

ZAMBIA ORPHANS OF AIDS UK



Report and Financial Statements 2012

Company Registration No. 07863487 (England & Wales)

Registered Charity No. 1145721

Registered Office: 32 Warnborough Road Oxford OX2 6JA

ZAMBIA ORPHANS OF AIDS UK

Contents

	Page
Reference and Administration Details	2
Directors’/Trustees’ Report	3
Independent Examiners Report	8
Income & Expenditure Account	10
Balance Sheet	11
Notes to the Accounts	12

ZAMBIA ORPHANS OF AIDS UK

Reference and Administrative Details

Charity Registration Number	1145721																		
Company Registered Number	07863487																		
Registered Office	32 Warnborough Road Oxford OX2 6JA																		
Administrative Office	42 High Street Balsham Cambs CB21 4EP email: admin@zoa.org.uk website: www.zoa.org.uk																		
Bankers	NatWest Bank plc 23 Market Street Cambridge CB2 3PA																		
Independent Examiner	Nigel De'Ath FIPA 12 The Rookery Balsham Cambs CB21 4EU																		
Directors/Trustees	The Directors/Trustees who served during the year were: <table><thead><tr><th><u>Name</u></th><th><u>Appointed</u></th></tr></thead><tbody><tr><td>Lord Andrew Turnbull (Chair)</td><td>16/09/2006</td></tr><tr><td>Dr Shimwaayi Muntemba (Vice Chair)</td><td>16/09/2006</td></tr><tr><td>Geoffrey Croome (Hon Secretary)</td><td>16/09/2006</td></tr><tr><td>Jim Potter (Hon Treasurer)</td><td>16/09/2006</td></tr><tr><td>Prof Hugh MacMillan</td><td>02/06/2011</td></tr><tr><td>Tom Murdoch</td><td>28/10/2009</td></tr><tr><td>Rachel Quine</td><td>24/10/2011</td></tr><tr><td>Dr J Keith Rennie</td><td>16/09/2006</td></tr></tbody></table>	<u>Name</u>	<u>Appointed</u>	Lord Andrew Turnbull (Chair)	16/09/2006	Dr Shimwaayi Muntemba (Vice Chair)	16/09/2006	Geoffrey Croome (Hon Secretary)	16/09/2006	Jim Potter (Hon Treasurer)	16/09/2006	Prof Hugh MacMillan	02/06/2011	Tom Murdoch	28/10/2009	Rachel Quine	24/10/2011	Dr J Keith Rennie	16/09/2006
<u>Name</u>	<u>Appointed</u>																		
Lord Andrew Turnbull (Chair)	16/09/2006																		
Dr Shimwaayi Muntemba (Vice Chair)	16/09/2006																		
Geoffrey Croome (Hon Secretary)	16/09/2006																		
Jim Potter (Hon Treasurer)	16/09/2006																		
Prof Hugh MacMillan	02/06/2011																		
Tom Murdoch	28/10/2009																		
Rachel Quine	24/10/2011																		
Dr J Keith Rennie	16/09/2006																		
Fundraising admin@zoa.org.uk	Sarah Gwynne, Manager Sophie Poore																		

ZAMBIA ORPHANS OF AIDS UK

Directors'/Trustees' report for the period ended 31 December 2012

Objectives, history and activities of the Trust

Zambia, one of the poorest countries in the world, is also one of the African countries where HIV/AIDS has hit hardest. HIV/AIDS accounts for at least half of the estimated one million orphans in the country. The mission of Zambia Orphans of AIDS is to play a leading part in relieving the resulting crisis, by helping these orphans to fulfil their potential in the face of the huge difficulties that they and their care-givers encounter.

Zambia Orphans of AIDS United Kingdom (ZOA-UK) was registered with the Charity Commission in October 2006. It was formed as the third branch of a grouping that comprises Zambia Orphans of AIDS USA (ZOA-US) and Zambia Orphans of AIDS Zambia (ZOA-Z). ZOA-US had been established in 2000 by a group of Zambians and friends of Zambia living in the USA, as a response to the growing HIV/AIDS crisis in Zambia and the rapidly increasing number of orphans that it was creating.

In 2003, ZOA-Z was registered in Zambia as a non-government organisation.

The approach of the ZOA family of organisations is to support well-established, community-based programmes for orphans and other vulnerable children, mostly in rural areas. Its money is spent principally on housing and feeding children and helping to provide them with healthcare, schooling and skills training.

During 2012, ZOA-UK's income totalled £91,971, compared with £65,802 in the previous year. Grants amounting to £126,000 were made to 15 projects. At the end of 2012, over 2,000 orphans and other vulnerable children were being supported. A colour brochure, known as our 'Situation Report', was sent to all ZOA-UK supporters and interested parties in October which included project updates, beneficiary case studies and financial information. We were fortunate to receive a corporate donation to cover the printing costs of this brochure and also benefited from the pro-bono services of a graphic designer. The Situation Report, together with all other 2012 publications, is available for download from our website (www.zoa.org.uk).

ZOA-UK was delighted to announce the appointment of ZOA-Zambia's first Executive Director, Dumasseh Mfula, in October 2012. Dumasseh joins us with a wealth of experience, previously a senior manager in both Zambia's health and NGO sector, as well as an HIV/AIDS advisor to DFID and Zambia's Ministry of Education. Dumasseh is ably assisted by our new Project Administrator, Grace Liywalii. Grace is an orphan herself, who was brought up with the help of various charities and sponsored by church groups to attend the University of Zambia. We now have a very strong team working on the ground in Zambia. This will enable us to step up all aspects of our operation.

With the benefit of certain costs being met by trustees, the net cost of generating and administering the funds raised in 2012 was just £1,565, equivalent to only 1.7 per cent of income.

Management and governance arrangements

Until the end of 2011, ZOA-UK operated as an unincorporated charity, governed by a constitution that was adopted on 1 July 2006 and amended on 16 September 2006.

Effective on 1 January 2012, the assets and undertakings of ZOA-UK were transferred to a new incorporated ZOA-UK, with new articles of association. The old entity (charity number 1116460) became dormant, in due course to be merged into the incorporated trust.

The decision by the trustees to incorporate the charity was based on legal advice that the change would clarify and strengthen systems of trustee and organisational liability, bringing ZOA-UK into line with current best practice.

During 2012, the trustees held four board meetings. The annual general meeting was held on 13 November. In addition, numerous planning meetings were held during the year, as well as discussions with other organisations that are undertaking similar work both in Zambia and elsewhere in Africa.

A memorandum of understanding signed in January 2007 formalises the relationship between ZOA-UK and its counterparts in Zambia and the US. It states that “while they are separately-constituted legal entities with their own constitutions and governance, they will affiliate themselves under the common name of Zambia Orphans of AIDS (ZOA), they will share common principles and a common programme, and they will generally operate as three geographical branches of one organization.” ZOA-UK and ZOA-US take primary responsibility for fund-raising, while ZOA-Z is responsible for project identification, monitoring and evaluation.

Policy and procedures for grant making

The principal ways in which ZOA-UK assists orphans and the communities supporting them are by:

- giving support so that orphans can complete their schooling
- helping school leavers to acquire skills for the world of work
- funding communities so that they can generate more income through business and agricultural projects
- dealing with the social consequences of HIV/AIDS by funding counselling for orphans and protecting young girls in particular from abuse and sexual exploitation

The Board of ZOA-Z, whose members all live in Zambia, seeks, receives and reviews project proposals from on the ground within the country and submits them to ZOA-UK and ZOA-US for funding. Typically, a funding request from a voluntary organisation might be for a sum equivalent to £1,500 to £10,000, for a one-year project, though larger projects involving community groups are considered and ongoing educational support projects may involve a commitment for up to four years.

By agreement between ZOA–UK and ZOA–Z, 10% of the grant for each project is directed to supporting ZOA–Z’s project development, evaluation, monitoring and reporting costs.

Like its US counterpart, ZOA–UK is free as a funding organisation to accept or to decline the request for funding of specific projects, based on the assessment made by ZOA–UK trustees and drawing on the wide range of relevant experience among the ZOA–UK board itself. Most of the UK board have worked and lived in Zambia. Individual board members can assist with in-field expertise, knowledge of HIV/AIDS issues, communication skills, understanding of relevant economic and social conditions, and experience in education and of running organisations ranging from grass-roots charities to businesses and government.

ZOA–Z monitors the projects being supported, and reports regularly on the projects to ZOA–UK and ZOA–US. Several ZOA–UK trustees have carried out, at their own expense, fact-finding visits to current or prospective projects in Zambia.

While many of the donations made to ZOA–UK leave its trustees with full freedom to decide the allocation of funds to projects, restricted donations entail allocation that meets the particular conditions laid down by the donor.

As a matter of policy, in order to maintain a strong chain of responsibility, ZOA–UK and ZOA–US do not share the funding of individual projects.

Financial review, investment policy and reserves

ZOA–UK’s income in 2012 amounted to £90,971 (2011: £65,802). Sources comprised annual membership receipts £7,885 (£7,066), donations £77,716 (£52,575) and Gift Aid rebate £5,370 (£6,158). In the period, expenditure consisted of 15 grants to a total value of £126,104 (£23,275), along with net fund-raising and governance costs of just £1,565 (£1,414). Net assets at the end of the period amounted to £46,652 (£83,350).

The substantial increase in grant expenditure for 2012 was partly because some of the grants for OVC support in 2012 which would normally have been disbursed in December 2011 were in fact disbursed in early 2012.

The trustees’ objective is to disburse money for projects as soon as viable projects that meet selection criteria have been identified and their applications have been put forward and approved. Thus, funds are not held for investment, but are retained in an interest-bearing bank account prior to disbursement.

In 2012 ZOA–UK employed two part-time fund-raisers, whose salaries and other costs were met by special contributions from certain trustees.

Future plans

The present economic climate has added to the difficulties faced by charities in fund-raising. Looking beyond this, ZOA-UK has been planning to scale up significantly its fund-raising and disbursement. To help achieve this ambition, since the end of 2009 ZOA-UK has used the services of experienced part-time fundraisers, a strategy that, in particular, has successfully brought ZOA-UK to the attention of grant-giving trusts.

In aiming at a substantial increase in its annual income and grants, the trustees are highly conscious of the need for the governance of each part of the chain of responsibility to the beneficiary to be robust and effective. To that end, major emphasis has been given to building up, in line with increased funding, the capacity of ZOA-Z to identify, recommend and monitor projects. The recent appointments of Dumasseh Mfula and Grace Liywalii are key to achieving this aim.

One of the biggest challenges ZOA-UK now faces is how best to provide continued support for those orphans we have been funding since our inception in 2006. Whilst the majority of these children were in primary education when we started our sponsorship, they are now moving up the school system and ever increasing numbers will soon be ready to move into tertiary education if we can provide them with the necessary financial support. This year, we are supporting 14 such young people studying at tertiary college and two at university. It costs us £10,200 to support these 16 alone for one year and so our priority now is not only to secure funds for this cohort to continue their studies in 2013, but also to plan ahead and to set up a Higher and Vocational Education Fund for the children we are currently sponsoring at secondary school who are future candidates for university or college.

ZOA-UK trustees have therefore been working closely with our team on the ground in Zambia to define the parameters of this new fund and to set up a workable application process for those students eligible to benefit from it. ZOA-UK will be fundraising for restricted donations to this fund over the coming years. If successful, this will ensure we have sponsorship to allocate to our orphans as and when they are awarded a place. Indeed, it is particularly important for the girls to keep their education as seamless as possible so they are less likely to fall prey to early marriage.

Statement of trustees' responsibilities

Charity law requires the trustees to prepare financial statements for each financial year that show a true and fair view of the state of affairs of the charity and its financial activities for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operational existence.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Examiner

The trustees intend to ask the existing auditor to undertake the independent examination of the Trust's financial activities in 2013.

Signed on behalf of the trustees

Geoffrey Croome, Hon. Secretary

ZAMBIA ORPHANS OF AIDS UK

Independent Examiners Report

Report to the trustees of Zambia Orphans of AIDS UK, charity no. 1145721, company no 07863487, on the accounts for the year 2012

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 (the 1993 Act), and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 43 of the 1993 Act.
- follow the procedures laid down in the general Directions given by the Charity Commission (under section 43(7)(b) of the 1993 Act, and
- state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters.

The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention

- 1 which gives me reasonable cause to believe that in, any material respect, the requirements
 - to keep accounting records in accordance with section 41 of the 1993 Act; and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 1993 Act

have not been met; or

- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached

I have also again seen confirmation from the Executive Committee of Zambia Orphans of Aids-Zambia (ZOAZ), i.e. the executive committee for the charity based on the ground in Zambia, that all project moneys received from the UK have been paid out to the various projects for which they were intended.

That confirmation is included within the audited accounts of ZOAZ and the auditors have signed off these accounts stating that in their opinion the accounts present the position of ZOAZ as fair, in all material respects.

Signed:

Nigel J De'Ath

Name: Nigel J De'Ath

Relevant professional qualification of body: Fellow of the Insolvency Practitioners Association

Address: 12 The Rookery Balsham Cambridge CB21 4EU

Date: August 11 2013

ZAMBIA ORPHANS OF AIDS UK

Statement of Financial Activities (1) For the period January-December 2011 & 2012

INCOME & EXPENDITURE

	2011	2011	2011	2012	2012	2012
	Unrestricted Funds £	Restricted Funds £	Total Funds £	Unrestricted Funds £	Restricted Funds £	Total Funds £
Incoming Resources						
B/f 1st January	21,867	20,820	42,687	48,835	34,515	83,350
Voluntary Income						
Friends	7,066	0	7,066	7,885	0	7,885
Trusts & other Donations	12,170	40,405	52,575	12,265	65,451	77,716
Allocation of restricted income to projects in prior year	22,904	-22,904		0	0	0
Other Income						
Gift Aid rebate	2,364	3,794	6,158	2,905	2,465	5,370
Bank interest	3	0	3	0	0	0
Total incoming resources (Note 2)	44,507	21,295	65,802	23,055	67,916	90,971
Expenditure						
Costs of generating/ managing funds						
Fundraising costs (net) (note 5)	1,289	0	1,289	778	0	778
Governance costs (Note 6)	125	0	125	787	0	787
Charitable Activities						
Project grants (Note 3)	16,125	7,600	23,725	54,408	71,696	126,104
Total resources expended	17,539	7,600	25,139	55,973	71,696	127,669
Total C/f 31st December	48,835	34,515	83,350	15,917	30,735	46,652

ZAMBIA ORPHANS OF AIDS UK

Statement of Financial Activities (2) For the period January-December 2011 & 2012

BALANCE SHEET

	31 st December 2011	31 st December 2012
Fixed Assets	0	0
Current Assets		
Debtors	4,538	5,977
Bank Deposit Account	6,458	0
Bank Current Account	73,184	43,906
	<hr/>	<hr/>
	84,180	49,883
Current Liabilities		
Creditors	830	3,231
	<hr/>	<hr/>
Net Assets	83,350	46,652
of which Restricted	34,515	30,735
Unrestricted	48,835	15,917

ZAMBIA ORPHANS OF AIDS UK

Notes to the Accounts for the period January 1 to December 31 2012

1 Accounting policies

- a) The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005), revised in May 2008, applicable accounting standards and the provisions of the small companies regime within Part 15 of the Companies Act 2006.

The Charity has opted not to produce a cash flow statement, in line with the small company exemption in the Companies Act 2006.

- b) Voluntary income received by way of donations and gifts for the support of Orphans and Vulnerable Children (OVCs) in Zambia is included in full in the statement of income receivable.
- c) Friends income is unrestricted income received on a regular payment basis from individual supporters of the Charity.
- d) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the relevant fund.
- e) Expenditure, including attributable VAT which cannot be recovered, is recognised in the period in which it is incurred.
- f) The Charity employs two part-time fundraisers. All their costs are met by the Trustees. (Note 4)
- g) Governance costs are the costs associated with the governance arrangements of the Charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

ZAMBIA ORPHANS OF AIDS UK

Notes to the Accounts (continued) for the period January 1 to December 31 2012

2 Analysis of Income

	2011	2012
Friends regular giving	7,066	7,885
Donations		
Individuals	13,640	4,005
Trusts	38,935	73,711
Gift Aid		
1.1-31.12	6,158	5,370
Bank Interest		
Deposit a/c interest received 1.1-31.12	3	0
Total	<hr/> 65,802	<hr/> 90,971

ZAMBIA ORPHANS OF AIDS UK

Notes to the Accounts (continued) for the period January 1 to December 31 2012

3 Project Grants to Zambia

Grants are made by ZOA-UK Trustees on a project by project basis. The sister charity – Zambia Orphans of AIDS Zambia (ZOAZ) evaluate, monitor and report on projects on behalf of ZOA-UK for which a 10% fee is granted.

The grants sent in the year including evaluation, monitoring and reporting costs were:

Proj No	Project	2011	2012
1	ED Salary contribution	0	3,750
5	Ichikwanka	2,192	0
7	Kasama Christian Community Care (KCCC)	0	26,390
8	Lubushi Orphans Resettlement Scheme	0	9,162
11	Namushakende Pre-school & Nutrition Prog	0	980
12	Maseele Widows Club for OVCs	0	5,839
14	Nevers Care & Educational Support Group	7,308	17,144
17	Maala Tuzume Minimising Impact of HIV/AIDs	0	4,186
19	Chibolya Memorial School*	0	24,683
21	Hope & Faith School Feeding Prog	0	14,984
22	John Laing Sausage Making & OVC Support	0	2,720
23	Chipata Dzithandizeni Grinding Mill Upgrad	0	1,570
24	Capacity Building/Evaluation (Estelle/ZOA)	9,725	0
25	Salem Children	4,500	0
26	Twavwayne Home Based Care Initiative	0	3,573
27	Mphanshya Vegetable & Broiler Farm	0	3,122
28	Rise Community Aid Programme (RICAP)	0	3,714
29	Mtaya Bee Keeping Project	0	4,287
	Total	23,725	126,104

*This total includes a grant of £4,000 from the Marr-Munning Trust's Joan Honour Tribute Fund for the period 01.03.2012 to 28.02.2013

ZAMBIA ORPHANS OF AIDS UK

Notes to the Accounts (continued) for the period January 1 to December 31 2012

4 Costs of Fundraising Salaries

	2011	2012
Grants from Trustees b/f	7,529	15,553
Grants from Trustees in year	18,154	12,000
	25,683	27,553
Fundraising Salaries	10,130	12,800
Restricted funds c/f	15,553	14,753

5 Other Fundraising Expenses

	2011	2012
Just Giving/Virgin Money Fees	363	264
Fundraising Expenses	926	514
	1,289	778

6 Governance Costs

	2011	2012
Bank Transfer	54	359
Webhost Fee	36	43
ICO Registration	35	35
ZOAZ Chair Visit Expenses	0	350
	125	787

7 Trustee Expenses

There are no Trustee expenses in 2011 or 2012.

8 Staff

The Charity employs two part-time self-employed fundraisers

9 Taxation

The Charity is exempt from corporation tax all its income is charitable and is applied for charitable purposes

ZAMBIA ORPHANS OF AIDS UK

Notes to the Accounts (continued) for the period January 1 to December 31 2012

10 Analysis of Assets between Funds

	2011	2012
Restricted Fund (Chipembi)	13,290	13,290
Restricted Fund (Chibolya)	660	2,692
Restricted Fund (Fundraiser Fees, note 4)	15,553	14,753
Restricted Fund (Namushakende)	1,000	0
Restricted Fund (Kasama)	1,363	0
Restricted Fund (Hope & Faith)	2,649	0
	<hr/> 34,515	<hr/> 30,735
Unrestricted Fund	48,835	15,917
31 December	<hr/> 83,350	<hr/> 46,652

11 Creditors

	2011	2012
Fundraising December Salary & Expenses	830	1,051
Trust reimbursement		2,180
	<hr/> 830	<hr/> 3,231

12 Movements in Funds

	Unrestricted Funds	Restricted Funds	Total Funds
2011			
Balances b/f	21,867	20,820	42,687
Incoming Resources	44,507	21,295	65,802
Less Outgoing Resources	17,539	7,600	25,139
Balance c/f to 2012	48,835	34,515	83,350
2012			
Incoming Resources	23,055	67,916	90,971
Less Outgoing Resources	55,973	71,696	127,669
Balance c/f to 2013	15,917	30,735	46,652

13 Guarantee

The Company is limited by guarantee. The guarantee of each Trustee Director is limited to a maximum of £1.