

**Link Community Development International**

(a company limited by guarantee)

**Report and financial statements**

**Year ended 31 March 2020**

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 2020**

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 2020. 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***

2019-20 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 127 primary schools and 17 secondary schools in four districts. Through 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 is developing 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 ensures girls are ready to learn by improving their self-esteem and self-confidence; providing classes in life skills, sexual and reproductive health and financial literacy; and providing reusable sanitary packs and basic needs.

Working with our partners we are ensuring that 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; and ensuring teachers are prepared to respond to the needs of all girls and boys in their classrooms.

As part of the STAGES project we have constructed four new secondary schools to address unmet need in deep rural areas. The first school was completed in November 2019 with the remaining three schools being finished in June 2020. Responsibility for the management and resourcing of all schools has now been formally handed to the local government.

On 1<sup>st</sup> November LCDI signed a contract with Educational Development Trust to be a consortium partner to provide a technical assistance package to the World Bank funded GEQIP-E programme from 2019-22.

## **Directors' report** (continued)

### **Ghana**

LCDI and Link Ghana mutually and amicably agreed to terminate their partnership and end their affiliation as from 31<sup>st</sup> December 2019. Therefore, effective from 1<sup>st</sup> January 2020, LCDI and Link Ghana are no longer associated.

### **Malawi**

TEAM Girl Malawi (Transformational Empowerment of Adolescent Marginalised Girls in Malawi) (2018-2023) which started in July 2018 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 is reaching some of the most marginalised adolescent girls in Malawi who have never been to school due to disability, poverty or lack of opportunity, or who dropped out of school without learning to read, write and count. Community-based classes allow the girls to acquire basic literacy, numeracy, and life skills. Girls' clubs and peer-to-peer buddying impart sexual and reproductive health knowledge and develop resilience and self-esteem. Vocational training for the girls and their carers enable the development of livelihoods and offers the girls a viable option once their literacy and numeracy skills have increased. Improved school leadership makes schools safer, more inclusive spaces, and community engagement raises aspirations for these marginalised girls.

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

Funded by Open Society Foundations (OSF), the *Inclusive Community Engagement* project ran from January 2019 to January 2020. The project was designed to 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. This resources pack will be used by government and other NGOs to support inclusive community engagement.

### **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 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. This project ended in March 2020.

## Directors' report (continued)

### **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. Link also works with the Nyaruguru government to strengthen school improvement planning and community participation.

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

With funding from UNICEF, Link is working with key government partners to review the national inspection framework and the standards for school benchmarking. Link is also developing guidelines for school improvement planning to help every school in Rwanda understand how to use the standards to push for continuous improvement.

## 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 2020 were £5,328m (2019: £2,707m).

**Resources expended** for the year to 31 March 2020 were £5,187m (2019: £2,658m). Of this £5,138m was spent on charitable objectives (2019: £2,615m).

### **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 the appropriate target for unrestricted reserves is between three and six months of running costs which is equivalent to £128k and £256k based on current activity levels. Our free available reserves at the end of the year were £198k which is within our target range. We are working towards increasing our free reserves by expanding our programme activity, growing core income and continuing to carefully manage our core costs.

**Directors' report** (continued)

***Going Concern***

In their assessment of going concern the Trustees have considered the current and developing impact on the charity as a result of the COVID-19 virus. The COVID-19 pandemic has had some impact on the charity's operations.

Following the lockdown restrictions imposed by the government, the charity had to suspend international travel and implemented work from home arrangements for its staff. Having conducted a detailed strategic review and having sought necessary permission from funders, the charity has moved to remote support and monitoring of project activity. This, together with the development of short and medium term emergency response plans has ensured that our projects continue to be delivered and that the charity continues to fulfil its charitable activities. In response to these unprecedented circumstances, the Trustees are also seeking additional funding opportunities to help cover costs and to ensure the long term continuity of the charity. In the interim period, the Trustees will utilise the charity's reserves if required and they continue to carefully monitor and control costs.

Having regard to the above, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. There are no known material uncertainties and it is therefore appropriate to prepare the financial statements on a going concern basis.

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)  
Scott Craig (appointed December 2019)  
Seonaid Crosby  
Elaine Graham  
Susan Grant  
Fergus Mackintosh  
Richard Santandreu  
Jorge Sequeira (appointed January 2020)  
Iffat Shahnaz (appointed December 2019)  
Anita Wiseman (appointed December 2019)  
Caroline Wylie (appointed December 2019)

**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 risks which the organisation faces are: over-reliance on small number of major donors; the, as yet unquantified, impact of COVID 19 on our ability to raise unrestricted incomes as traditional sources of revenue are impacted and the inability to raise sufficient income to be able to deliver our COVID 19 emergency response plan.

### ***Post-balance sheet event***

With the effective date of 6th July 2020 Link Community Development International changed its name to Link Education International which the trustees consider better and more clearly reflects the company's charitable work in the international education sector. The name change has been registered with Companies House, the Charity Commission and OSCR.

**Directors' report** (continued)

**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

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 11th September 2020 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 2020 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 2020 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](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: .....11 September 2020.....

**Statement of Financial Activities**  
for the year ended 31 March 2020

	<i>Note</i>	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
<b>Income</b>					
Donations and legacies	3	88,217	15,481	103,698	143,323
Income from charitable activities:					
<i>Delivery of educational     programmes in Sub-Saharan     Africa</i>	4	136,288	5,084,820	5,221,108	2,560,162
Income from other trading activities	5	2,230	-	2,230	3,228
Investment income	6	714	-	714	557
<b>Total income</b>		<b>227,449</b>	<b>5,100,301</b>	<b>5,327,750</b>	<b>2,707,270</b>
<b>Expenditure</b>					
Costs of raising funds	7	49,057	-	49,057	42,370
Expenditure on charitable activities:					
<i>Delivery of educational     programmes in Sub-Saharan     Africa</i>	8	91,362	5,046,863	5,138,225	2,615,438
<b>Total expenditure</b>		<b>140,419</b>	<b>5,046,863</b>	<b>5,187,282</b>	<b>2,657,808</b>
<b>Net income</b>		<b>87,030</b>	<b>53,438</b>	<b>140,468</b>	<b>49,462</b>
<b>Transfers between funds</b>		53,438	(53,438)	-	-
<b>Net movement in funds</b>		<b>140,468</b>	<b>-</b>	<b>140,468</b>	<b>49,462</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		57,664	100,809	158,473	109,011
<b>Total funds carried forward</b>		<b>198,132</b>	<b>100,809</b>	<b>298,941</b>	<b>158,473</b>

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

**Balance Sheet**  
as at 31 March 2020

	<i>Note</i>	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	14	1,696	9,941
<b>Total fixed assets</b>		1,696	9,941
<b>Current assets</b>			
Stock	15	251	2,100
Debtors	16	1,603,095	338,033
Cash at bank and in hand		2,354,754	1,675,309
<b>Total current assets</b>		3,958,100	2,015,442
<b>Liabilities</b>			
Creditors falling due within one year	17	(3,660,855)	(1,866,910)
<b>Net current assets</b>		297,245	148,532
<b>Net assets</b>		<b>298,941</b>	<b>158,473</b>
Unrestricted income funds	18	198,132	57,664
Restricted income funds	18	100,809	100,809
<b>Total charity funds</b>		<b>298,941</b>	<b>158,473</b>

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: 11 September 2020

**Statement of Cash Flows**  
*as at 31 March 2020*

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Cash used in operating activities</b>	679,593	722,682
 <b>Cash flows from investing activities</b>		
Interest income	714	557
Purchase of tangible fixed assets	(862)	(898)
Increase in cash and cash equivalents in the year	679,445	722,341
Cash and cash equivalents at the beginning of the year	1,675,309	952,968
<b>Total cash and cash equivalents at the end of the year</b>	<b>2,354,754</b>	<b>1,675,309</b>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net movement in funds	<b>140,468</b>	49,462
Deduct investment income	(714)	(557)
Add depreciation charge net of profit on disposal of assets	9,107	15,671
Decrease in stock	1,849	-
Increase in debtors	(1,265,062)	(266,107)
Increase in creditors	1,793,945	924,213
Net cash used in operating activities	679,593	722,682

## 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 automatically enrolls all staff into a workplace pension scheme and makes contributions on their behalf. Two members of staff are not enrolled in the workplace pension scheme and 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. However please refer to page 7 for further details about the impact of COVID-19 on the charity.

**(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>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Gifts	48,065	80,672
Donated services	55,633	62,651
	103,698	143,323

**4 Income from charitable activities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Government grants	4,281,186	2,288,181
Trusts and foundations	939,922	271,981
	5,221,108	2,560,162

**5 Income earned from other trading activities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other	2,230	3,228
	2,230	3,228

**6 Investment income**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank interest	714	557
	714	557

**7 Costs of raising funds**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Staff costs	48,780	41,828
Administrative costs	277	542
	49,057	42,370

**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 2020	Ethiopia DFID £	Ethiopia other £	Malawi DFID £	Malawi Other £	Other countries £	Total 2020 £	Total 2019 £
Direct UK staff costs	153,864	-	97,005	-	93,650	344,519	326,732
Direct international staff costs	-	-	-	-	-	-	15,133
Monitoring and evaluation	(5,469)	-	62,520	-	3,635	60,686	364,374
Direct project costs	2,122,571	454,506	1,540,691	29,300	420,205	5,567,273	1,752,091
Depreciation	8,662	-	-	-	-	8,662	14,607
Support costs (see note 9)	44,631	4,419	13,161	1,785	10,389	74,385	80,930
Direct support	2,324,259	458,925	1,713,377	31,085	527,789	5,055,525	2,553,867
Governance costs (see note 9)						82,700	61,571
						5,138,225	2,615,438
Year to 31 March 2019							
Direct support	1,167,062	155,537	769,634	172,061	289,573		2,553,867
Governance							61,571
							2,615,438

Expenditure on charitable activities was £5,138,225 (year to 31 March 2019: £2,615,438) of which £5,046,863 was restricted (year to 31 March 2019: £2,539,260) and £91,362 was unrestricted (year to 31 March 2019: £76,178).

**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 2020</b>	<b>General support</b>	<b>Governance function</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Salaries, wages and related costs	31,277	10,500	41,777
General office	16,932	-	16,932
Premises	22,103	-	22,103
ICT	4,073	-	4,073
Audit fees	-	9,097	9,097
Legal and other professional fees	-	62,752	62,752
Cost of trustee meetings	-	351	351
	<u>74,385</u>	<u>82,700</u>	<u>157,085</u>
 Year to 31 March 2019	 <u>80,929</u>	 <u>61,571</u>	 <u>142,500</u>

**10 Net income for the year**

<b>This is stated after charging:</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating leases - equipment	1,416	1,828
Depreciation	9,107	15,671
Auditor's remuneration: Audit fees (net of VAT)	6,475	5,872
	<u>                    </u>	<u>                    </u>

**Notes** (continued)

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Salaries and wages	359,315	368,156
Social security costs	31,720	37,263
Pension costs	33,631	20,374
	424,666	425,793

No employees had employee benefits in excess of £60,000 (2019: none).

The charity trustees were neither paid nor in receipt of any other benefits from employment with the charity (2019: £nil) neither were they reimbursed expenses during the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

The key management personnel of the charity comprise the trustees, the Chief Executive Officer and the International Programme Director. The total employee benefits of the key management personnel, including employer's national insurance and employer pension, were £110,620 (Year to 31 March 2019: £105,241).

**12 Staff numbers**

The average monthly head count was 9 staff (2019: 8 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Direct charitable UK staff	6	6
Administration	2	1
Fundraising and publicity	1	1
	9	8

**Notes** (continued)

**13 Related party transactions**

	<b>Year to 31 March 2020</b>	<b>Year to 31 March 2019</b>
Amount transferred and expensed	£	£
LCD Ethiopia	2,459,208	651,121
LCD Malawi	890,763	300,063
LCD Uganda	282,243	141,923
LCD Rwanda	44,633	49,615
	3,676,847	1,142,722
At the balance sheet date the following amounts were outstanding:		
	<b>2020</b>	<b>2019</b>
	£	£
LCD Scotland	7,314	4,786
	7,314	4,786

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 £55,633 evaluated at their normal charge out rates. (Year to 31 March 2019: £62,651).

**Notes** (continued)

**14 Tangible fixed assets**

	Plant and machinery	Vehicles	2020 Total
	£	£	£
<b>Cost:</b>			
At 1 April 2019	69,667	72,136	141,803
Additions at cost	862	-	862
Disposals	-	-	-
At 31 March 2020	70,529	72,136	142,665
<b>Depreciation:</b>			
At 1 April 2019	68,874	62,988	131,862
Charge for period	(41)	9,148	9,107
Depreciation on disposals	-	-	-
At 31 March 2020	68,833	72,136	140,969
<b>Net book value:</b>			
At 31 March 2020	1,696	-	1,696
At 31 March 2019	793	9,148	9,941

**15 Stock**

	2020 £	2019 £
Merchandising and promotional materials	251	2,100

**16 Debtors**

	2020 £	2019 £
Accrued income	-	815
Other debtors	1,603,095	337,218
	1,603,095	338,033

**Notes** (continued)

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Deferred income	207,940	1,838,983
Other creditors	3,444,581	18,769
Taxation and social security	8,334	9,158
	3,660,855	1,866,910

**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.

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Opening deferred income	1,838,983	911,479
Reallocated to other creditors	(1,152,593)	-
Element utilised in year	(539,764)	(236,561)
Project income received in year and deferred to future period	61,314	1,164,065
	207,940	1,838,983

**Notes** (continued)

**18 Analysis of charitable funds**

**Analysis of movement in unrestricted funds**

	Balance at 1 April 2019	Incoming Resources	Resources Expended	Transfers to/(from) reserves	Fund at 31 March 2020
	£	£	£	£	£
General reserves	57,664	227,449	(140,419)	53,438	198,132

**Analysis of movement in restricted funds**

	Balance at 1 April 2019	Incoming Resources	Resources Expended	Transfers to/(from) Reserves	Fund at 31 March 2020
	£	£	£	£	£
Ethiopia programme					
DFID	-	2,347,755	(2,315,597)	(32,158)	-
Other	100,809	462,109	(458,925)	(3,184)	100,809
Malawi programme					
DFID	-	1,722,855	(1,713,377)	(9,478)	-
Other		32,210	(31,085)	(1,125)	-
Other programmes	-	535,372	(527,879)	(7,493)	-
<b>Total</b>	<b>100,809</b>	<b>5,100,301</b>	<b>5,046,863</b>	<b>(53,438)</b>	<b>100,809</b>

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, Hewlett foundation and UNICEF.

**Notes** (continued)

**18 Analysis of charitable funds** (continued)

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

	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 in prior year**

	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	-
<b>Total</b>	<b>67,809</b>	<b>2,598,511</b>	<b>(2,539,260)</b>	<b>(26,251)</b>	<b>100,809</b>

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.

**19 Commitments**

	As at 31 March 2020 £	As at 31 March 2019 £
Commitments under non-cancellable operating leases which expire:		
Within 1 year	23,803	6,457
More than 1 year and less than 5 years	81,158	-
	<u>104,961</u>	<u>6,457</u>

**Notes** (continued)

**20 Analysis of net assets between funds**

	<b>General</b>	<b>Restricted</b>	<b>Funds at 31</b>
		<b>reserves</b>	<b>March 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Fixed Assets	1,696	-	1,696
Current Assets	224,248	3,733,852	3,958,100
Current Liabilities	(27,812)	(3,633,043)	(3,660,855)
<b>Total</b>	<u>198,132</u>	<u>100,809</u>	<u>298,941</u>

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

	<b>General</b>	<b>Restricted</b>	<b>Funds at 31</b>
		<b>reserves</b>	<b>March 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Fixed Assets	1,696	-	9,941
Current Assets	117,373	1,898,069	2,015,442
Current Liabilities	(69,650)	(1,797,260)	(1,866,910)
<b>Total</b>	<u>57,664</u>	<u>100,809</u>	<u>158,473</u>

**Notes** (continued)

**21 Statement of Financial Activities for the year ended 31 March 2019**

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