

Link Community Development International

(a company limited by guarantee)

Report and financial statements

Year ended 31 March 2019

OSCR registration number: SC045011

Charities Commission registration number: 1048007

Company registration number: 03069329

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Report of the directors for the year ended 31 March 2019

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2019. The trustees have adopted the provisions of 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).

Objectives and activities

The objectives of Link Community Development International (LCDI) are as set out in its Memorandum of Association. The primary objective is:

To assist in the provision and /or improvement and /or advancement of education in Africa.

At LCDI our vision is a world where every child has the right to quality education.

Our mission is to inspire sustainable innovations in national education policy using grassroots approaches to improve accountability and learner outcomes.

The overall objectives of LCDI are to:

- Improve schools and the quality of education they deliver so that children and their communities have better opportunities.
- Build the capacity of district departments of education so that they can better meet the needs of their schools and communities.
- Support government education policy by using lessons learnt at the grassroots level to inform national and regional strategies with sustainable and replicable models.

Safeguarding

Link Community Development believes that a child, vulnerable adult or person at risk should never experience abuse of any kind. We have a responsibility to work in a way that promotes the welfare of all and protects them from harm. We have a zero tolerance approach to any harm to or exploitation of a child or vulnerable adult by any of our staff, representatives or partners.

Our safeguarding policies and procedures demonstrate accountability to beneficiaries, including staff, volunteers and trustees; an organisational culture that tackles power imbalances and gender inequality; and rigorous, anonymous and safe reporting and complaints mechanisms.

We do all that we can to ensure that the experience of the children and vulnerable adults (and their families) who Link Community Development reaches is one that is free from any form of abuse or exploitation.

Achievements and performance

The following is a summary of achievements and performance of LCDI together with our partner organisations in sub-Saharan Africa over the period:

Ethiopia

2018-19 saw the continuation of our hugely ambitious project to support the transition of adolescent girls to secondary school and beyond.

Directors' Report (continued)

The Supporting Transition of Adolescent Girls through Enhancing Systems (STAGES) project is delivered by Link Community Development in partnership with government in the Wolaita Zone of the Southern Nations Nationalities and Peoples Region (SNNPR) in Ethiopia.

It forms part of the UK's Department for International Development's (DFID) Girls' Education Challenge Transition (GEC-T) programme – a global programme which will help up to 1.5 million of the world's poorest girls improve their lives through education and find better ways of getting girls in school and ensuring they receive a quality of education to transform their future.

Running from 2017 – 2024, the STAGES project supports over 61,345 marginalised girls in 128 primary schools and 17 secondary schools in four districts. With our holistic approach, girls will gain strong literacy and numeracy skills as they attend school and progress through the education system supported by gender responsive government, school and community structures. All students will benefit from the programme, including those living with disabilities, orphans, pregnant girls and young mothers, and boys, as education systems and teaching are strengthened, and communities mobilised.

STAGES will build the capacity of government staff, teachers, school leaders and school governing bodies to overcome the barriers that girls face in attending, learning and staying in school. Activities include teacher training in literacy, numeracy and inclusive child-centred methodologies; teacher mentoring; leadership training; and embedding gender initiatives within government structures. We are mobilising communities to become more gender aware via community conversations, radio broadcasts and giving them the tools to hold their schools accountable to provide a quality education for all children.

STAGES will ensure girls are ready to learn by improving their self-esteem and self-confidence; providing classes in life skills, sexual and reproductive health, careers and financial literacy; and providing reusable sanitary packs and basic needs.

Working with our partners we will make sure schools are safe spaces where all girls can learn, protected from harm, by delivering training in safeguarding and school related gender-based violence and embedding mechanisms to report abuse; upgrading toilets so they are accessible and safe; ensuring teachers are prepared to respond to the needs of all girls and boys in their classrooms.

As part of the STAGES project we will build four new secondary schools to address unmet need in deep rural areas. We went out to tender in December 2018 and in March 2019 the successful contractor broke ground. The first school will be completed in 2019/20. In order to build the schools we had a challenging match funding target of £832,000 to build and resource two of the four schools. As at 31 March 2019 we had raised 95.6% of this through a variety of sources.

The year was not without challenges: civil unrest in our programme areas; delays in finalising and gaining approval for school plans from the government; and a protracted process to appoint key leadership roles resulted in delays in some activities, including construction. The appointment of a strong new leadership team in Link Communication Development Ethiopia from January 2019 is ensuring that the programme is being brought back on track.

Directors' Report (continued)

Ghana

Link Ghana is a sub-partner in a new project designed to build the capacity of people at all levels of the Ghanaian education system to drive their own development and create sustainable improvement, lifting girls, and their families, out of poverty. Led by World Education, the project, named Strategic Approaches to Girls' Education (STAGE) is funded by DFID within the *Leave No Girl Behind* initiative.

2,000 out of school girls in the Upper East Region will be supported to attend special community-based classes, to catch up on missed schooling. The classes will also provide vocational training and increased life skills lessons, such as in financial literacy and sexual and reproductive health. Girls will then follow one of two pathways, either reintegrating into the school system or going on to gain employment.

LCD Ghana also continued the delivery of a Complementary Basic Education (CBE) project, funded by DFID, in three districts. CBE helps disadvantaged children attain basic numeracy and literacy skills so they can be integrated into mainstream school and complete a full cycle of primary education. Of 500 children enrolled, 278 girls and 195 boys were successfully placed in mainstream schools.

Malawi

TEAM Girl Malawi (Transformational Empowerment of Adolescent Marginalised Girls in Malawi) (2018-2023) started in July 2018 and aims to transform the life chances of some of the most vulnerable girls in the country by building their basic literacy and numeracy skills and helping them to transition into further education, training, or employment.

Working with five partners in Lilongwe Urban, Dedza and Mchinji districts, Link will reach some of the most marginalised adolescent girls in Malawi who have never been to school or who dropped out of school without learning to read, write and count. Community-based classes will allow the girls to acquire basic literacy, numeracy, and life skills. Girls' clubs and peer-to-peer buddying will impart sexual and reproductive health knowledge and develop resilience and self-esteem. Improved school leadership will make schools safer, more inclusive spaces, and community engagement will raise aspirations for marginalised girls. The project's holistic support is designed to empower girls to choose their own pathway into mainstream education or into vocational or basic business training supported by a targeted micro-loan scheme.

The project is funded by DFID under its *Leave No Girl Behind* portfolio within the Girls' Education Challenge portfolio.

Building on the Open Society Foundation (OSF) funded project *Increasing Participatory Governance in Education in Malawi*, a new project, also funded by OSF, started in January 2019. This ten month project *Inclusive Community Engagement* will introduce a package of awareness-raising activities to ensure improved participation, inclusion and enhanced school improvement planning, supported by the whole community and meeting the needs of every learner.

Uganda

A planning grant from the Hewlett Foundation enabled Link Community Development Uganda (Link Uganda), led by LCDI, to complete a scoping study to comprehensively map the Ugandan Government's position on school improvement and inspection services, with the objective of supporting the development of a multi-stakeholder strategy for improved government and citizen

Directors' Report (continued)

accountability to deliver quality education. As part of the project we also strengthened our global capacity to monitor, evaluate, share and amplify impact from our programmes. Crucially, the grant also enabled us to expand our team and capabilities in Link Uganda through the recruitment of a new leadership team. Running from January 2018 to March 2019, the project was entitled *School Transformation through Enriching Accountability and Resilience in Uganda* (STEAR) and further funding has been received to deliver phase 2 of the project from 2019-2022.

Link Uganda also has a role to deliver our School Management Simulation Tool to over 130 low-cost private schools across the country as part of the DFID-funded 'Empowerment for Girls' Education' project (2017-2020), led by Opportunity International within DFID's Girls' Education Challenge portfolio.

Rwanda

In Rwanda, Link Community Development is a sub-partner in a project led by Health Poverty Action. The project supports girls to complete basic education and transition to the next stage of education, vocational education or livelihood opportunities. With a small team of two, Link is supporting Community Study Groups and School Improvement processes in 28 schools in the Nyaruguru district.

Link runs after-school groups which use fun, participatory game-based exercises to raise literacy and numeracy, and are led by volunteers trained by Link. Learning materials are made out of locally available materials by community volunteers, ensuring local ownership, sustainability, cultural relevance, and gender sensitivity.

Running until April 2020 the *Rwandan Girls' Education and Advancement Programme 2* (REAP) is funded by DFID within the Girls' Education Challenge portfolio.

During the year Link Community Development successfully completed registration as an International NGO in Rwanda.

Financial review

Financial position

The financial activities of the charitable company are set out in the attached financial statements.

The total incoming resources for the year to 31 March 2019 were £2.707m (2018: £1.923m).

Resources expended for the year to 31 March 2019 were £2.658m (2018: £1.814m). Of this £2.615m was spent on charitable objectives (2018: £1.779m).

Reserves policy

LCDI's reserves policy is to hold general charitable funds or unrestricted reserves for four principal reasons:

- i) To supply working capital, enabling LCDI to manage fluctuations in its cash flow;
- ii) To provide protection against the contractual and operating risks that LCDI faces in its work, including meeting unforeseen costs;
- iii) To enable LCDI to provide additional support and capacity-building to its Link partners in sub-Saharan Africa;
- iv) To invest in new initiatives designed to improve the efficiency and quality of services.

Directors' Report (continued)

The reserves policy is kept under review and reserves levels will be adjusted as perceptions of risk and other factors change. Our target range, as adopted by the Trustees has established that, at the current activity level, the appropriate target range for unrestricted reserves is between £50,000 and £100,000. Our free available reserves at the end of the year were £57,664 which is at the low end of our target range. A strategic decision was made to direct fund-raising activities towards raising £832,000 match funding for the STAGES project in Ethiopia. We had achieved 95.6% of that target as at 31 March 2019 and will now redirect fundraising capacity to other targets including raising core funds. We are also working towards increasing our free reserves by expanding our programme activity and continuing to carefully manage our core costs.

Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future with plans to increase income and minimise costs where possible. There are no known material uncertainties regarding LCDI's ability to continue as a going concern.

Directors' Report (continued)

Reference and administrative details

Company number

03069329

Registered Charity numbers

SC045011

1048007

Principal office

Dolphin House
4 Hunter Square
Edinburgh
EH1 1QW

Registered office

HW Associates Limited
Portmill House, Portmill Lane
Hitchin
Herts SG5 1DJ

Trustees

Alasdair Beaton (Chair)
Mark Beaumont (Resigned December 2018)
Seonaid Crosby
Roger Cunningham-Burley
Margary Donn
Elaine Graham
Susan Grant (Appointed December 2018)
Fergus Mackintosh
Christopher O'Brien (Resigned June 2019)
Martyn Roebuck
Richard Santandreu

Senior management team

Chief Executive Officer	Fiona Greig
International Programme Director	Samantha Ross

Auditors

Hardie Caldwell LLP
Citypoint 2, 25 Tyndrum Street
Glasgow G4 0JY

Bankers

National Westminster Bank plc
23 Market Street
Cambridge CB2 3PA

Directors' Report (continued)

Structure, Governance and Management

LCDI is a company limited by guarantee incorporated on 16 July 1995 and registered as a charity on 17 July 1995. It is exempt in terms of S30 (5) (a) of the Companies Act from the requirement to use the word 'limited'.

Recruitment and appointment of trustees

LCDI is governed by a board of trustees (directors) who are appointed at the Annual General Meeting. Trustee appointments are based on the possession of the skills and experience necessary to determine the policies of LCDI and to monitor the implementation of those policies. The trustees receive adequate induction, as well as suitable and sufficient help and guidance, to understand how the charity works and to be able to contribute positively towards its operation. Safeguarding training is mandatory for all trustees.

The LCDI board meets formally every quarter. The board receives project and financial reports at each meeting. There are also separate finance and risk, and programme committees which also meet quarterly prior to board meetings. An annual Board Strategy day is held to review the strategic direction of the organisation. In addition, LCDI's partner organisations have independent local governance structures which ensure accountability for resources in their country. LCDI is managed by a Chief Executive Officer who is responsible to the board of directors for the smooth and efficient operation of the company within terms of delegation approved by the board.

Key management remuneration

The directors consider the board of directors, who are the charity's trustees, and the senior management team comprise 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 directors give of their time freely and no director received remuneration in the year. Details of directors' expenses and key management remuneration are disclosed in note 11 to the accounts.

Risk Management

The major risks to which LCDI is exposed are reviewed regularly by the Board and procedures have been established to mitigate these risks. The major risk which the organisation faces is failure to continue successfully to deliver our programmes.

Statement of trustees' responsibilities

The trustees (who are also the directors of Link Community Development International for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Directors' Report (continued)

and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements the directors 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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 company's auditors are unaware; and
- the trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.
- there is no material uncertainty.

Auditors

The auditors, Hardie Caldwell LLP, Chartered Accountants, have indicated their willingness to continue in office.

Approved by order of the board of trustees on 13th September 2019 and signed on its behalf by:



Alasdair Beaton

Chair

**Report of the Independent Auditors
To the Trustees and Members of Link Community Development International**

Opinion

We have audited the financial statements of Link Community Development International for the year ended 31 March 2019 on pages 14 to 30. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of the incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- 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 Report of the Trustees

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities statement 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 which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our Report

This report is made solely the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees as a body in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Marion Hopper (Senior Statutory Auditor)
For and on behalf of Hardie Caldwell LLP
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Citypoint 2
25 Tyndrum Street
Glasgow
G4 0JY

Date: 19 September 2019

Statement of Financial Activities
for the year ended 31 March 2019

	<i>Note</i>	Unrestricted funds £	Restricted funds £	Total funds 2019 £	Total funds 2018 £
Income					
Donations and legacies	3	91,219	52,104	143,323	122,429
Income from charitable activities:					
<i>Delivery of educational programmes in Sub-Saharan Africa</i>	4	13,755	2,546,407	2,560,162	1,798,266
Income from other trading activities	5	3,228	-	3,228	2,076
Investment income	6	557	-	557	133
Total income		108,759	2,598,511	2,707,270	1,922,904
Expenditure					
Costs of raising funds	7	42,370	-	42,370	35,558
Expenditure on charitable activities:					
<i>Delivery of educational programmes in Sub-Saharan Africa</i>	8	76,178	2,539,260	2,615,438	1,778,607
Total expenditure		118,548	2,539,260	2,657,808	1,814,165
Net income		(9,789)	59,251	49,462	108,739
Transfers between funds		26,251	(26,251)	-	-
Net movement in funds		16,462	33,000	49,462	108,739
Reconciliation of funds:					
Total funds brought forward		41,202	67,809	109,011	272
Total funds carried forward		57,664	100,809	158,473	109,011

None of the charity's activities were acquired or discontinued during the above two financial periods.

Link Community Development International (a company limited by guarantee) 03069329
Report and financial statements
For the year ended 31 March 2019

Balance Sheet
as at 31 March 2019

	<i>Note</i>	2019 £	2018 £
Fixed assets			
Tangible assets	14	9,941	24,714
Total fixed assets		<u>9,941</u>	<u>24,714</u>
Current assets			
Stock	15	2,100	2,100
Debtors	16	338,033	71,926
Cash at bank and in hand		1,675,309	952,968
Total current assets		<u>2,015,442</u>	<u>1,026,994</u>
Liabilities			
Creditors falling due within one year	17	(1,866,910)	(942,697)
Net current assets		<u>148,532</u>	<u>84,297</u>
Net assets		<u>158,473</u>	<u>109,011</u>
Unrestricted income funds	18	57,664	41,202
Restricted income funds	18	100,809	67,809
Total charity funds		<u>158,473</u>	<u>109,011</u>

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

Approved and authorised for issue by the Board of Directors and signed on their behalf by:



Alasdair Beaton
Chair of Board of Directors



Seonaid Crosby
Chair of Finance and Risk
Committee

Date: 13 September 2019

Link Community Development International (a company limited by guarantee) 03069329
Report and financial statements
For the year ended 31 March 2019

Statement of Cash Flows
as at 31 March 2019

	2019	2018
	£	£
Cash used in operating activities	722,682	781,538
 Cash flows from investing activities		
Interest income	557	133
Purchase of tangible fixed assets	(898)	(1,546)
Increase in cash and cash equivalents in the year	722,341	780,125
Cash and cash equivalents at the beginning of the year	952,968	172,843
Total cash and cash equivalents at the end of the year	1,675,309	952,968

Reconciliation of net movement in funds to net cash flow from operating activities

	2019	2018
	£	£
Net movement in funds	49,462	108,738
Deduct investment income	(557)	(133)
Add depreciation charge net of profit on disposal of assets	15,671	20,797
Increase in stock	-	1,000
Increase in debtors	(266,107)	(19,056)
Increase in creditors	924,213	670,192
Net cash used in operating activities	722,682	781,538

Notes

(forming part of the financial statements)

1 General Information

The charity is a company limited by guarantee, incorporated and registered in England, under company number 03069329 and has no share capital. The liability of each member is limited to £1 in the event of winding up. The charity's registered numbers are 1048007 and SC045011. The registered office is Portmill House, Portmill Lane, Hitchin, Herts, SG5 1DJ. The principal office is Dolphin House, 4 Hunter Square, Edinburgh, EH1 1QW.

2 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

(a) *Basis of preparation*

The accounts of the charitable company have been prepared in accordance with the Charities SORP (FRS 102) 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), the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

(b) *Reserves/Funds*

General funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity which have not been designated for any other purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of restricted funds is set out in note 18 of the financial statements.

(c) *Incoming resources*

Donations are recognised as income when the cash is received or when the charity is legally entitled to the income and it can be quantified with reasonable accuracy. Investment income is recognised on a receivable basis. Gifts in kind and donated services/facilities are included in the Statement of Financial Activities at the commercial value agreed with the donor. The equivalent cost of the donated good/service is allocated to the appropriate expenditure line.

Grant income is credited to the statement of financial services when it is received or is receivable except for grant income that relates to the funding for future periods, which is deferred.

Notes (continued)

2 Accounting policies (continued)

(d) *Resources expended*

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category.

Costs of raising funds comprises those costs incurred by the charity in making grant applications to trusts and foundations, attending networking events, corresponding and meeting with company representatives etc. Costs include the salaries, expenses and administration of these fundraising activities. These costs are allocated based on an estimate of the proportion of time that personnel spend on generating income.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. These costs are allocated based on an estimate of the proportion of time that personnel spend on charitable activities.

Support costs are those costs which are necessary to deliver an activity but do not themselves produce the output of the charitable activity. It includes the central office functions such as general management, finance, information technology and administration.

Governance costs, a category within support costs, include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All project work and direct charitable expenses are allocated to restricted charitable expenditure and all other expenditure is apportioned on an item by item basis in line with activity.

(e) *Capitalisation and depreciation*

The company capitalises tangible fixed assets with a cost greater than £500. Assets are held at historic cost and depreciated on a straight line basis over 4 years.

(f) *Operating leases*

Rentals in relation to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

(g) *Pension costs*

The company contributes to employees' personal pension schemes. The amount charged to the Statement of Financial Activities represents the contributions payable to the scheme in respect of the accounting year.

Notes (continued)

2 Accounting policies (continued)

(h) Taxation

The company is a registered charity and is recognised as such by HMRC for UK taxation purposes. As a result there is no liability to UK taxation on any of its income or capital gains.

(i) Going concern

The Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. They continue to believe the going concern basis of accounting is appropriate in preparing the annual accounts. There are no known, material uncertainties regarding the charity's ability to continue as a going concern.

(j) *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.

(k) *Debtors*

Trade and other debtors are recognised at the settlement amount due.

(l) *Cash and cash equivalents*

Cash and cash equivalents includes cash and short term highly liquid investments with a short term of maturity from opening of the deposit or similar account.

(m) *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 a 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.

Notes (continued)

3 Income from donations and legacies

	2019	2018
	£	£
Gifts	80,672	87,529
Donated services	62,651	34,900
	<u>143,323</u>	<u>122,429</u>

4 Income from charitable activities

	2019	2018
	£	£
Government grants	2,288,181	1,581,525
Trusts and foundations	271,981	216,741
	<u>2,560,162</u>	<u>1,798,266</u>

5 Income earned from other trading activities

	2019	2018
	£	£
Income arising from events	-	2,076
Other	3,228	-
	<u>3,228</u>	<u>2,076</u>

6 Investment income

	2019	2018
	£	£
Bank interest	557	133
	<u>557</u>	<u>133</u>

7 Costs of raising funds

	2019	2018
	£	£
Event costs	-	849
Staff costs	41,828	33,811
Administrative costs	542	898
	<u>42,370</u>	<u>35,558</u>

Notes (continued)

8 Analysis of expenditure on charitable activity

The charity has one charitable activity, namely the design and delivery of educational programmes in Sub-Saharan Africa. Programmes are funded mainly by restricted income, restrictions being for specific projects which are accounted for by the charity by country. Costs per country are as follows, and more detail of restricted funds is given at note 18.

Year to 31 March 2019	Ethiopia DFID £	Ethiopia other £	Malawi DFID £	Malawi Other £	Other countries £	Total 2019 £	Total 2018 £
Direct UK staff costs	145,913	7,664	66,500	9,025	97,630	326,732	191,731
Direct international staff costs	15,133	-	-	-	-	15,133	103,724
Monitoring and evaluation	265,505	-	88,357	10,512	-	364,374	391,130
Direct project costs	682,752	144,069	601,197	150,807	173,266	1,752,091	981,430
Depreciation	14,607	-	-	-	-	14,607	20,797
Support costs (see note 9)	43,152	3,804	13,580	1,717	18,677	80,930	65,964
Direct support	1,167,062	155,537	769,634	172,061	289,573	2,553,867	1,754,776
 Governance costs (see note 9)						 61,571	 23,831
						 2,615,438	 1,778,607
 Year to 31 March 2018							
Direct support	1,127,704	60,578	427,517	-	138,977		1,754,776
 Governance							 23,831
							 1,778,607

Expenditure on charitable activities was £2,615,438 (year to 31 March 2018: £1,778,607) of which £2,539,260 was restricted (year to 31 March 2018: £1,733,979) and £76,178 was unrestricted (year to 31 March 2018: £44,628).

Notes (continued)

9 Analysis of governance and support costs

Support costs have been allocated to geographical areas based on full time staff equivalents at note 8.

Year to 31 March 2019	General support	Governance function	Total
	£	£	£
Salaries, wages and related costs	38,695	10,500	49,195
General office	19,493	-	19,493
Premises	18,092	-	18,092
ICT	4,649	-	4,649
Audit fees	-	6,928	6,928
Legal and other professional fees	-	43,993	43,993
Cost of trustee meetings	-	150	150
	80,929	61,571	142,500
 Year to 31 March 2018	 65,964	 23,831	 89,795

10 Net income for the year

This is stated after charging:	2019	2018
	£	£
Operating leases - equipment	1,828	1,828
Depreciation	15,671	20,797
Auditor's remuneration: Audit fees (net of VAT)	5,872	5,750
	<hr/>	<hr/>

Notes (continued)

11 Analysis of staff costs and the cost of key management personnel

	2019	2018
	£	£
Salaries and wages	368,156	304,938
Social security costs	37,263	23,249
Pension costs	20,374	14,803
	<u>425,793</u>	<u>342,990</u>

No employees had employee benefits in excess of £60,000 (2018: none).

The charity trustees were neither paid nor in receipt of any other benefits from employment with the charity (2018: £nil) neither were they reimbursed expenses during the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

The key management personnel of the charity comprise the trustees, the Chief Executive Officer, the Deputy CEO and the International Programme Director. The total employee benefits of the key management personnel, including employer's national insurance and employer pension, were £105,241 (Year to 31 March 2018: £115,485).

12 Staff numbers

The average monthly head count was 8 staff (2018: 8 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2019	2018
	Number	Number
Direct charitable UK staff	6	4
Direct charitable overseas staff	-	2
Administration	1	1
Fundraising and publicity	1	1
	<u>8</u>	<u>8</u>

Notes (continued)

13 Related party transactions

	Year to 31 March 2019	Year to 31 March 2018
Amount transferred and expensed	£	£
LCD Ethiopia	651,121	584,326
LCD Malawi	300,063	218,411
LCD Uganda	141,923	20,686
LCD Rwanda	49,615	43,621
	<u>1,142,722</u>	<u>867,044</u>
At the balance sheet date the following amounts were outstanding:	2019	2018
	£	£
LCD Scotland	<u>4,786</u>	<u>1,679</u>

A trustee of LCDI is Senior Associate with Freshfields Bruckhaus Deringer LLP who provide legal services to LCDI on a pro bono basis. The estimated value of those services for the year is £62,651 evaluated at their normal charge out rates. (Year to 31 March 2018: £27,000).

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Notes (continued)

14 Tangible fixed assets

	Plant and machinery	Vehicles	2019 Total
	£	£	£
Cost:			
At 1 April 2018	68,769	72,136	140,905
Additions at cost	898	-	898
Disposals	-	-	-
At 31 March 2019	<u>69,667</u>	<u>72,136</u>	<u>141,803</u>
Depreciation:			
At 1 April 2018	65,400	50,791	116,191
Charge for period	3,474	12,197	15,671
Depreciation on disposals	-	-	-
At 31 March 2019	<u>68,874</u>	<u>62,988</u>	<u>131,862</u>
Net book value:			
At 31 March 2019	<u>793</u>	<u>9,148</u>	<u>9,941</u>
At 31 March 2018	<u>3,369</u>	<u>21,345</u>	<u>24,714</u>

15 Stock

	2019 £	2018 £
Merchandising and promotional materials	<u>2,100</u>	<u>2,100</u>

16 Debtors

	2019 £	2018 £
Accrued income	815	4,125
Other debtors	<u>337,218</u>	<u>67,801</u>
	<u>338,033</u>	<u>71,926</u>

Notes (continued)

17 Creditors: Amounts falling due within one year

	2019	2018
	£	£
Deferred income	1,838,983	911,479
Other creditors	18,769	22,041
Taxation and social security	9,158	9,177
	<u>1,866,910</u>	<u>942,697</u>

Deferred Income analysis

Deferred income is project income where at the year end the performance criteria has not been met and will be met in future accounting periods.

	2019	2018
	£	£
Opening deferred income	911,479	222,732
Element utilised in year	(236,561)	(190,693)
Project income received in year and deferred to future period	1,164,065	879,440
	<u>1,838,983</u>	<u>911,479</u>

Notes (continued)

18 Analysis of charitable funds

Analysis of movement in unrestricted funds

	Balance at 1 April 2018	Incoming Resources	Resources Expended	Transfers to/(from) reserves	Fund at 31 March 2019
	£	£	£	£	£
General reserves	41,202	108,759	(118,548)	26,251	57,664

Analysis of movement in restricted funds

	Balance at 1 April 2018	Incoming Resources	Resources Expended	Transfers to/(from) Reserves	Fund at 31 March 2019
	£	£	£	£	£
Ethiopia programme					
DFID	-	1,196,596	(1,152,455)	(44,141)	-
Other	67,809	197,639	(155,537)	(9,102)	100,809
Malawi programme					
DFID	-	762,945	(769,634)	6,689	-
Other	-	167,139	(172,061)	4,922	-
Other programmes	-	274,192	(289,573)	15,381	-
Total	67,809	2,598,511	(2,539,260)	(26,251)	100,809

The major donors in Ethiopia are DFID, Boeing Foundation and Banyan Tree Foundation in respect of girls' education projects. In Malawi programmes were funded by DFID and Open Society Foundations. Other programmes were funded by DFID and Hewlett foundation.

Notes (continued)

18 Analysis of charitable funds (continued)

Analysis of movement in unrestricted funds in prior year

	Balance at 1 April 2017	Incoming Resources	Resources Expended	Transfers to/(from) reserves	Fund at 31 March 2018
	£	£	£	£	£
General reserves	(55,058)	165,582	(80,186)	10,864	41,202

Analysis of movement in restricted funds in prior year

	Balance at 1 April 2017	Incoming Resources	Resources Expended	Transfers to/(from) reserves	Fund at 31 March 2018
	£	£	£	£	£
Ethiopia programme					
DFID	-	1,114,108	(1,106,907)	(7,201)	-
Other	34,809	97,669	(60,578)	(4,091)	67,809
Malawi programme	-	424,086	(427,517)	3,431	-
Other programmes	20,521	121,459	(138,977)	(3,003)	-
Total	55,330	1,757,322	(1,733,979)	(10,864)	67,809

The major donors in Ethiopia are DFID and Banyan Tree Foundation. In Malawi programmes were funded by Scottish Government, Open Society Foundation and USAID. Other programmes were funded by Trust Africa.

19 Commitments

	As at 31 March 2019 £	As at 31 March 2018 £
Commitments under non-cancellable operating leases which expire:		
Within 1 year	6,457	19,886
More than 1 year and less than 5 years	-	7,371
	<u>6,457</u>	<u>27,257</u>

Notes (continued)

20 Analysis of net assets between funds

	General	Restricted reserves	Funds at 31 March 2019
	£	£	£
Fixed Assets	9,941	-	9,941
Current Assets	117,373	1,898,069	2,015,442
Current Liabilities	(69,650)	(1,797,260)	(1,866,910)
Total	57,664	100,809	158,473

Analysis of net assets between funds in prior year

	General	Restricted reserves	Funds at 31 March 2018
	£	£	£
Fixed Assets	24,714	-	24,714
Current Assets	30,058	934,910	964,968
Current Liabilities	(31,221)	(911,479)	(942,700)
Total	23,551	23,431	46,982

Notes (continued)

21 Statement of Financial Activities for the year ended 31 March 2018

	Unrestricted funds	Restricted funds	Total funds 2018
	£	£	£
Income			
Donations and legacies	74,769	47,660	122,429
Income from charitable activities:			
<i>Delivery of educational programmes in Sub-Saharan Africa</i>	88,630	1,709,636	1,798,266
Income from other trading activities	2,076	-	2,076
Investment income	107	26	133
Total income	165,582	1,757,322	1,922,904
Expenditure			
Costs of raising funds	35,558	-	35,558
Expenditure on charitable activities:			
<i>Delivery of educational programmes in Sub-Saharan Africa</i>	44,628	1,733,979	1,778,607
Total expenditure	80,186	1,733,979	1,814,165
Net income	85,396	23,343	108,739
Transfers between funds	10,864	(10,864)	-
Net movement in funds	96,260	12,479	108,739
Reconciliation of funds:			
Total funds brought forward	(55,058)	55,330	272
Total funds carried forward	41,202	67,809	109,011