
	<u>315,080</u>	<u>340,270</u>	<u>655,350</u>

Unused restricted funds are lower than shown above due to the construction of the Centre of Excellence. When this asset under constructions is deducted total Restricted Funds are £147,226 (2015: £191,331)

**17. TAXATION**

Build It International is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

**18. GRANTS**

During 2016 the charity made one grant £8,327 (2015: £22,316) to Donata Special Needs School towards building a two classroom block.

All other projects are directly managed by Build It International.

**19. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Debtors -		
- Sundry debtors interest	1,537	763
- Accrual income	62,675	35,000
	<u>64,212</u>	<u>35,763</u>
Financial liabilities measured at mortised cost		
Creditors -		
- Sundry accruals UK	3,567	9,169
- Sundry accruals Zambia	18,880	5,152
- Sundry accruals holiday pay	11,587	-
	<u>34,034</u>	<u>14,321</u>



**20. GROUP STATEMENT OF FINANCIAL ACTIVITIES - 2015**

	Restricted Funds	Restricted Income Funds	Total 2015
Donations	399,619	534,869	934,488
Investments	4,029	-	4,029
<b>Total incoming resources</b>	<b>403,648</b>	<b>534,869</b>	<b>938,517</b>
<b>EXPENDITURE ON:</b>			
Raising funds	143,602	45,757	189,359
Charitable activities – programme activities in Zambia	60,565	675,657	736,222
<b>Total resources expended</b>	<b>204,167</b>	<b>721,414</b>	<b>925,581</b>
<b>NET INCOME/ (EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS</b>	<b>199,481</b>	<b>(186,545)</b>	<b>12,936</b>
Gross Transfers between funds	(166,645)	166,645	-
<b>NET MOVEMENT IN FUNDS</b>	<b>32,836</b>	<b>19,900</b>	<b>12,936</b>
<b>RECONCILIATION OF FUNDS</b>			
<b>Total funds brought forward at 1 January 2015</b>	<b>333,339</b>	<b>264,047</b>	<b>597,386</b>
<b>Total funds carried forward at 31 December 2015</b>	<b>366,175</b>	<b>244,147</b>	<b>610,322</b>

**21. DETAILS OF SUBSIDIARY UNDERTAKINGS**

Build It International operates in Zambia through BII Zambia Limited (a Company Limited by Guarantee) registered in Zambia as company number 120150137444. Up until 31 December 2015 BII operated in Zambia as a not-for-profit society which was considered to be a branch of BII and its results were included within the results of BII on that basis. Further information is included in the Trustees Report.

Control is exercised through a Memorandum of Understanding between the two Boards; BII Chair and CEO being members of BII Zambia Limited Company; one senior management team comprising UK and Zambia staff members; cash transfers on an 'as necessary' basis.

The aggregate amount of assets, liabilities and funds at 31 December 2016 for BII Zambia Limited is ZMW 3,344,711. The twelve months ended 31 December 2016 income ZMW 7,971,721; Expenditure ZMW 8,265,608; Deficit ZMW 293,887. Direct income of BII Zambia Limited includes gifts in kind, local cash contributions to projects and bank deposit interest.