

Company number: 03019431
Charity Number: 1045672 (England & Wales)
SC038093 (Scotland)

emerge poverty free

Report and financial statements
for the year ended 31 March 2016



www.emergepovertyfree.org

**Report and financial statements
For the year ended 31 March 2016**

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Reference and administrative information
For the year ended 31 March 2016

Company number	03019431	
Charity number	1045672 (England & Wales) SC038093 (Scotland)	
Registered office and operational address	5 Skylines Village Limeharbour London E14 9TS	
Trustees	Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:	
	Margaret Edwards	Chair
	Candy Bowles	Vice Chair
	Pinky Badhan	(appointed 22 April 2016)
	Nicholas Milton	
	Andrew Mubeezi-Magoola	(appointed 22 April 2016)
	Stephen Phillips	(resigned 13 January 2016)
	Julie Wong	(resigned 31 March 2016)
Key management personnel	Jeremy Horner	CEO (until 22 January 2016)
	Melanie Nightingale	Interim CEO (from 25 January 2016)
Bankers	Lloyds Banking Group plc 25 Gresham Street London EC2V 7HN	
Auditors	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House 108-114 Golden Lane London EC1Y 0TL	

**Trustees' annual report
For the year ended 31 March 2016**

Introduction from the Chair

2015/16 has been very challenging for many of the communities we work with. Burundi has seen ongoing violence, which has forced our Street Children Project to close while staff and families have focused on surviving. In Uganda, flooding exacerbated by the El Nino storms has ruined crops and threatened the security for many smallholder farmers. But together we have worked hard to reach 49,340 people who were living in poverty and provided the skills, resources and knowledge to overcome poverty.

I have never stopped being inspired by the determination of the families we support. Who despite all of the insecurity and problems, never give up. At the heart of all we do is our work with marginalised communities in east Africa. Our commitment to help the most vulnerable remains strong as we develop projects with rural communities and with a special focus on women and girls.

Our work remains, as always, led by the needs of the communities we operate in and shaped by our partners. This approach of partnership and stakeholder involvement ensures our interventions are culturally sensitive, adaptive and are sustainable solutions to the problems that cause or perpetuate poverty. Our key areas of work include livelihoods, water and sanitation, food security and advocacy.

I would like to express my thanks and appreciation to our hardworking partners, staff and volunteers and the individuals, trusts and companies whose generous support has made this work possible. It is clear that together we are strong and we will continue to empower people to escape the cycle of poverty and build secure and resilient futures for their children.

Margaret Edwards
Chair of Trustees

**Trustees' annual report
For the year ended 31 March 2016**

The Board of Trustees have the pleasure in presenting their annual report and the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2016 which have been prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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

Purposes and aims

emerge poverty free is a UK-based international development organisation working alongside partner organisations in east Africa to address the basic needs for people living in poverty. We believe that investing in women and girls is critical to strengthening communities and enabling them to become self-reliant and independent from aid.

The purposes of the charity as set out in its governing document are the relief of persons anywhere in the world who are suffering hardship as a result of drought, earthquake, flood or other natural disasters or who by reason of their social or economic conditions are in need of assistance in accordance with the principles of the Christian faith.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

Public benefit

The trustees have referred to the Charity Commission guidance on public benefit when reviewing the aims and objectives of **emerge poverty free** and in planning future activities of the charity. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

Trustees' annual report
For the year ended 31 March 2016

Vision, mission and beliefs

Our vision is of a world where everyone has the opportunity to achieve his or her potential.

Our mission is to empower people to lead their families and communities out of poverty.

Our beliefs:

- In line with the Sustainable Development Goals we believe in long-term, sustainable solutions that promote gender equality, address food insecurity and reduce poverty in all its forms.
- Investing in women and girls is the most effective way to reduce poverty at household level because girls and women spend 90% of their earned income on their families and with an extra year of education increases their wages by 10-20% while women with more years of schooling have better maternal health and fewer, healthier children.
- Empowerment is the catalyst from which everything else is built which is why we work in partnership with local NGOs and involve stakeholders in all project design.

Our approach is underpinned by our commitment to empowering communities to become self-reliant and independent. We are respectful of the culture, needs and capacity of the communities we work with and support them in creating their own futures rather than simply providing funds or short term fixes.

All of our projects are designed and implemented in partnership with local organisations who are best placed to change their community from within. By providing knowledge, resources and opportunities, we enable people to build their own sustainable and prosperous livelihoods, which improve their resilience to shocks.

We have achieved a lot through collaboration and recognise that we cannot achieve our vision alone so we facilitate knowledge sharing and learning between partners and build capacity in our partners to improve the depth and breadth of our work.

In addition to this, we focus on four key project areas:

- **Food Security**
We enable women farmers to feed their families through providing training in modern techniques and access to quality seeds, tools and animals.
- **Livelihoods**
We help women become economically empowered by supporting income generating initiatives and starting Village Saving and Loans Associations (VSLAs).
- **Advocacy**
We change attitudes on women and child's rights by addressing education, child protection & critical local issues through adult literacy and community sensitisation.
- **Water, sanitation and menstrual health**
We keep girls in school by running Menstrual Health Management (MHM) projects. Boys are also kept healthy by our Water, Sanitation, Hygiene (WASH) projects

**Trustees' annual report
For the year ended 31 March 2016**

Grant-making policy

emerge poverty free's aims and objectives are achieved by working with locally-led partner organisations. Grants are agreed following a formal approval process and then all projects are systematically monitored for the duration of their existence, and through to final evaluation process.

Volunteers

We continue to benefit from the use of volunteers and interns, who provided 764 days of their time during 2015/16. **emerge poverty free** also empowers volunteers and interns as they seek to develop a career in international development with several interns going on to work within the sector or going back into university with a clearer understanding of what a career in international development involves.

Senior level corporate volunteering provides invaluable knowledge and expertise to **emerge poverty free** and during this year, The New Business Development Panel (NBDP) met to provide advice and guidance regarding private sector engagement. We also continue to benefit from the advice and support from an IT professional providing one day per week and a pension adviser. Their support has been invaluable to the smooth operations of **emerge poverty free**.

Review of activities

Overseas programmes

Our work in Africa focuses on poor and vulnerable communities in seven countries: Burundi, DR Congo, Kenya, Rwanda, South Sudan, Tanzania and Uganda. All of these countries are listed as having a low Human Development Index, apart from South Sudan, which still is not ranked. We have refined our area of work in recent years to enhance opportunities for collaborative working and knowledge sharing between partners as well as improving our organisational understanding of the area.

Over the last year we transformed the lives of 49,340 people; improving the living standards of families through income generating activities, food security initiatives and advocacy and creating safe learning environments at school. Of the 35,416 people who directly took part in our projects, 59% were women and girls which will have a significant impact on household income and gender equality for generations to come.

Throughout 2015/16 we have facilitated more valuable opportunities for our partners to build capacity in order to improve the quality and impact of our projects. In February, we hosted a two day capacity building conference in Kampala, Uganda with 13 of our partners. The agenda was designed to address knowledge gaps identified by our partners and provide opportunities for our partners to showcase best practice and successful initiatives. As a result, we have received stronger, more thorough proposals and reporting from partners as well as recognising areas of weakness to work on.

**Trustees' annual report
For the year ended 31 March 2016**

Food Security

The sub-Saharan region of Africa has the highest prevalence of people living in hunger. The UN World Food Programme estimates that one in four people are undernourished. In 2015/16 our agricultural projects helped empower over 1,200 smallholder farmers to access the skills, resources and tools needed to improve their food security.

Our projects ranged from large scale community farming to support the Bunia Children's Hope Centre in DR Congo; to supporting vulnerable grandmothers who have taken in their orphaned grandchildren in rural villages in Uganda to grow vegetables to feed their families. One hugely successful project was our sustainable fishery project in Tanzania in partnership with SIDI. Together we taught women to sustainably farm fish to feed their families and earn a stable income.

To date, the project has helped 250 women and their average income increased from \$1.50/day to \$2.90/day. As a result, each family has increased access to a protein rich food source and 250 children have enrolled in school.

"I was born in this village and joined the group as soon as it was founded. I am mostly involved with planting trees and feeding the fish. I have bought some chickens and I have paid for school fees. I now have the ability to purchase things when they are needed. If any of my 'sisters' were given this opportunity I would tell them to seize the opportunity for education, money and the benefits" - Auma Daudi

Livelihoods

Our income generation projects have helped 4,861 people escape the cycle of poverty throughout 2015/16.

One of the projects which helps empower women and increase household income is the Village Savings and Loans Association project (VSLA) in Rwanda with our partner Strive. Beneficiaries learn about business skills and take out microloans to set up their own businesses. The aim is for the beneficiaries to increase their income to a level where their basic needs are met and they can afford school related costs. Through this, the number of children who can access school increases, as was the case for Mukandamutsa below.

Mukandamutsa is married with three children and is a member of the women's Village Savings and Loan Association in Rwanda. After taking a loan from the group she was able to establish a vegetable selling business. She rented a small shop from which to sell her products and acquired financial management skills from the numeracy lessons. Her business is thriving and she has been able to pay for her family's medical insurance and send her children to school.

"Before the project, life was hard. We women had no money of our own to make ends meet. Since joining the VSLA project we are able to save and take loans which have helped revive my small business, which was collapsing. With the income from my business, I am able to buy food for my household and small things for my children. I feel very free being able to do this without having to go to my husband for money" - Eugenie

**Trustees' annual report
For the year ended 31 March 2016**

Water, sanitation and menstrual health

In 2015/16 we helped over 25,000 people access clean water and sanitation facilities. Of these, 10,533 were school children. As a result of our projects children have experienced improved health, school attendance has increased and many have been saved the daily task of having to walk miles to collect water.

UNICEF estimates that 1 in 10 school-age African girls do not attend school during *menstruation* or drop out at puberty because of the lack of clean and private *sanitation* facilities in schools.

In Tanzania, with our partner Child in Action, we implemented a menstrual health management project and the results are astonishing. Prior to the project just 49% of the girls thought that "menstruation is a natural process in a girl or woman's body". This figure rose to 92% in the post evaluation survey. In addition, school attendance during their periods increased from 48% to 66%.

Florence is a 16 year old girl whose family could not afford commercial sanitary pads for her; she used rags for protection which were not hygienic and would often leak. As a result she was humiliated at school, she said "the boys would laugh at me whenever my clothes got stained". She would be absent from school during her period. This affected her academic performance and extra-curricular activities.

When the Menstrual Hygiene Management Programme was introduced in school, Florence said she participated in the educational classes and learnt how to make reusable sanitary towels.

"I made many for my personal use and now I don't get ashamed or embarrassed when menstruation comes, I attend classes even during menstruation and nobody could notice." - Florence

Advocacy

This year, **emerge poverty free** carried out the first pure advocacy project ever, with our Ugandan partner Anasi Farmers Association. We highlighted the problems around domestic violence and the negative impact this has on development during the 16 days of activism; which this year had the theme "From Peace in the Home to Peace in the World: Make Education Safe for All". We reached a 5,630 people during those days, including the local police and local leaders.

**Trustees' annual report
For the year ended 31 March 2016**

Fundraising activities

Our work is only possible due to the generosity of individuals, churches, charitable trusts, foundations and corporate supporters. We would like to extend our thanks to all our supporters. With your help, we were able to support 49,340 people lift themselves out of poverty.

This year **emerge poverty free** has raised funds predominantly through donations and legacies whilst working towards diversifying funding streams to increase financial stability longer term. The developing income streams include corporate support, trusts and foundations, and events.

Donations and legacies

Donations and gifts from the charity's supporters in the UK have always been integral to our work and this year was no exception. We received legacy gifts from many of our long-standing committed supporters who chose to leave a lasting gift to lift families out of poverty. As a result of bringing much of direct mail process inhouse, the related costs reduced significantly in the year, without compromising supporter engagement. The efficiency improvements in this area have helped to reduce our overall costs.

There are challenges ahead for **emerge poverty free** to be able to rely on the support of individuals long term as the cost of recruitment remains high. However, we never forget or underestimate the importance of individual gifts and will begin work to improve the stewardship of supporters, placing them firmly at the heart of our fundraising. Ensuring our loyal and highly valued relationships are nurtured.

Corporate support

Incountry corporate support has remained strong with renewed grants and increased engagement from several funders including JTI South Sudan and Casa Mining Ltd. **emerge poverty free** enjoys working closely with corporate partners and will continue to seek out these relationships as part of its strategy to diversify income and educate supporters to the impacts of our work.

Trusts and foundations

During 2015/16, **emerge poverty free** reviewed and strengthened its application and grant management processes following the appointment of a fulltime Trust and Statutory Development Executive. The charity is committed to increasing restricted income from charitable trusts and foundations and is working to improve internal infrastructure to secure income from these sources.

Events

This year **emerge poverty free** has engaged in a variety of events; from running and cycling events, such as the London Marathon, Live Below the Line campaign initiated by the Global Poverty Project and hosting a 20th Anniversary event at the House of Commons. This has made it possible to approach new audiences and demonstrate our work more widely which has helped this income stream more than double in 2015/16.

Plans for the future

We have identified three priorities for 2016/17, which will help us expand and improve our work.

1. Developing partner capacity

emerge poverty free believes that the most effective way to reduce poverty is to work through local in-country partners that are rooted in the communities in which they work. In 2016/17, **emerge poverty free** will invest in increased support, capacity building and technical assistance for our partners in the form of staff time as well as grants.

2. Evidencing and communicating our impact

emerge poverty free is committed to being accountable for the work that the charity does, both to the communities we work with and to our supporters. We also want to know that what we are doing is effective, and if not, to adapt and do things differently. In 2016/17, **emerge poverty free** has decided to focus on improving the quality of information we collect, and the way we analyse and respond to it. Furthermore, the complex nature of addressing poverty means that it is not always easy to convey succinctly to our supporters how much of a difference we are making. We therefore aim to improve the way we communicate our impact externally.

3. Improving our financial sustainability

emerge poverty free will continue its programme of change, to diversify its funding mix with particular focus on growing its restricted project funding from corporates, institutional donors, trusts and foundations, alongside maintaining a solid level of unrestricted income in the form of public donations and legacies.

Trustees' annual report
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Five-year finances

	2012 £	2013 £	2014 £	2015 £	2016 £
Income from:					
Donations and legacies	1,472,995	1,182,019	1,275,497	785,752	633,238
Gifts in kind	5,902,625	4,039,286	1,979,895	492,991	-
Charitable activities	82,503	32,870	114,383	135,620	111,875
Other trading activities	81,756	69,432	105,823	128,542	93,232
Investments	441	487	476	723	676
Other	16,843	8,112	-	-	-
Total income	7,557,163	5,332,206	3,476,074	1,543,628	839,021
Expenditure on:					
Charitable activities:					
Overseas projects	651,995	574,782	347,674	434,707	521,087
Gifts in kind programme	6,081,568	4,180,094	2,050,730	545,108	-
Total charitable activities	6,733,563	4,754,876	2,398,404	979,815	521,087
Raising donations and legacies	927,526	825,313	770,918	524,098	367,224
Other trading activities	30,376	24,967	41,139	36,232	36,240
Tax payable by subsidiary	-	-	-	-	1,424
Total expenditure	7,691,465	5,605,156	3,210,461	1,540,145	925,975
Net (expenditure)/income	(134,302)	(272,950)	265,613	3,483	(86,954)
The funds of the charity					
Restricted and designated funds	111,791	30,446	47,477	84,623	8,371
General fund	338,801	147,196	395,778	362,115	351,413
Total funds carried forward	450,592	177,642	443,255	446,738	359,784

Ratios

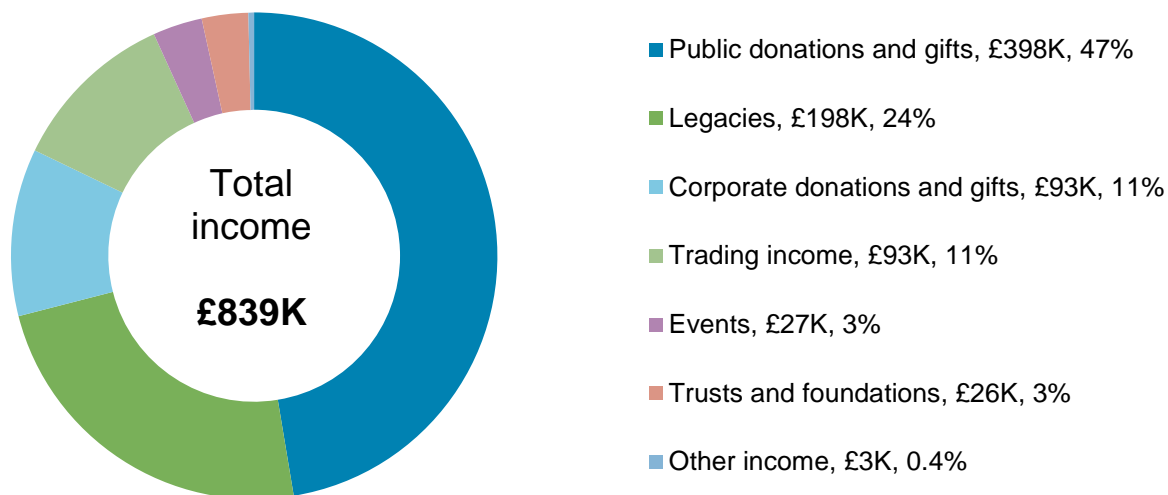
	5-year average	2012	2013	2014	2015	2016
% of total income						
Donations and legacies	41%	20%	22%	37%	51%	76%
Gifts in kind	49%	78%	76%	57%	32%	0%
Charitable activities	5%	1%	1%	3%	9%	13%
Other trading activities	5%	1%	1%	3%	8%	11%
% of total expenditure						
Charitable activities	74%	88%	85%	75%	64%	56%
Raising donations and legacies	25%	12%	15%	24%	34%	40%
Other trading activities	1%	0%	0%	1%	2%	4%
Fundraising return on investment						
£ return for each £ spent on fundraising	1.8	1.7	1.5	1.8	1.8	2.0
Free reserves						
Number of months' expenditure	3.2	2.3	1.1	3.9	4.3	4.6

Trustees' annual report
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Our finances at a glance

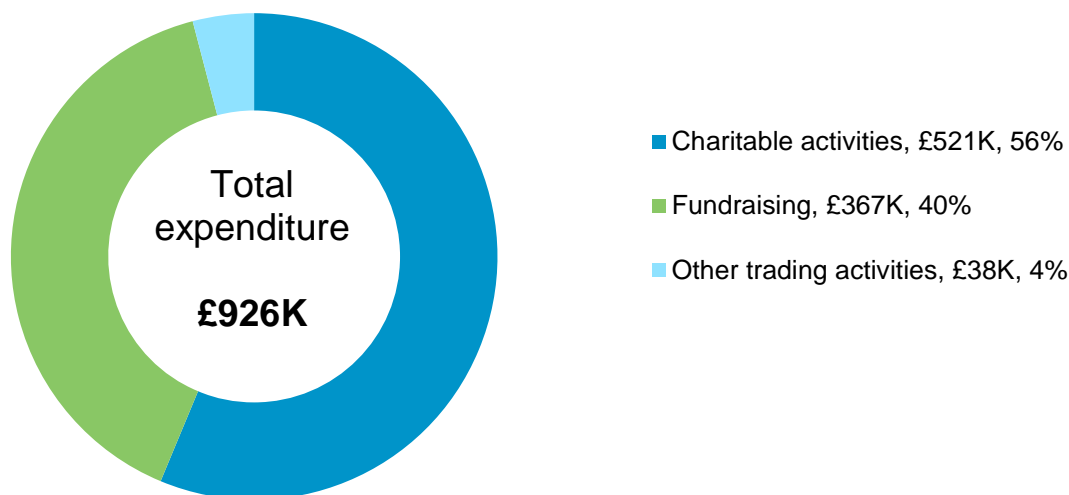
Where did we receive funds from?

Our supporters have helped us raise over £839,000 in 2015/16 and our high balance of unrestricted income (87%) gave us the flexibility to respond to where the need is greatest.



What did we spend your money on?

Of our total spend, over £521,000 went on our charitable activities: working with our partner organisations in east Africa to address the basic needs for people living in poverty. Approximately £367,000 was invested into raising more funds and just under £38,000, 4% of our spending, related to the activities of the charity's trading subsidiary. Total expenditure on overseas projects grew from the previous year by 20%, and the value of grants to partner organisations increased by £62K, or 27%.



**Trustees' annual report
For the year ended 31 March 2016**

Financial review

Results for the year

Throughout 2015/16, **emerge poverty free** has worked hard to diversify income streams to improve long-term financial stability of the organisation and ultimately increase the impact of our programmes. Following our commitment to empowering communities and a focus on sustainable initiatives, we ceased our gifts-in-kind programme in order to focus on improving the depth of impact required for significant poverty reduction.

Our funding mix was reminiscent of the emergency relief charity we operated as, until 2011, with the majority of our funds raised from individuals giving through direct mail. Legacy income also constitutes a significant part of our income that, while not problematic, is highly unpredictable and difficult to budget for.

As a result, we have invested in developing corporate support and growing restricted funding from trusts and foundations in the short term. Extensive work to improve the organisational infrastructure has been done, including the development of increasingly robust financial procedures and the implementation of improved monitoring, evaluation and learning. This process is anticipated to enable the organisation to become financially sustainable and deliver on its aims and objectives.

Overall, the charity incurred a deficit of £87,000 of which £25,000 related to unrestricted funds and £62,000 related to restricted funds. Total fund balances retained at 31 March 2016 were £360,000, of which £6,000 was held as restricted.

Income and expenditure

Overall income levels for the year totalled £839,000 of which 87% related to unrestricted funds. As expected, the cessation of the gifts-in-kind programme has largely contributed to the decreased in income of 46% and has negatively impacted the proportion of charitable expenditure.

The challenge to diversify the charity's income has been much more difficult than anticipated and the results for 2015/16 have been disappointing, particularly efforts to grow income from corporate donations and charity of the year partnerships despite significant investment in this area. Income from trusts and foundations also failed to reach target, although this was partly due to the post being vacant for a large part of the year.

The charity's investment in corporate fundraising with the appointment of a new Head of Corporate Fundraising in April 2015 did not generate the expected returns in the financial year, however, **emerge poverty free** continued to create corporate sponsorship opportunities throughout the year with a longer term view of return on investment.

**Trustees' annual report
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The charity spent a total of £926,000 in 2015/16, of which £751,000 related to unrestricted funds and £175,000 related to restricted funds. Overall, expenditure fell by 40%, from the previous year – again due to the charity's gifts-in-kind programmes ending in 2015. Although charitable expenditure has fallen during this transition period to **59p**¹ in every £1, we are confident that the depth of impact for each beneficiary is far greater. The value of grants paid to partner organisations has increased by 27%, which is a positive step and will only improve as our restricted project income from corporates, trusts and foundations develops over the next 2-3 years.

Reserves policy

The trustees have established a reserves policy that aims to protect the charity's activities from risk of disruption at short notice due to a lack of funds, whilst at the same time ensuring that the charity does not retain income for longer than required.

The policy also provides parameters for future strategic plans and contributes towards decision-making. It determines an appropriate target level for general reserves, taking into account the charity's vulnerability to unplanned changes in financial position, relating mainly to its fundraising of unrestricted income – particularly donations and legacy income, which can vary significantly from year to year.

The policy requires free reserves to be maintained at 3-6 months' of applicable expenditure (that is, total expenditure less donated goods and services that do not involve a cash outflow). This is equivalent to a range of £232,000 to £463,000 at current expenditure levels.

Funds

At the end of the reporting period, the charity's total funds stood at £360,000 (2014/15: £447,000). Restricted funds, which are subject to conditions imposed by donors or implied by the nature of an appeal and therefore not available for general purposes of the charity, amounted to £6,000 (2014/15: £68,000).

Designated funds at the end of the reporting period totalled £3,000 (2014/15: £17,000). The fixed assets fund, which is equal to the net book value of the charity's tangible fixed assets was reduced to £Nil (2014/15: £14,000) as all the charity's fixed assets are fully depreciated.

After making allowance for any restricted funds, and the amount of designations, the group's free reserves balance at 31 March 2016 was £351,000 (2014/15: £362,000), which represents 4.6 months' applicable expenditure (2014/15: 4.3 months) – in line with the trustees' policy for reserves.

¹ This figure excludes the effects of consolidating the charity's trading subsidiary

**Trustees' annual report
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Going concern

The trustees have set out above a review of the financial performance during the financial year and the charity's reserves position at the year-end.

Although the charity held £351,000 in free reserves as at 31 March 2016 – a healthy position, and well within the target range of the trustees' policy for reserves – the continued decline in public donations, along with the unpredictability of legacy receipts and slow growth of other revenue streams, means that the future income of the charity remains uncertain.

Whilst the charity continues to seek to diversify its fundraising so that the variety of income streams provides greater stability of overall income, the trustees are also seeking closer collaboration with other charities to enable the charity's work to continue on a more stable financial footing in the future.

As referred to in note 1 of the financial statements, after reviewing the charity's forecasts and projections, and making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources and control mechanisms to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason, the charity continues to adopt the going concern basis in preparing its consolidated financial statements.

Principal risks and uncertainties

The trustees recognise that **emerge poverty free** works in the changing and competitive environment of the UK charity sector and within the challenging and fragile contexts of international aid and development – often in areas where there is insecurity and a lack of a cohesive infrastructure. **emerge poverty free** and other charities operating internationally face a unique challenge of needing to work with vulnerable people within these unstable environments while simultaneously protecting charitable assets.

The Board has established a formal risk management process and internal control framework to ensure intelligent, proactive and consistent management of risks, so that the charity can maximise strategic opportunities. This process comprises:

- an annual review of the principal risks and uncertainties that the charity and its subsidiary face;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

A risk register identifies the risks facing the charity within four categories: strategic, operational, reporting and compliance. Risks are assessed and a high, medium or low risk rating given based on likelihood of occurrence and their potential impact on the charity. The risk register is approved annually by the Board and reviewed quarterly by the Senior Management Team with key risks escalated to the Board.

**Trustees' annual report
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The charity defines key strategic risks as those that threaten the fulfilment of the core strategic objectives within its business plan. The two identified over-arching strategic risks relate to the receipt of sustainable income to maintain our planned programmes, and the correct expenditure of those resources by our overseas partners.

The charity continues to seek to diversify its fundraising so that the variety of income streams provides greater stability of overall income, more resistance to negative change in any one stream, and a wider and more varied supporter base. The charity works closely with partners in-country to understand these local risks and projects are robustly designed to mitigate those risks.

Internal controls

The Board of trustees has overall responsibility for ensuring that **emerge poverty free** has a system of internal control, management and audit to mitigate risk. The charity has an annual planning and budgeting system. The financial reporting system compares results with the budget on a monthly, quarterly and yearly basis. These internal systems and financial controls can provide reasonable assurance against errors or fraud.

The charity has documented systems of internal financial controls and procedures that are reviewed regularly by financial management. These systems provide reasonable, but not absolute, assurance against errors or loss. The procedures aim to ensure the completeness and accuracy of accounting records and document the ways in which the trustees have delegated financial authority within defined limits. The internal controls provide reasonable assurance that:

- financial controls are in place to safeguard assets;
- transactions are properly authorised and recorded;
- material errors or irregularities are either prevented or would be detected within a timely period.

Structure, governance and management

emerge poverty free is a charitable company limited by guarantee (registration number 612172), incorporated on 8 February 1995 and registered as a charity (registration number 1045762) on 7 April 1995.

The company was established under a memorandum of association (as amended by special resolution dated 11 September 2008), which set out the objects and powers of the charitable company, and is governed under its articles of association.

The charity's trustees are appointed as directors of the company and are also its members. Every member guarantees to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total amount of such guarantees at 31 March 2016 was £5 (2015 - £5). The trustees have no beneficial interest in the charity.

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The charity is also registered in Scotland (registration number SC38093), where it continues to carry out fundraising activities to support the charity's projects.

emerge poverty free was previously known as World Emergency Relief (WER-UK). In June 2011, the organisation re-branded so that its name and values were better aligned with its work. Since March 2013, the organisation has been solely branded as **emerge poverty free**.

The charity has a wholly-owned trading subsidiary, **emerge poverty free (trading) ltd**, a company limited by shares registered in England and Wales (registration number 03532235), which raises funds for the charity through its trading activities. All profits are gift aided to the parent charity. The company has been dormant since October 2016.

Trustees

The trustees of **emerge poverty free** govern the charity's activities and are legally responsible for the overall control of the charity and for ensuring that it is properly managed.

The Board's principal roles are:

- approving the mission, strategies, high level policies and strategic plan;
- appointing and overseeing the Chief Executive;
- monitoring performance and risk management;
- reporting performance with integrity and transparency;
- ensuring compliance with UK law and Charity Commission regulations;
- managing its own governance processes, including evaluation of Board, Chair and individual trustee performance; and
- adding value by advising management.

The trustees delegate responsibility for the day-to-day running of the charity to the Chief Executive Officer (CEO), who reports directly to the Board and manages the execution of the strategy as directed by the Board. The CEO is assisted by a management team comprising those who have responsibility for finance, fundraising and overseas projects.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts. The trustees who served during the year and up to the date of this report are listed on page 1.

**Trustees' annual report
For the year ended 31 March 2016**

Trustee recruitment and appointment

emerge poverty free recognises that an effective Board of trustees is essential if the charity is to be effective in achieving its objects. The Board seeks to be representative of the people with whom the charity works and have available to it all of the knowledge and skills required to run the charity. Individual trustees must have sufficient knowledge, both of trusteeship in general and of the charity's activities, to enable them to carry out their role and to represent the charity at meetings and other events.

The existing trustees are responsible for recruiting new trustees although specific administrative tasks may be delegated by the Board to the CEO and Senior Management Team. The Board may at any time appoint any person duly qualified to be appointed as a trustee to fill a vacancy in their number or as an additional trustee. The minimum number of trustees is set at three and there is no set maximum number.

Efforts at recruiting new trustees take account of any recent skills audit and gaps in skills/experience that have been identified, and specific roles or duties that need to be undertaken. Once the ideal skill/experience profile has been identified a recruitment plan is formulated. This identifies the most appropriate resources from which applicants might be found. Preference is given to advertisement in the media over approaches to personal contacts as the intention is to promote diversity and to avoid conflicts of interest.

emerge poverty free seeks to ensure diversity in its Board of trustees as well as in its staff base and consideration will be given to ways in which groups that are under-represented on the board might be reached and encouraged to apply.

Trustee induction and training

New trustees undergo an orientation day to brief them on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and inform them of the content of the Memorandum and Articles of Association, the decision-making processes, the strategic plan and recent financial performance of the charity. During the induction day, they meet key employees and other trustees.

Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role. Trustees are given the opportunity to visit the charity's projects and partners in east Africa.

**Trustees' annual report
For the year ended 31 March 2016**

Related parties and relationships with other organisations

All trustees and key management personnel are required to disclose any related parties and conflicts of interest. There were no transactions with any other related parties during the year and none of the charity's trustees receives remuneration or other benefit from their work with the charity as a trustee. One of the charity's trustees was engaged in professional capacity to provide PR services to the charity and full details of this are disclosed in note 9 to the financial statements.

Partnerships with other organisations

emerge poverty free works through local partner organisations across east Africa, who are rooted in and understand the communities in which they work and are best placed to support them. During the 2015/16, the charity worked with 14 local partner organisations across six different countries in east Africa. Full details of grants paid to partner organisations during the reporting period are disclosed in note 7 to the financial statements.

The charity also engages with the private sector in various ways and the charity has continued to seek to form strategic corporate partnerships in support of the charity's aims and objectives.

emerge poverty free (trading) limited

The charity owns the whole of the issued ordinary share capital of **emerge poverty free (trading) limited**, a company registered in England. The trading subsidiary carries out non-primary purpose trading activities and available profits are gift aided to the charitable company. Three directors served the trading subsidiary during the financial year: Jeremy Horner, the charity's CEO (until January 2016), Margaret Edwards and Nicholas Milton (from January 2016) – the latter two also being trustees of the parent charity. The trading subsidiary gift-aided profits £56,000 (2014/15: £93,000) on turnover of £93,000 (2014/15: £129,000). A summary of the results of the subsidiary is disclosed in note 16 to the financial statements.

Remuneration policy for key management personnel

The key management personnel of the charity includes the trustees and the CEO, who is in charge of directing and controlling, running and operating the charity on a day to day basis.

All trustees give of their time freely and no fees or remuneration are paid for serving as a trustee of **emerge poverty free**. The charity reimburses reasonable expenses incurred in the course of acting as a trustee. This includes travel and accommodation expenses required to attend meetings, training and orientation costs (which may include a visit to one or more of the charity's projects in east Africa). Every effort is made to ensure costs are modest. Details of trustees' expenses and related party transactions are disclosed in note 9 to the accounts.

**Trustees' annual report
For the year ended 31 March 2016**

In deciding appropriate pay levels, **emerge poverty free** aims to strike a balance between paying enough to recruit and keep people with the skills we need, our employees' needs, and the public and our donors' expectations that the money they entrust us with are used wisely.

In setting CEO pay, the Board takes account of the skills and experience required for the role and the remuneration in the sectors from which suitable candidates for such posts would be found. They have taken independent advice to inform those judgements. They also take account of affordability for the charity.

The CEO's salary is normally reviewed annually and, if possible, increased in accordance with average earnings; however due to the decline in the charity's income, there was no salary increase in 2015/16.

Statement of responsibilities of the trustees

The trustees (who are also directors of **emerge poverty free** for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 group 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 charitable company's auditors are unaware; and
- the trustees have taken all steps that 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.

**Trustees' annual report
For the year ended 31 March 2016**

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Sayer Vincent LLP were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 23 September 2016 and signed on their behalf by:-

Margaret Edwards
Trustee, Chairperson

Independent auditors' report to the members of emerge poverty free

We have audited the financial statements of **emerge poverty free** for the year ended 31 March 2016 which comprise the group statement of financial activities, the group and parent charitable company balance sheets, the group statement of cash flows and the related notes. 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).

This report is made solely to the charitable company's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable parent 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.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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 and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees' annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditors' report to the members of emerge poverty free

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the trustees' annual report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Jonathan Orchard (Senior statutory auditor)

for and on behalf of Sayer Vincent LLP, Statutory Auditors
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Date: 27 September 2016

Sayer Vincent LLP is eligible to act as auditors in terms of section 1212 of the Companies Act 2006

**Consolidated Statement of Financial Activities
(incorporating Income and Expenditure Account)
for the year ended 31 March 2016**

	Note	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Income from:					
Donations and legacies	3	625,934	7,304	633,238	785,752
Gifts in kind	4	-	-	-	492,991
Charitable activities	5	6,370	105,505	111,875	135,620
Other trading activities	16	93,232	-	93,232	128,542
Investments		676	-	676	723
Total income		726,212	112,809	839,021	1,543,628
Expenditure on:					
Raising donations and legacies		367,224	-	367,224	524,098
Charitable activities					
Overseas projects	7	346,132	174,955	521,087	434,707
Gifts in kind programme	4	-	-	-	545,108
		346,132	174,955	521,087	979,815
Other trading activities	16	36,240	-	36,240	36,232
Tax payable by subsidiary	13, 16	1,424	-	1,424	-
Total expenditure	6	751,020	174,955	925,975	1,540,145
Net (expenditure)/income and net movement in funds for the year	8	(24,808)	(62,146)	(86,954)	3,483
Reconciliation of funds:					
Total funds brought forward		378,724	68,014	446,738	443,255
Total funds carried forward		£ 353,916	£ 5,868	£ 359,784	£ 446,738

With the exception of the charity's gifts-in-kind programme, which has now ceased (see note 4), all of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 20.

Balance Sheets
as at 31 March 2016

	Notes	Group		Charity	
		2016	2015	2016	2015
		£	£	£	£
Fixed assets:					
Tangible assets	15	-	13,993	-	347
Investment in subsidiary	16	-	-	2	2
		-	13,993	2	349
Current assets:					
Debtors	17	106,306	114,811	191,701	200,785
Cash at bank and in hand		355,278	388,805	268,461	307,861
		461,584	503,616	460,162	508,646
Liabilities:					
Creditors: amounts falling due within one year	18	(101,800)	(70,871)	(100,380)	(62,257)
Net current assets		359,784	432,745	359,782	446,389
Net assets	19	£ 359,784	£ 446,738	£ 359,784	£ 446,738
Funds:					
Restricted income funds	20	5,868	68,014	5,868	68,014
Unrestricted funds:					
Designated funds		2,503	16,609	2,503	2,963
General fund		351,413	362,115	351,413	375,761
		353,916	378,724	353,916	378,724
Total charity funds		£ 359,784	£ 446,738	£ 359,784	£ 446,738

Approved by the trustees on 23 September 2016 and signed on their behalf by:-

Margaret Edwards
Trustee, Chairperson

**Consolidated Statement of Cash Flows
for the year ended 31 March 2016**

	Notes	£	2016 £	£	2015 £
Cash flows from operating activities:					
Net cash (used in) provided by operating activities	21		(34,203)		23,623
Cash flows from investing activities:					
Dividends, interest and rents from investments		676		723	
Net cash provided by investing activities			<u>676</u>	<u>723</u>	723
Change in cash and cash equivalents in the year			(33,527)		24,346
Cash and cash equivalents at the beginning of the year			<u>388,805</u>		<u>364,459</u>
Cash and cash equivalents at the end of the year			<u>355,278</u>		<u>388,805</u>

**Notes to the financial statements
for the year ended 31 March 2016**

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with 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) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (August 2014) and the Companies Act 2006.

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note(s).

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary **emerge poverty free (trading) limited** on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

The financial statements are presented in sterling and are rounded to the nearest pound.

(b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 April 2014.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, no liability was recognised for short-term compensated absence arising from employee entitlement to paid annual leave as the amount was not material, and no other restatements were required.

(c) Going concern

After reviewing the charity's forecasts and projections, and making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason, the charity continues to adopt the going concern basis in preparing its consolidated financial statements.

Although the charity held £351,000 in free reserves as at 31 March 2016 – well within the target range of the trustees' policy for reserves – the continued decline in public donations, along with the unpredictability of legacy receipts and slow growth of other revenue streams, means that the future income of the charity remains uncertain.

The charity continues to seek to diversify its fundraising so that the variety of income streams provides greater stability of overall income. In addition, the trustees are also seeking closer collaboration with other charities to enable the charity's work to continue on a more stable financial footing in the future.

The trustees have given due consideration to the working capital and cash flow requirements of the charity, and consider the charity's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months.

**Notes to the financial statements
for the year ended 31 March 2016**

1. ACCOUNTING POLICIES (continued)

(d) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income received that has specific restrictions placed upon its use is recognised as restricted income on a receivable basis. Unspent balances are carried forward within the relevant restricted fund.

Income tax recoverable in relation to investment income or Gift Aid donations is recognised at the time the relevant income is receivable.

(e) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

(f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**Notes to the financial statements
for the year ended 31 March 2016**

1. ACCOUNTING POLICIES (continued)

(g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

(h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the direct costs of activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

(i) Allocation of support costs and governance costs

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central functions including premises and back office costs, finance, IT, HR, payroll, governance and strategy costs, is apportioned on the following basis:

- Premises and back office costs are apportioned based on the full-time equivalent (FTE) headcount associated with each activity.
- Central support function costs including finance, IT, and HR costs are apportioned based on the direct staff costs associated with each fundraising and charitable activity.
- Governance costs are apportioned based on the total costs of fundraising and charitable activities after allocations of all other support costs.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

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.

**Notes to the financial statements
for the year ended 31 March 2016**

1. ACCOUNTING POLICIES (continued)

(j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

(k) Tangible fixed assets and depreciation

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Office equipment	-	4 years
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(l) Investment in subsidiary

The investment in the subsidiary is valued at cost.

(m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(o) 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 the 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.

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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

(p) Pensions

The company operates a defined contribution pension scheme. Contributions are recognised as they become payable in accordance with the rules of the scheme.

(q) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. All exchange differences are written off to the Statement of Financial Activities.

**Notes to the financial statements
for the year ended 31 March 2016**

2. DETAILED COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	<i>Unrestricted Funds 2015 £</i>	<i>Restricted Funds 2015 £</i>	<i>Total Funds 2015 £</i>
Income from:			
Donations and legacies	779,873	5,879	785,752
Gifts in kind (note 4)	-	492,991	492,991
Charitable activities	5,268	130,352	135,620
Other trading activities	128,542	-	128,542
Investments	723	-	723
Total income	914,406	629,222	1,543,628
Expenditure on:			
Raising donations and legacies	524,098	-	524,098
Other trading activities	36,232	-	36,232
Charitable activities:			
Overseas projects	323,377	111,330	434,707
Gifts in kind programme	52,117	492,991	545,108
	375,494	604,321	979,815
Total expenditure	935,824	604,321	1,540,145
Net income/(expenditure) and net movement in funds for the year	(21,418)	24,901	3,483
Reconciliation of funds:			
Total funds brought forward	400,142	43,113	443,255
Total funds carried forward	£ 378,724	£ 68,014	£ 446,738

3. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	<i>Total Funds 2015 £</i>
Public donations and gifts	397,152	608	397,760	487,371
Legacies	198,121	-	198,121	247,430
Events	21,082	6,396	27,478	13,119
Grants	5,100	100	5,200	6,905
Corporate donations and gifts	4,479	200	4,679	2,682
Donated services and facilities	-	-	-	28,245
	£ 625,934	£ 7,304	£ 633,238	£ 785,752

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers, details of which are given in our annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

**Notes to the financial statements
for the year ended 31 March 2016**

4. GIFTS IN KIND

In 2015, as part of the organisation's new 3-year strategy for the period 2015-18, the charity ceased its gifts-in-kind programme. The gifts-in-kind programme, which involved sourcing donated goods and then shipping them to project partners overseas, originated from a time when the charity operated as an emergency relief organisation, and no longer aligned with the charity's strategic objectives as an international development organisation.

Historically, the value of gifts-in-kind has represented a significant element of the organisation's incoming and outgoing resources. In the prior year, gifts-in-kind valued at £492,991 were shipped to partners in Uganda and Burundi. Shipping and other direct costs totalled £38,286, and associated staff costs totalled £13,831, bringing the total amount included in expenditure for the activity to £545,108, of which £52,117 was unrestricted and £492,991 was restricted.

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	<i>Total Funds 2015 £</i>
<i>Institutional donors:</i>				
JTI South Sudan	-	70,001	70,001	43,878
Charles Hayward Foundation	-	11,800	11,800	-
Casa Mining Ltd	-	5,597	5,597	20,471
St Mary's Church, Reigate	-	-	-	28,807
Allan & Nesta Ferguson Charitable Trust	-	-	-	20,000
Evan Cornish Foundation	-	-	-	4,860
Other	3,850	9,000	12,850	8,126
	<u>3,850</u>	<u>96,398</u>	<u>100,248</u>	<u>126,142</u>
<i>Other:</i>				
The Speckled Jims	-	9,107	9,107	4,210
Consultancy fees	2,520	-	2,520	5,268
	<u>£ 6,370</u>	<u>£ 105,505</u>	<u>£ 111,875</u>	<u>£ 135,620</u>

The names of the institution(s) and total value of amounts received are disclosed separately above where the total value of receipts from an institution are £5,000 or more for the financial period.

The charity did not receive any government grants during the current or previous year.

**Notes to the financial statements
for the year ended 31 March 2016**

6. ANALYSIS OF EXPENDITURE

	Raising donations and legacies £	Other trading activities £	Overseas projects £	Gifts in kind £	Governance £	Support £	Tax payable £	2016 Total £	2015 Total £
Staff costs (note 10)	130,182	3,173	119,776	-	18,082	90,405	-	361,618	316,339
Direct fundraising costs	137,113	-	-	-	-	-	-	137,113	273,279
Trading costs	-	13,283	-	-	-	-	-	13,283	21,139
Grants to partner organisations (note 7)	-	-	292,861	-	-	-	-	292,861	230,626
Gifts in kind (note 4)	-	-	-	-	-	-	-	-	531,277
Other direct charitable costs	-	-	12,987	-	-	-	-	12,987	21,492
Audit fees	-	1,000	-	-	7,560	-	-	8,560	9,700
Other governance costs	-	-	-	-	1,878	-	-	1,878	447
Premises costs	-	-	-	-	-	47,120	-	47,120	75,462
General administrative costs	-	1,792	-	-	-	29,520	-	31,312	40,182
Legal and professional costs	-	350	-	-	-	2,837	-	3,187	11,157
Depreciation	-	5,029	-	-	-	346	-	5,375	9,222
Loss on disposals	-	8,618	-	-	-	-	-	8,618	-
Foreign exchange losses/(gains)	-	-	-	-	-	639	-	639	(177)
Tax payable	-	-	-	-	-	-	1,424	1,424	-
	267,295	33,245	425,624	-	27,520	170,867	1,424	925,975	1,540,145
Support costs	85,086	2,209	74,400	-	9,172	(170,867)	-	-	-
Governance costs	14,843	786	21,063	-	(36,692)	-	-	-	-
2016 Total expenditure	£ 367,224	£ 36,240	£ 521,087	£ Nil	£ Nil	£ Nil	£ 1,424	£ 925,975	£ 1,540,145
2015 Total expenditure	£ 524,098	£ 36,232	£ 434,707	£ 545,108	£ Nil	£ Nil	£ Nil	£ 1,540,145	

Of the total expenditure, £751,020 was unrestricted (2015: £935,824) and £174,955 was restricted (2015: £604,321).

**Notes to the financial statements
for the year ended 31 March 2016**

7. OVERSEAS PROJECTS

	Grants payable to partner organisations	Staff & other direct costs	Support & governance costs	2016	2015 (as restated)
	£	£	£	£	£
Burundi					
ARM Burundi	6,729	3,051	2,192	11,972	135,176
DR Congo					
BCHC	15,977	7,243	5,208	28,428	31,257
SOFAD	5,597	2,537	1,824	9,958	-
	<u>21,574</u>	<u>9,780</u>	<u>7,032</u>	<u>38,386</u>	<u>31,257</u>
Haiti					
Good Samaritan Foundation	-	-	-	-	9,436
Kenya					
IPHC Huruma	12,048	5,462	3,927	21,437	-
GWAKO	5,047	2,288	1,645	8,980	-
FRESH	-	-	-	-	5,860
	<u>17,095</u>	<u>7,750</u>	<u>5,572</u>	<u>30,417</u>	<u>5,860</u>
Rwanda					
Strive Foundation	-	-	-	-	18,894
South Sudan					
ANCC South Sudan	100,232	45,438	32,672	178,342	141,729
YAASO	5,030	2,280	1,640	8,950	-
	<u>105,262</u>	<u>47,718</u>	<u>34,312</u>	<u>187,292</u>	<u>141,729</u>
Tanzania					
Child in Action	5,000	2,267	1,630	8,897	-
SIDI	3,869	1,754	1,261	6,884	3,768
	<u>8,869</u>	<u>4,021</u>	<u>2,891</u>	<u>15,781</u>	<u>3,768</u>
Uganda					
ANCC Uganda	69,948	31,710	22,801	124,459	50,768
URICT	40,386	18,308	13,165	71,859	24,146
Agape Of Hope	17,294	7,840	5,637	30,771	-
ARUWE	5,003	2,268	1,631	8,902	-
ANASI	701	317	230	1,248	2,556
SCSP					11,117
	<u>133,332</u>	<u>60,443</u>	<u>43,464</u>	<u>237,239</u>	<u>88,587</u>
	<u>£ 292,861</u>	<u>£ 132,763</u>	<u>£ 95,463</u>	<u>£ 521,087</u>	<u>£ 434,707</u>

The total value of payments made to partner organisations during the year was £292,861 (2015: £230,626). Total expenditure on the activity, including staff costs and support cost allocations was £521,087 (2015: £434,707), of which £346,132 was unrestricted (2015: £323,377) and £174,955 was restricted (2015: £111,330).

**Notes to the financial statements
for the year ended 31 March 2016**

8. NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging / (crediting):

	2016	<i>2015</i>
	£	<i>£</i>
Depreciation	5,375	<i>9,222</i>
Loss or profit on disposal of fixed assets	8,618	<i>-</i>
Operating lease rentals:		
Property	33,894	<i>17,410</i>
Other	1,647	<i>1,858</i>
Auditors' remuneration (excluding VAT):		
Statutory audit fee - current period	7,300	<i>8,250</i>
Other services	350	<i>350</i>
Loss/(gain) on foreign exchange	639	<i>(177)</i>
	<u>639</u>	<i><u>(177)</u></i>

9. TRUSTEE REMUNERATION AND EXPENSES

One of the charity's trustees was paid remuneration or other benefits from an employment with the charity as follows:

Nicholas Milton, a trustee, received payment of £2,837 (2015: £Nil) as allowed by the charitable company's articles of association, for professional PR services supplied to the charity during the year.

Two of the charity's trustees claimed expenses during the year. The total amount of expenses reimbursed was £544 (2015: £320) for travel and subsistence costs relating to attendance at meetings of the trustees, and telephone calls relating to the recruitment of a new CEO.

10. ANALYSIS OF STAFF COSTS AND THE COST OF KEY MANAGEMENT PERSONNEL

Staff costs were as follows:

	2016	<i>2015</i>
	£	<i>£</i>
Wages and salaries	285,688	<i>256,308</i>
Social security costs	17,391	<i>24,524</i>
Employer's contribution to defined contribution pension schemes	14,240	<i>11,822</i>
Other employee benefits and staff costs	44,299	<i>23,685</i>
	<u>£ 361,618</u>	<i><u>£ 316,339</u></i>

No employee earned more than £60,000 during the year (2015: nil).

The key management personnel of the charity comprises the trustees and the Chief Executive Officer. The total employee benefits including pension contributions of the key management personnel were £48,478 (2015: £47,817).

**Notes to the financial statements
for the year ended 31 March 2016**

11. STAFF NUMBERS

The average monthly head count (number of staff employed) during the year was 9 (2015: 7) and the average number of employees, calculated as full time equivalents and analysed on a functional basis, during the year was as follows:

	2016	<i>2015</i>
	Number	<i>Number</i>
Raising donations and legacies	3.5	3.1
Other trading activities	0.1	0.1
Overseas projects	2.8	2.5
Support	2.1	1.6
Governance	0.2	0.4
	8.7	7.7

12. RELATED PARTY TRANSACTIONS

There are no related party transactions to disclose for 2016 (2015: none).

There were no donations from related parties which were outside the normal course of business and no restricted donations from related parties.

13. TAXATION

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary emerge poverty free (trading) limited donates available profits to the charity. Its charge to corporation tax in the year was:

	2016	<i>2015</i>
	£	<i>£</i>
UK corporation tax at 20% (2015: 20%)	1,424	-

14. PARENT CHARITY

The parent charity's gross income and the results for the year are disclosed as follows:

	2016	<i>2015</i>
	£	<i>£</i>
Gross income	807,525	1,512,522
Net income/(expenditure) for the year	(86,954)	3,483

**Notes to the financial statements
for the year ended 31 March 2016**

15. TANGIBLE FIXED ASSETS - OFFICE EQUIPMENT

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Cost				
At the start of the year	67,442	67,442	32,967	32,967
Disposals	(34,475)	-	-	-
At the end of the year	<u>32,967</u>	<u>67,442</u>	<u>32,967</u>	<u>32,967</u>
Depreciation				
At the start of the year	53,449	44,227	32,620	32,017
Charge for the year	5,375	9,222	347	603
On disposals	(25,857)	-	-	-
At the end of the year	<u>32,967</u>	<u>53,449</u>	<u>32,967</u>	<u>32,620</u>
Net book value				
At the start of the year	<u>£ 13,993</u>	<u>£ 23,215</u>	<u>£ 347</u>	<u>£ 950</u>
At the end of the year	<u>£ Nil</u>	<u>£ 13,993</u>	<u>£ Nil</u>	<u>£ 347</u>

16. INVESTMENT IN SUBSIDIARY UNDERTAKING

The charitable company owns the whole of the issued ordinary share capital of emerge poverty free (trading) limited, a company registered in England. The subsidiary is used for non-primary purpose trading activities. The company traded during the period from April to October 2016, but has been dormant since then. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2016	2015
	£	£
Turnover	93,232	128,544
Cost of sales	(13,283)	(13,836)
Administrative expenses	(22,957)	(22,260)
Interest receivable	230	158
Profit on ordinary activities	<u>57,222</u>	<u>92,606</u>
Amount gift aided to the charity	(55,798)	(92,606)
Tax on profit on ordinary activities	(1,424)	-
Retained in subsidiary	<u>£ Nil</u>	<u>£ Nil</u>

The assets and liabilities of the subsidiary were:

Fixed assets	-	13,646
Current assets	87,688	110,663
Liabilities	(87,686)	(124,307)
Net assets	<u>£ 2</u>	<u>£ 2</u>
Aggregate share capital and reserves	<u>£ 2</u>	<u>£ 2</u>

**Notes to the financial statements
for the year ended 31 March 2016**

17. DEBTORS

	Group		Charity	
	2016	2015	2016	2015
Due within one year	£	£	£	£
Trade debtors	-	17,762	-	-
Amounts due from subsidiary company	-	-	86,266	114,881
Legacies receivable	53,627	-	53,627	-
Accrued income	-	10,525	-	-
Prepayments and other debtors	52,679	86,524	51,808	85,904
	<u>£ 106,306</u>	<u>£ 114,811</u>	<u>£ 191,701</u>	<u>£ 200,785</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	50,536	38,704	50,116	36,358
Taxation and social security	4,130	11,657	4,130	7,456
Accruals and other creditors	47,134	20,510	46,134	18,443
	<u>£ 101,800</u>	<u>£ 70,871</u>	<u>£ 100,380</u>	<u>£ 62,257</u>

19. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Funds			Total Funds
	Designated Funds	General Funds	Restricted Funds	
	£	£	£	£
Net current assets	2,503	351,413	5,868	359,784
	<u>£ 2,503</u>	<u>£ 351,413</u>	<u>£ 5,868</u>	<u>£ 359,784</u>

**Notes to the financial statements
for the year ended 31 March 2016**

20. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers £	Carried Forward £
DESIGNATED FUNDS					
Staff giving fund	866	1,389	(1,502)	-	753
Dilapidations fund	1,750	-	-	-	1,750
Fixed assets fund	13,993	-	-	(13,993)	-
	<u>£ 16,609</u>	<u>£ 1,389</u>	<u>£ (1,502)</u>	<u>£ (13,993)</u>	<u>£ 2,503</u>
RESTRICTED FUNDS					
Burundi - Gitega	4,860	-	(4,860)	-	-
DR Congo - Misisi	5,426	5,597	(11,023)	-	-
South Sudan - Ikotos	33,732	70,001	(103,631)	-	102
Uganda - Maternal Health	-	6,830	(6,830)	-	-
Uganda - WASH	23,996	25,815	(48,611)	-	1,200
WASH - General	-	4,566	-	-	4,566
	<u>£ 68,014</u>	<u>£ 112,809</u>	<u>£ (174,955)</u>	<u>£ Nil</u>	<u>£ 5,868</u>
SUMMARY OF FUNDS					
Designated funds	16,609	1,389	(1,502)	(13,993)	2,503
General funds	362,115	724,823	(749,518)	13,993	351,413
	<u>378,724</u>	<u>726,212</u>	<u>(751,020)</u>	<u>-</u>	<u>353,916</u>
Restricted funds	68,014	112,809	(174,955)	-	5,868
	<u>£ 446,738</u>	<u>£ 839,021</u>	<u>£ (925,975)</u>	<u>£ Nil</u>	<u>£ 359,784</u>

Purposes of restricted funds

Burundi - Gitega: The charity received funds in the previous year to support its work in Gitega, Burundi. Due to the security situation and political instability in Burundi during the year - and with permission of the funder - the funds were expended on 'Safe Motherhood and Maternal Health' project

DRC - Misisi: The charity received funds to carry out a needs assessment and manage a community development project in the Misisi region of South Kivu (DRC). These funds were fully expended in the year.

South Sudan - Ikotos: The charity has established multiple projects in Ikotos, South Sudan. These projects include clean water initiatives, food security programmes, educational programmes for children, and training in vocational trades. A small balance of funds received during the year remained unspent at the year end and has been carried forward into 2016-17.

Uganda - Maternal Health: The charity received funds specifically donated to support maternal health and safe motherhood projects in Uganda.

Uganda - WASH: The charity received funds in the current and prior year that have been specifically donated to support WASH projects in Uganda.

WASH - General: The charity received donations from individuals specifically for WASH projects in schools in east Africa.

**Notes to the financial statements
for the year ended 31 March 2016**

20. STATEMENT OF FUNDS (continued)

Purposes of designated funds

Staff giving fund: emerge poverty free staff members are given an opportunity to make personal monthly contributions to a designated fund via Payroll Giving and jointly decide how to spend these funds.

Dilapidation fund: The trustees have set aside an amount as a provision to cover future dilapidations that may become due on termination of the office rental lease.

Fixed assets fund: The trustees have created a capital fund, that is not part of free reserves, equal to the net book value of the charity's tangible fixed assets. The balance on this fund has been reduced to £Nil as all the charity's fixed assets are fully depreciated.

21. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	(86,954)	3,483
Adjustments for:		
Depreciation charges	5,375	9,222
Bank interest receivable	(676)	(723)
Loss on the disposal of fixed assets	8,618	-
Decrease in debtors	8,505	46,400
Increase/(decrease) in creditors	30,929	(34,759)
Net cash (used in) provided by operating activities	<u>£ (34,203)</u>	<u>£ 23,623</u>

22. OPERATING LEASE COMMITMENTS

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Office Equipment	
	2016	2015	2016	2015
	£	£	£	£
Less than one year	33,894	33,894	1,087	1,828
One to five years	28,245	62,139	1,087	1,828
	<u>£ 62,139</u>	<u>£ 96,033</u>	<u>£ 2,174</u>	<u>£ 3,656</u>

23. LEGAL STATUS OF THE CHARITY

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute £1 towards the assets of the charity in the event of liquidation.