

**Link Community Development International**

(a company limited by guarantee)

**Report and financial statements**

**Year ended 31 March 2018**

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 2018**

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 2018. 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.

### **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***

This year saw our endline report of our DFID funded Girls' Education Challenge project 'Improved Girls' Learning in Rural Wolaita' signed off showing a 301% improvement in numeracy and 197% increase in literacy levels for our 62,777 beneficiaries in 123 primary schools. The project created an enabling climate for girls to attend school more regularly, stay in school for longer and increase their learning opportunities.

LCDI has been awarded a further major grant by DFID to continue to support the girls' transition to secondary school and beyond. This follow on project 'Supporting Transition of Adolescent Girls through Enhanced Systems' (STAGES) commenced in May 2017 and will run until August 2024. This first year saw the external evaluator engaged to conduct the baseline data collection with the report due for completion in June 2018. Other activities have included selecting, with the government, the site for building of the first secondary school and basic needs provision (uniforms, sanitary wear, learning resources) for secondary school girls.

The Language and Literacy project (2015-2018) successfully submitted the endline report which demonstrated improved English language competency for teachers and learners alike in 49 schools. A successful follow up approach was made to the donor to match fund teaching and learning aspects of STAGES.

The Boeing funded project 'Pre-school Advice and Support Pilot', supported pre-school training for school managers and woreda education officers. This small project delivered initial training to these stakeholders.

## **Ghana**

LCD Ghana 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. 92% of the 1876 learners graduated and transitioned into mainstream school. A further cycle of funding has been awarded to Link Ghana. Over 500 learners have so far been enrolled.

The second phase of 'Tackling Educational Needs Inclusively' project has completed. LCD Ghana was working in partnership with VSO to support girls to stay in school and achieve.

A USAID funded project 'Promoting Transparency and Accountability in Education' has been completed. This one-year project was engaging media houses to demand better quality education, advocating for more female teachers, and driving for improved community engagement.

Link Ghana was a successful sub-partner in the World Education led Leave No Girl Behind bid. This is a DFID-funded project and Link Ghana will be supporting the education of 2,000 girls in the Upper East region.

## **Malawi**

LCD Malawi successfully delivered year three of the Integrated School Performance Improvement Review and Engagement (INSPIRE) project funded by Scottish Government. The project is rolling out Link's core work to all 217 schools in the Mchinji district. INSPIRE will also develop a database to enable the recording, collation, storage and dissemination of all school improvement data. Key outputs are a standard school report card, a government-led data system to measure school improvement, and Malawi's first efforts into integrated school improvement planning for secondary schools.

Our action-research project funded by the Open Society Foundation, has identified four marginalised groups and is working on ways to increase their inclusion in school improvement processes. Radio shows, murals on school walls, local language resources and inviting those suffering from albinism and disability, the ultra-poor and child head-of-households to school meetings has dramatically increased meaningful participation levels allowing these groups to play a more active role in school improvement.

Due to reductions in USAID funding for overseas development projects, Link's role in Malawi's National Reading Programme has ended. All Link-managed staff for this programme have been retrenched and appropriate redundancy packages provided.

We have been successful in our DFID-funded Leave No Girl Behind bid with the project due to start in August 2018. The project will support 5,000 extremely marginalised girls to reach functional literacy and numeracy alongside vocational training and social and emotional support. We are leading a further five partners in this project.

## **Uganda**

LCD Uganda completed delivery of Trust Africa's Early Learning Education Project (ELEP) in Buliisa which improved teachers' competence in teaching early grade learners in their mother tongue, improved parental participation in their children's learning and improved learner's literacy levels.

LCD Uganda's role in the DFID-funded Girls' Education Challenge project 'Empowerment for Girls' Education' began in October 2017. Link's role will be in delivering our School Management Simulation Tool to over 130 low-cost private schools across the country. The project will run until April 2020.

The Hewlett-funded 'School Transformation through Enriching Accountability and Resilience' (STEAR) project began in January 2018 and will finish in February 2019, with the possibility of a phase two. We have engaged a consultant to complete a scoping study of the current Ugandan education system in relation to school improvement.

## **Directors' Report (continued)**

Funding from DFID and Hewlett Foundation has enabled us to strengthen our Link International and Link Uganda teams with a Knowledge and Impact Manager (based in Edinburgh) and a Programme Director, Finance and Admin Manager, Education Advisor and Project Assistant/ Driver based in Uganda.

### **Rwanda**

LCDI were successful in their partnership bid led by Health Poverty Action (HPA) in Rwanda in the DFID-funded Girl's Education Challenge project. The 'Rwandan girls Education and Advancement Programme' (REAP) supports girls to complete basic education and transition to the next stage of education, vocational education or livelihood opportunities. Link is supporting Community Study Groups and School Improvement processes via two staff based in the HPA office. Link is in the process of registering Link Community Development Rwanda as a branch of LCDI. The project will run until April 2020.

### **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 2018 were £1.923m (2017: £1.654m).

**Resources expended** for the year to 31 March 2018 were £1.814m (2017: £1.598m). Of this £1.779m was spent on charitable objectives (2017: £1.563m).

#### ***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.

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 restricted reserves is between £50,000 and £100,000. Our unrestricted reserves at the end of the year were £41,000. This falls short of our target range. The shortfall in free reserves is in part due the strategic decision to direct our fund-raising activities towards raising restricted funds for our project in Ethiopia. We are working towards achieving our target free reserves by expanding our programme activity, growing and diversifying fund-raising activities, 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 next two years with plans to increase income and minimise costs where possible. The success in the GEC project in Ethiopia where Link was ranked among the top achievers, combined with our strong track record in Malawi, has led to approaches by major donors resulting in an expanding pipeline of new opportunities. A highly significant development in April 2017 was the signing of a major grant agreement with DFID which secures the continuation of our GEC programme in Ethiopia until 2024. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. There are no known, material uncertainties regarding the charity'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

## **Directors' Report (continued)**

### ***Trustees***

Alasdair Beaton (Chair)  
Martyn Roebuck  
Mark Beaumont  
Seonaid Crosby  
Roger Cunningham-Burley  
Susan Dalgety (resigned 15 December 2017)  
Margary Donn  
Elaine Graham  
Fergus Mackintosh  
Christopher O'Brien  
Richard Santandreu  
Judith Wilson (resigned 15 December 2017)

### ***Senior management team***

Chief Executive Officer	Fiona Greig
Deputy Chief Executive Officer	Laura Garforth (resigned 31 December 2017)
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.

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. 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".

## Directors' Report (continued)

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 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 14 September 2018 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 2018 on pages 12 to 23. 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 2018 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 7, 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](http://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: 17 September 2018

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

	<b>Note</b>	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total funds 2018</b>	<b>Total funds 2017</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>					
Donations and legacies	3	74,769	47,660	122,429	89,751
Income from charitable activities: <i>Delivery of educational programmes in Sub-Saharan Africa</i>	4	88,630	1,709,636	1,798,266	1,549,379
Income from other trading activities	5	2,076	-	2,076	15,228
Investment income	6	107	26	133	74
<b>Total income</b>		<b>165,582</b>	<b>1,757,322</b>	<b>1,922,904</b>	<b>1,654,432</b>
<b>Expenditure</b>					
Costs of raising funds	7	35,558	-	35,558	35,111
Expenditure on charitable activities: <i>Delivery of educational programmes in Sub-Saharan Africa</i>	8	44,628	1,733,979	1,778,607	1,563,371
<b>Total expenditure</b>		<b>80,186</b>	<b>1,733,979</b>	<b>1,814,165</b>	<b>1,598,482</b>
<b>Net income</b>		<b>85,396</b>	<b>23,343</b>	<b>108,739</b>	<b>55,950</b>
<b>Transfers between funds</b>		<b>10,864</b>	<b>(10,864)</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>96,260</b>	<b>12,479</b>	<b>108,739</b>	<b>55,950</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		(55,058)	55,330	272	(55,678)
<b>Total funds carried forward</b>		<b>41,202</b>	<b>67,809</b>	<b>109,011</b>	<b>272</b>

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

**Balance Sheet**  
as at 31 March 2018

	<b>Note</b>	<b>2018</b> £	<b>2017</b> £
<b>Fixed assets</b>			
Tangible assets	14	24,714	43,965
<b>Total fixed assets</b>		<u>24,714</u>	<u>43,965</u>
<b>Current assets</b>			
Stock	15	2,100	3,100
Debtors	16	71,926	52,870
Cash at bank and in hand		952,968	172,843
<b>Total current assets</b>		<u>1,026,994</u>	<u>228,813</u>
<b>Liabilities</b>			
Creditors falling due within one year	17	(942,697)	(272,506)
<b>Net current assets/(liabilities)</b>		<u>84,297</u>	<u>(43,693)</u>
<b>Net assets</b>		<u><b>109,011</b></u>	<u><b>272</b></u>
<b>The funds of the charity:</b>			
Unrestricted income funds	18	41,202	(55,058)
Restricted income funds	18	67,809	55,330
<b>Total charity funds</b>		<u><b>109,011</b></u>	<u><b>272</b></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



Mark Beaumont  
Chair of Finance and Risk  
Committee

Date: 14 September 2018

**Statement of Cash Flows**  
*as at 31 March 2018*

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Cash used in operating activities</b>	<b>781,538</b>	<b>99,575</b>
<b>Cash flows from investing activities</b>		
Interest income	133	74
Purchase of tangible fixed assets	(1,546)	-
Increase in cash and cash equivalents in the year	<u>780,125</u>	<u>99,649</u>
Cash and cash equivalents at the beginning of the year	172,843	73,194
<b>Total cash and cash equivalents at the end of the year</b>	<u><b>952,968</b></u>	<u><b>172,843</b></u>

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Net movement in funds	108,739	55,950
Deduct investment income	(133)	(74)
Add depreciation charge net of profit on disposal of assets	20,797	20,444
Decrease in stock	1,000	3,415
Increase in debtors	(19,056)	(15,990)
Increase in creditors	670,191	35,830
<b>Net cash used in operating activities</b>	<u><b>781,538</b></u>	<u><b>99,575</b></u>

## 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)**

**(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.

**(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.



**Notes (continued)**

**(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**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Gifts	87,529	51,072
Donated services	34,900	38,679
	<u>122,429</u>	<u>89,751</u>

**4 Income from charitable activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Government grants	1,581,525	1,142,893
Trusts and foundations	216,741	406,486
	<u>1,798,266</u>	<u>1,549,379</u>

**5 Income earned from other trading activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Income arising from events	2,076	15,228
	<u>2,076</u>	<u>15,228</u>

**6 Investment income**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank interest	<u>133</u>	<u>74</u>

**Notes (continued)**

**7 Costs of raising funds**

	2018 £	2017 £
Event costs	849	6,636
Staff costs	33,811	27,672
Administrative costs	898	803
	<u>35,558</u>	<u>35,111</u>

**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 2018	Ethiopia DFID £	Ethiopia Other £	Malawi £	Other countries £	Total 2018 £	Total 2017 £
Direct UK staff costs	87,335	-	63,792	40,604	191,731	172,544
Direct international staff costs	103,724	-	-	-	103,724	78,532
Monitoring and evaluation	294,497	7,709	81,678	7,246	391,130	105,138
Direct project costs	575,701	51,933	270,549	83,247	981,430	1,093,713
Depreciation	20,797	-	-	-	20,797	20,444
Support costs (see note 9)	45,650	936	11,498	7,880	65,964	50,681
	<u>1,127,704</u>	<u>60,578</u>	<u>427,517</u>	<u>138,977</u>	<u>1,754,776</u>	<u>1,521,052</u>
Governance costs (see note 9)					23,831	42,319
					<u>1,778,607</u>	<u>1,563,371</u>
Year to 31 March 2017						
- Direct support	<u>1,210,891</u>	-	<u>284,133</u>	<u>26,028</u>	1,521,052	
- Governance					42,319	
					<u>1,563,371</u>	

Expenditure on charitable activities was £1,778,607 (year to 31 March 2017: £1,563,371) of which £1,733,979 was restricted (year to 31 March 2017: £1,500,608) and £44,628 was unrestricted (year to 31 March 2017: £62,763).

**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.

<b>Year to 31 March 2018</b>	<b>General support £</b>	<b>Governance function £</b>	<b>Total £</b>
Salaries, wages and related costs	5,337	10,500	15,837
General office	21,528	-	21,528
Premises	14,325	-	14,325
ICT	4,057	-	4,057
Audit fees	-	6,831	6,831
Legal and other professional fees	20,500	6,500	27,000
Cost of trustee meetings	217	-	217
	<u>65,964</u>	<u>23,831</u>	<u>89,795</u>
Year to 31 March 2017	<u>50,681</u>	<u>42,319</u>	<u>93,000</u>

**Notes (continued)**

**10 Net income for the year**

	2018 £	2017 £
<b>This is stated after charging:</b>		
Operating leases - equipment	1,828	1,829
Depreciation	20,797	20,444
Interest payable	-	1,343
Auditor's remuneration:		
Audit fees (net of VAT)	<u>5,750</u>	<u>5,378</u>

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

	2018 £	2017 £
Salaries and wages	304,938	263,873
Social security costs	23,249	15,243
Pension costs	14,803	15,865
	<u>342,990</u>	<u>294,981</u>

No employees had employee benefits in excess of £60,000 (2017: none).

The charity trustees were neither paid nor in receipt of any other benefits from employment with the charity (2017: £nil) neither were they reimbursed expenses during the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £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 £115,485 (Year to 31 March 2017: £126,357).

**Notes (continued)**

**12 Staff numbers**

The average monthly head count was 8 staff (2017: 8 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2018 Number	2017 Number
Direct charitable UK staff	4	4
Direct charitable overseas staff	2	2
Administration	1	1
Fundraising and publicity	1	1
	<u>8</u>	<u>8</u>

**13 Related party transactions**

	Year to 31 March 2018 £	Year to 31 March 2017 £
Amount transferred and expensed		
LCD Ethiopia	584,326	852,807
LCD Malawi	218,411	160,384
LCD Uganda	20,686	18,066
LCD Scotland	-	768
LCD Rwanda	43,621	-
	<u>867,044</u>	<u>1,032,025</u>

At the balance sheet date the following amounts were outstanding:

	2018 £	2017 £
LCD Scotland	1,679	3,281
	<u>1,679</u>	<u>3,281</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 £27,000 evaluated at their normal charge out rates. (Year to 31 March 2017: £25,347).

**Notes (continued)**

**14 Tangible fixed assets**

	<b>Plant and machinery</b>	<b>Vehicles</b>	<b>2018 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost:</b>			
At 1 April 2017	67,223	72,136	139,359
Additions at cost	1,546	-	1,546
Disposals	-	-	-
At 31 March 2018	<u>68,769</u>	<u>72,136</u>	<u>140,905</u>
<b>Depreciation:</b>			
At 1 April 2017	62,151	33,243	95,394
Charge for period	3,249	17,548	20,797
Depreciation on disposals	-	-	-
At 31 March 2018	<u>65,400</u>	<u>50,791</u>	<u>116,191</u>
<b>Net book value:</b>			
At 31 March 2018	<u>3,369</u>	<u>21,345</u>	<u>24,714</u>
At 31 March 2017	<u>5,072</u>	<u>38,893</u>	<u>43,965</u>

**15 Stock**

	<b>2018 £</b>	<b>2017 £</b>
Merchandising and promotional materials	<u>2,100</u>	<u>3,100</u>

**16 Debtors**

	<b>2018 £</b>	<b>2017 £</b>
Accrued income	4,125	39,698
Other debtors	<u>67,801</u>	<u>13,172</u>
	<u>71,926</u>	<u>52,870</u>

**17 Creditors: Amounts falling due within one year**

	<b>2018 £</b>	<b>2017 £</b>
Deferred income	911,479	222,732
Other creditors	22,041	44,149
Taxation and social security	<u>9,177</u>	<u>5,625</u>
	<u>942,697</u>	<u>272,506</u>

**Notes (continued)**

**17 Creditors: Amounts falling due within one year (continued)**

**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.

	2018 £	2017 £
Opening deferred income	222,732	184,446
Element utilised in year	(190,693)	(180,653)
Project income received in year and deferred to future period	879,440	218,939
	<u>911,479</u>	<u>222,732</u>

**18 Analysis of charitable funds**

**Analysis of movement in unrestricted funds**

	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**

	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	<u>55,330</u>	<u>1,757,322</u>	<u>1,733,979</u>	<u>(10,864)</u>	<u>67,809</u>

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



**Notes (continued)**

**Analysis of movement in unrestricted funds in prior year**

	Balance at 1 April 2016 £	Incoming Resources £	Resources Expended £	Transfers to/(from) reserves £	Fund at 31 March 2017 £
General reserves	(55,678)	108,352	(97,874)	(9,858)	(55,058)

**Analysis of movement in restricted funds in prior year**

	Balance at 1 April 2016 £	Incoming Resources £	Resources Expended £	Transfers to/(from) reserves £	Fund at 31 March 2017 £
Ethiopia programme	-	1,215,968	(1,190,447)	9,288	34,809
Malawi programme	-	277,992	(284,133)	6,141	-
Other programmes	-	52,120	(26,028)	(5,571)	20,521
Total	-	1,546,080	(1,500,608)	9,858	55,330

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**

	<b>As at 31 March 2018 £</b>	<b>As at 31 March 2017 £</b>
Commitments under non-cancellable operating leases which expire:		
Within 1 year	19,886	11,486
More than 1 year and less than 5 years	7,371	6,857
	<u>27,257</u>	<u>18,343</u>

**20 Analysis of net assets between funds**

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

**Analysis of net assets between funds in prior year**

	<b>General £</b>	<b>Restricted reserves £</b>	<b>Funds at 31 March 2017 £</b>
Fixed Assets	43,965	-	43,965
Current Assets	(91,009)	319,822	228,813
Current Liabilities	(8,014)	(264,492)	(272,506)
Total	<u>(55,058)</u>	<u>55,330</u>	<u>272</u>

**21 Statement of Financial Activities**  
for the year ended 31 March 2017

	Unrestricted funds £	Restricted funds £	Total funds 2017 £
<b>Income</b>			
Donations and legacies	89,751	-	89,751
Income from charitable activities: <i>Delivery of educational programmes in Sub-Saharan Africa</i>	3,350	1,546,029	1,549,379
Income from other trading activities	15,228	-	15,228
Investment income	23	51	74
<b>Total income</b>	<b>108,352</b>	<b>1,546,080</b>	<b>1,654,432</b>
<b>Expenditure</b>			
Costs of raising funds	35,111	-	35,111
Expenditure on charitable activities: <i>Delivery of educational programmes in Sub-Saharan Africa</i>	62,763	1,500,608	1,563,371
<b>Total expenditure</b>	<b>97,874</b>	<b>1,500,608</b>	<b>1,598,482</b>
<b>Net (expenditure)/income</b>	<b>10,478</b>	<b>45,472</b>	<b>55,950</b>
<b>Transfers between funds</b>	<b>(9,858)</b>	<b>9,858</b>	<b>-</b>
<b>Net movement in funds</b>	<b>620</b>	<b>55,330</b>	<b>55,950</b>
<b>Reconciliation of funds:</b>			
Total funds brought forward	(55,678)	-	(55,678)
<b>Total funds carried forward</b>	<b>(55,058)</b>	<b>55,330</b>	<b>272</b>