

Malawi Community Hubs

Financial Statements and Trustees' Report

For the year ended 31 December 2018

Registered Charity in England and Wales number 1170895

Malawi Community Hubs

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Reference and Administrative Details of Malawi Community Hubs

Trustees

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Malawi Community Hubs

Registered Charity in England and Wales Number 1170895

Trustees' report

For the year ended 31 December 2018

The trustees present their report and the financial statements of Malawi Community Hubs ("the Charity") for the year ended 31 December 2018. The financial statements have been prepared in accordance with the accounting policies set out in Note 2 to the accounts and comply with the Charity's Trust Deed, the Charities Act 2011 and the Standard of Recommended Practice: Accounting and Reporting by Charities published in 2016.

Objectives and Activities

The object of the Charity is the relief of poverty in rural areas of Malawi by providing or assisting in the provision of education, training, healthcare projects and all the necessary support designed to enable individuals to generate a sustainable income and be self-sufficient.

To date the Charity has pursued its objects by raising funds and deploying these in partnership with charitable organisations operating in Malawi to build a community hub in Chitowo (in the Dedza region of Malawi).

Public benefit

The charity is a public benefit entity and the trustees have paid due regard to the public benefit guidance published by the Charities Commission.

Background

Michelle Burrow and Derek Stapley, trustees and founders of Malawi Community Hubs, have each travelled extensively in Africa over the past few decades and have worked on volunteer projects in several countries.

While serving as volunteers on a Wildlife Conservation Project in Malawi they joined a small group of fellow volunteers and project leaders to look at ways in which they could be of help to the people of Malawi in the longer term.

Those early discussions and observations brought to light the fact that there is huge potential to leverage the work of existing Non-Governmental Organisations ("NGOs") which are operating in Malawi, to make every donation achieve more and through concentrated effort increase the likelihood of community self-sustainability; and so the idea of Malawi Community Hubs was born.

There followed extensive information and knowledge gathering to help plan the first project. This involved meeting with people from a broad spectrum of global businesses, the Not for Profit and International Development sectors, along with individuals working or volunteering in a wide range of charitable or philanthropic endeavours. The overwhelming feedback received was the desire by all to have better co-ordination and collaboration, as well as a means to share and distribute knowledge. A three-week onsite due diligence trip to Malawi in late 2015 cemented the concept of providing long term integrated solutions through the creation of Community Hubs.

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Structure, Governance and Management

Governing Document

The Charity is governed by a Constitution Document dated 20 August 2016 and is a Charitable Incorporated Organisation (“CIO”) registered by the Charity Commission on 22 December 2016 with registration number 1170895.

Organisation

The Constitution Document specifies that there must be at least 3 trustees. If the number falls below this minimum, the remaining trustee or trustees may act only to call a meeting of the charity trustees, or appoint a new trustee or trustees.

Decisions are taken by the trustees either at periodic meetings or by resolution in writing or electronic form. No decision shall be taken at a meeting unless a quorum of at least 2 trustees is present. In the case of an equality of votes, the person who chairs the meeting shall have a second or casting vote.

Under the terms of the Constitution Document, if the CIO is wound up, the members of the CIO have no liability to contribute to its assets and no personal responsibility for settling its debts and liabilities.

Appointment of trustees

The trustees who have served during the period are set out on page 3.

All trustees give of their time freely and no trustee may receive any remuneration or other benefit in money or money's worth from the Charity.

On appointment, all new trustees receive information as appropriate to ensure that they are familiar with all aspects of the Charity including its finances, future plans and objectives.

Risk management

The trustees have, within the period under review, assessed the risks that the charity faces and have considered appropriate methods to mitigate those risks. The trustees will continue to monitor and re-consider the risks to which the charity is exposed during the coming year.

Reserves policy

The Charity aims to work with partner charities to establish projects in Malawi which are intended to be self-sustaining. On this basis, the work of the Charity does not entail ongoing funding obligations. The trustees are therefore comfortable that the level of reserves held is adequate and these will be deployed in future on further projects as and when additional funds are raised.

Achievements and Performance

MCH's purpose is to relieve poverty in rural areas of Malawi by assisting with the provision of education, training, healthcare projects and a support-system to enable individuals to generate income leading to the community becoming self-sustaining and more resilient to changes in its environment. To achieve its purpose, the trustees are developing a network of specialists who collaborate with each other to create sustainable community hubs. This

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network includes donors, NGOs, the Department of Education in Malawi, International Development experts and entrepreneurial businesses.

To begin the work of creating a hub, in-depth discussions take place with a local community to obtain an understanding of that community's specific issues and challenges. These discussions are facilitated by local Malawian NGOs and are supplemented with input from governmental departments and business partners, resulting in a series of proposed solutions that the community believe in and will commit to implementing. The next step is to address the support that the community needs to achieve this and appropriate partners are bought in. All solutions have to involve the community and be ones they feel they own and can maintain in the future.

Chitowo

Work on the first hub in Chitowo (Dedza region of Malawi) started in late 2016, in conjunction with the first two partners, United Purpose ("UP") and Classrooms for Malawi ("CfM"), with additional support provided by a solar panel expert, TeamPlanet.

The identified need in Chitowo resulted in the development of the following:

- Four classrooms and a Head teacher's office
- Four quad latrine blocks (16 latrines in total)
- Rainwater capture system and storage tank for hand washing
- Modular and moveable solar panelling (for lighting classrooms, after-sundown activities and as a source of income generation)
- Education programmes: health, nutrition, sanitation, gender campaigns and drinking water education
- Establishment of committees: school management, Parent Teacher Association, mothers' groups, school sanitation clubs and a water committee

The official handover of the hub by the Malawi NGOs to the local community took place in October 2017. Derek Stapley and Michelle Burrow attended the opening to represent Malawi Community Hubs. This completed Phase One of the project.

The trustees are continuing to assess the impact of Phase One of the project while also addressing the potential to commence Phase Two in the coming year or two. Regular updates about the Chitowo community are provided to the trustees by a CFM representative.

Majawa

The past eighteen months has been a significant period of research into a potential second community hub, in the Majawa district of Malawi. This involved several trustee trips to Malawi, including to Majawa, and extensive consultation with potential NGO partners. Following the successful signing of two separate Memorandums of Understanding the project commenced in July 2019. The trustees will be making another visit to Majawa later this year.

Majawa is a very remote village often further isolated by flooding during the three to four month rainy season restricting access to schools, health clinics and markets. With scarce water resources, limited crop diversity, malnutrition, high illiteracy and few income generation opportunities the community is looking for change and is enthusiastic about working with us.

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We are partnering and jointly funding this project with African Parks, a conservation focused NGO which manages wildlife reserves across Africa, including Liwonde, the National Park adjacent to Majawa. Following a year of research and discussions with the local community and using the UN Millennium Development Goals as a guide, African Parks produced a comprehensive report on the challenges and aspirations of the people of Majawa which outlined the following priorities:

- school build including solar power, sanitation and hand washing facilities;
- educational programs on health, nutrition, sanitation, female hygiene and gender equality;
- work groups to promote and foster engagement of youth and elders;
- completion of the fencing around the wildlife reserve to reduce animal/human conflict;
- sourcing safe water options, possibly through boreholes, for drinking and crop irrigation; and
- collaborate on income generating opportunities and vocational training.

We are also partnering with YODEP, a new partner organisation for MCH. YODEP recently performed a detailed Needs Assessment which greatly enhanced the initial findings of AP. The needs are considered significant, wide ranging and in many cases of an urgent nature. Funding has been successfully obtained for Phase One of the project. There is tremendous community buy-in to the project with considerable offers of involvement in a variety of different ways.

Detailed findings will be included by the trustees in the 2019 Financial Statements and Trustees' Report.

Financial Review

As a result of the extensive research phase for the Majawa project it has been a relatively inactive period from a financial perspective. All costs of trustee travels and out of pocket expenses for the research trips to Malawi were borne personally by the trustees.

During the year ended 31 December 2018 the Charity received donation income of £12,800 (2017: £87,385) from individuals, corporate entities and a charitable foundation.

During the year costs of £37 (2017: £76,176) were incurred. This resulted in a surplus of £12,763 (2017: £11,209) of income over expenditure.

At 31 December 2018, the Charity had net assets of £23,972 (2017: £11,209). There was no restriction in relation to the future use of these funds.

Fundraising has continued during 2019 which has resulted in two donations of \$50,000 (£39,305) totalling \$100,000 (£78,610).

Future Plans

As noted above, the Charity will continue to raise funds and work on the second hub in Majawa.

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Statement of trustees' responsibilities in respect of the trustees' annual report and the financial statements

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statement for each financial period which show a true and fair view of the state of affairs of the charity and of the excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them correctly;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, 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 charity will continue its activities.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the constitution document. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each person who is a trustee at the date of this report confirms that:

- so far as the trustee is aware, there is no relevant information of which the independent examiner is unaware; and
- the trustee has taken all the steps that they ought to have taken as a trustee in order to make them self aware of, and to establish that the charity's independent examiner is aware of, any relevant information.

Approved by the trustees and signed on their behalf by:



Derek Stapley
Trustee
21 October 2019

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Independent examiner's report to the trustees of Malawi Community Hubs For the year ended 31 December 2018

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this period under section 144 of the Charities Act 2011 ("the Charities Act") and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Charities Act, and
- to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination no material matters have come to my attention which gives me cause to believe that in any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Chris Sharkey CA
45 Mission Crescent
Paget, PG06
Bermuda
21 October 2019

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Statement of financial activities for the year ended 31 December 2018

	<u>Note</u>	<u>Unrestricted</u> <u>funds</u> <u>2018</u> <u>£</u>	<u>Unrestricted</u> <u>funds</u> <u>2017</u> <u>£</u>
Income			
Donation income	4	<u>12,800</u>	<u>87,385</u>
Total incoming resources		<u>12,800</u>	<u>87,385</u>
Expenditure			
Charitable activities	5	<u>37</u>	<u>76,176</u>
Total expenditure		<u>37</u>	<u>76,176</u>
Net income		12,763	11,209
Fund balance brought forward		<u>11,209</u>	<u>-</u>
Fund balance carried forward		<u>23,972</u>	<u>11,209</u>

All operations are continuing and all funds were unrestricted.

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Balance sheet as at 31 December 2018

	<u>Note</u>	<u>2018</u> £	<u>2017</u> £
Current assets			
Cash at bank		<u>23,972</u>	<u>11,647</u>
Total current assets		23,972	11,647
Creditors: amounts falling due within 1 year	6	<u>-</u>	<u>438</u>
Net current assets		<u>23,972</u>	<u>11,209</u>
The funds of the charity			
Unrestricted funds		<u>23,972</u>	<u>11,209</u>
Total charity funds		<u>23,972</u>	<u>11,209</u>

Approved by the trustees on 21 October 2019 and signed on their behalf by:



Derek Stapley
Trustee

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Notes to the financial statements

1. Basis of preparation

1.1. Basis of accounting

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value.

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and with the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The financial statements are prepared on a going concern basis. The trustees believe the going concern assumption to be appropriate as the trustees have sufficient unrestricted funds available for the ongoing use and continuing benefit of the charity and its object.

2. Accounting policies

2.1 Income

Recognition of income

Donation income is recognised in the Statement of Financial Activities ("SoFA") when

- The charity becomes entitled to it;
- The trustees are reasonably certain they will receive it; and
- The trustees are reasonably certain that the value can be reliably measured.

Interest income is accounted for in the year which the charity is entitled to receipt.

2.2 Offsetting

There has been no offsetting of assets and liabilities or income and expenses.

2.3 Expenditure and liabilities

Liability recognition

Liabilities are recognised when it is more likely than not that there is a legal or constructive obligation committing the charity to pay out resources and the amount of the obligation can be measured with reasonable certainty.

Governance and support costs

All governance activities are performed by the trustees on a voluntary basis at no cost to the charity.

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Grants with performance conditions

Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provide, such grants are only recognised in the SoFA once the recipient of the grant has provided the specified service or output.

Grants payable without performance conditions

Where there are no conditions attaching to the grant a liability for the full funding obligation is recognised when a commitment is made.

Creditors

Amounts payable to creditors are measured at settlement amounts.

Provisions for liabilities

A liability is measured on recognition at its historical cost and then subsequently measured at the best estimate of the amount required to settle the obligation at the reporting date.

2.4 Assets

Debtors

Debtors (including donations receivable) are measured on initial recognition at settlement amount. Subsequently they are measured at the cash or other consideration amount expected to be received.

Cash at bank

Cash balances are recorded at fair value.

3. Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charity for UK income tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received with categories covered by Part 10 Income Tax Act 2007 or Section 356 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

4. Analysis of income

	<u>2018</u>	<u>2017</u>
	£	£
Donation income	12,800	70,050
Waiver of loans	-	<u>17,335</u>
	<u>12,800</u>	<u>87,385</u>

Donation income included donations from individuals, corporate donors and a charitable foundation. Refer to note 7 for details of amounts received from Derek Stapley who is a trustee.

The charity did not incur any costs in relation to fundraising.

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5. Charitable activities

	<u>2017</u>	<u>2017</u>
	<u>£</u>	<u>£</u>
Payments to United Purpose	-	40,911
Payments to Classrooms for Malawi	-	34,827
Project supplies from TeamPlanet	<u>37</u>	<u>438</u>
	<u>37</u>	<u>76,176</u>

The cost of charitable activities above all relate to the establishment of the Chitowo hub as described in the trustees' report.

No charge is made for the trustees' services nor are the trustees reimbursed by the Charity for any costs they may incur.

The Charity does not employ any staff and no staff costs were incurred in the period.

No charge has been made for the independent examination of the charity's accounts.

6. Creditors

	<u>2018</u>	<u>2017</u>
	<u>£</u>	<u>£</u>
Accrued expenses	-	438
	<u>-</u>	<u>438</u>

7. Related party transactions

Donation income included Nil (2017: £10,000) donated by Derek Stapley who is a trustee of the charity.

During the period ended 31 December 2017, Derek Stapley loaned a total of £17,335 to the charity to help fund short term cash flow requirements for the Chitowo hub. On 24 December 2017, Derek Stapley waived the requirement for the loaned amounts to be repaid to him and this amount has therefore been reported as donation income.

Donation income included Nil (2017: £20,000) from The Lancashire Foundation, a UK registered charity and part of the Lancashire Group, whose parent company, Lancashire Holdings Limited, is listed on the London Stock Exchange. Derek Stapley serves as a volunteer trustee for the Lancashire Foundation.