

Charity number: 1139160
Company number: 06972024
(England and Wales)

SALTMALAWI TRUST

Report of the Trustees and Unaudited Financial Statements

For the year ended 31 December 2016

SALTMALAWI TRUST
Contents Page
For the year ended 31 December 2016

| | |
|---|---------|
| Report of the Trustees | 1 to 3 |
| Independent Examiner's Report to the Trustees | 4 |
| Statement of Financial Activities | 5 |
| Statement of Financial Position | 6 |
| Notes to the Financial Statements | 7 to 10 |
| Detailed Statement of Financial Activities | 11 |

SALTMALAWI TRUST
Report of the Trustees
For the year ended 31 December 2016

OBJECTIVES AND ACTIVITIES

Objectives and aims

The trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

During 2016 the work in Malawi has been particularly encouraging and is beginning to look rather more sustainable than in previous years. At the same time the UK trust has had to address its own challenges of sustainability and scalability to the growing work.

The retirement of the trustee treasurer prompted a rethink on how best to manage the finances of the trust. For a twelve month period the trust was supported by a volunteer treasurer who was not a trustee. The trust resolved that its long-term sustainability required a permanent and professional approach to the finance issues and a small group was assembled to explore the options. A colleague with very relevant knowledge as well as experience of Malawi was invited to join this working group. He has since applied and been accepted as a trustee. The recommendations of the group were accepted by the trustees and a book-keeper was chosen and appointed and an accountant similarly engaged for year-end reporting. The management of reserved funds will be simplified as part of this transition. This decision cycle caused the trust to abandon a public position that every penny goes to the front-line work. The activities of book-keeping and accountancy are properly acknowledged as legitimate costs of the trust.

The trustees recognise that the funds held at the end of this period are relatively high. This partly reflects the way a grant making charity must operate, accumulating funds before making grants. The construction of a second missionary house as well as the anticipated demands of the Joseph Project will require significant expenditure in 2017. This is in line with the reserves policy adopted by the trustees.

A register of Trustees' interests is held to ensure that there are no conflicts of interest. This is updated annually. The Trustees have a clear procedure that if there is a potential conflict of interest on any matter, the Trustee with the potential conflict of interest is asked to leave the room and takes no part in the debate or decision. The trustees have reviewed and state that there is no Person of Significant Control. No Trustee receives any form of remuneration, other than the reimbursement of expenses.

The two representatives of the churches in Gloucester who had been regular attendees at Trust Meetings, were invited to become directors of the trust which they accepted.

Communication of what is happening on the ground continues to be through the regular newsletter and through an upgraded and refreshed web site and a prayer cascade. The trust is seeking to refresh relationships with key UK churches. There are over 200 individual supporters.

A young volunteer married couple returned from their 'year out' working with the team in Malawi. A lot was learned from their experience and debrief about the challenges and rewards of young people from UK working in the challenging village culture in this part of Malawi.

Shortly after their return, the trust received an approach from another married couple (experienced Malawi missionaries from 1995-2006) expressing their sense of calling back to that work and expressing an interest in joining the work of Salt Malawi in 2017. This couple was already well-known to and respected by the local team. They have now joined the work with a view to staying for an extended period. This expanded team makes possible a sabbatical for the existing team. As they take on responsibility for maintenance and growth of the work based in Dedza, Lilongwe and Mchinji, so it becomes possible to realistically focus on efforts to reach new areas with the work. It also introduces another supporting church and a new trustee application which has been accepted. Work is underway to provide long term accommodation for the expanded team.

In this time the work has grown considerably in scope and has enjoyed probably its most successful year so far. An increased activity in the far South (Nsanje) has resulted in requests for more help in that area. There has also been significant growth in the church plants in Kusungu and Nsanje areas.

It is recognised that the trust needs to be scalable to the expanding work on the ground and that a gentle "professionalization" is appropriate. Salt Malawi became a subscribing member of Global Connections as part of a drive to adopt best practice and to be able to draw on a wider network of experience. Salt Malawi also became a member of AFVS (Advice for the Voluntary Sector) as part of the professionalization of financial operations.

SALTMALAWI TRUST
Report of the Trustees Continued
For the year ended 31 December 2016

Poor harvests and national water rationing have prompted a change in the way the village churches manage food-aid distribution to church families. After discussion with village chiefs, the support is focused on the most vulnerable and elderly. The new process is undertaken by small teams called "Mercy Groups". In addition, maize is purchased from villagers at fair prices to store and make available to sell back at low prices during the worsening hunger period. This contrasts with merchants who buy at low prices and sell back at high prices when need is greatest. There have been amazing photographs of the beneficiaries of this new approach.

A 50 cubic foot container of second-hand children's shoes was sent out as part of a larger shipment from Birmingham Diocese. The shoes had been collected from appeals at churches and schools. The shipment arrived safely and the shoes were distributed.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing its aims and objectives. The charity operates within Malawi and this is the region where most of the public benefit can be seen. Very regular reports from the field help the trustees review and evaluate the impact they have had. As orphans are cared for, vulnerable people are fed, people trained in better farming techniques and some employment offered there is the relief of poverty with significant groups of people seeing their standard of living improve. In addition, as the Christian message is taught, people come to faith, churches are established and communities transformed. The Trustees consider that people coming to Christian faith is also a public benefit. The work on the ground in Malawi is not however the only public benefit. There is evidence of lives changed where people from the UK have travelled to support and participate in the work.

Key to the sustainability of the work is the development of local leadership. The central and most trusted local leaders are displaying greater confidence and increased self-sufficiency. Regular teaching conferences for church leaders have been supported with UK visitors assisting with the teaching.

There is much encouragement from the work on the ground and that is being shared with supporting churches during the 2017 sabbatical. At the same time, two additional well-qualified trustees and a fresh approach to the administration and governance give cause to believe that the trust is increasingly well placed to continue supporting the expanding work.

SALTMALAWI TRUST
Report of the Trustees Continued
For the year ended 31 December 2016

REFERENCE AND ADMINISTRATIVE INFORMATION

| | |
|------------------------------------|---|
| Name of Charity | SALTMALAWI TRUST |
| Charity registration number | 1139160 |
| Company registration number | 06972024 |
| Principal address | Lion Hill Cottage, Station Road, Claverdon Warwickshire CV35 8PE |

Trustees

The trustees and officers serving during the year and since the year end were as follows:

Mr Brian Donner
Mr David Eastham
Mr Ian Furlong
Mr Malcolm Franks
Mr Philip Hanson
Mr Philip John Clayfield
Mr Stephen James Dorey

Independent examiners

Andrew Alli ACMA
KARE Financial Management Consultants Ltd
38 Sherwood Road, North Bersted
Bognor Regis
West Sussex
PO22 9DR

Bankers

Lloyds TSB
22 Bridge St
Stratford-upon-Avon
CV37 6AG

Approved by the Board of Trustees and signed on its behalf by

..... 25th July 2017
Mr Philip Hanson
Trustee

SALTMALAWI TRUST
Independent Examiners Report to the Trustees
For the year ended 31 December 2016

I report on the accounts of the charitable company for the year ended 31 December 2016, which comprise the Statement of Financial Activities, the Statement of Financial Position and the related notes.

Respective responsibilities of trustees and examiner

The Trustees, who are also directors for the purposes of company law, are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is required.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under Section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charitable company 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 you as 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 386 and 387 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements of section 394 and 395 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

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.



Andrew Alli ACMA
KARE Financial Management Consultants Ltd
38 Sherwood Road, North Bersted
Bognor Regis
West Sussex
PO22 9DR

25th July 2017

SALTMALAWI TRUST
Statement of Financial Activities (including Income and Expenditure Account)
For the year ended 31 December 2016

| | Notes | Unrestricted funds | Restricted funds | 2016 | 2015 |
|------------------------------------|--------------|-------------------------------|-----------------------------|-----------------|-----------------|
| | | £ | £ | £ | £ |
| Income and endowments from: | | | | | |
| Charitable activities | 2 | 26,537 | 26,340 | 52,877 | 46,653 |
| Total | | 26,537 | 26,340 | 52,877 | 46,653 |
| Expenditure on: | | | | | |
| Charitable activities | 3 | (2,580) | (32,754) | (35,334) | (28,850) |
| Total | | (2,580) | (32,754) | (35,334) | (28,850) |
| Net income/expenditure | | 23,957 | (6,414) | 17,543 | 17,803 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 47,906 | 59,388 | 107,294 | 89,493 |
| Total funds carried forward | | 71,863 | 52,974 | 124,837 | 107,296 |

SALTMALAWI TRUST
Statement of Financial Position
For the year ended 31 December 2016

| | Notes | 2016 | 2015 |
|---|--------------|----------------|----------------|
| | | £ | £ |
| Current assets | | | |
| Cash at bank and in hand | | 125,237 | 107,296 |
| | | <u>125,237</u> | <u>107,296</u> |
| Creditors: amounts falling due within one year | 5 | (400) | - |
| Net current assets | | <u>124,837</u> | <u>107,296</u> |
| Total assets less current liabilities | | <u>124,837</u> | <u>107,296</u> |
| Net assets | | <u>124,837</u> | <u>107,296</u> |
| The funds of the charity | | | |
| Restricted income funds | 6 | 52,974 | 57,897 |
| Unrestricted income funds | 6 | 71,863 | 49,399 |
| Total funds | | <u>124,837</u> | <u>107,296</u> |

For the year ended 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statement were approved and authorised for issue by the Board and signed on its behalf by:

.....
Mr Philip Hanson
Trustee

25th July 2017

SALTMALAWI TRUST
Notes to the Financial Statements
For the year ended 31 December 2016

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value and the revaluation of certain fixed assets and in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Companies Act 2006.

SALTMALAWI TRUST 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 note(s).

2. Income from charitable activities

| | Unrestricted funds | Restricted funds | 2016 | 2015 |
|--------------------|-------------------------------|-----------------------------|---------------|---------------|
| | £ | £ | £ | £ |
| Donations | 26,537 | - | 26,537 | 18,666 |
| Joseph Project | - | 16,376 | 16,376 | 14,437 |
| Lotts Personal | - | 2,607 | 2,607 | 5,560 |
| Mission Fund | - | 3,950 | 3,950 | 2,200 |
| Building Project | - | 2,587 | 2,587 | - |
| Education | - | 720 | 720 | 225 |
| Blanket Appeal | - | - | - | 200 |
| Holloways Personal | - | 100 | 100 | 5,365 |
| | 26,537 | 26,340 | 52,877 | 46,653 |

SALTMALAWI TRUST
Notes to the Financial Statements Continued
For the year ended 31 December 2016

3. Costs of charitable activities by fund type

| | Unrestricted funds | Restricted funds | 2016 | 2015 |
|-------------------------------------|-----------------------|---------------------|---------------|---------------|
| | £ | £ | £ | £ |
| Joseph Project | | | | |
| Cost of direct charitable activity | - | 30,000 | 30,000 | 15,850 |
| | <u>-</u> | <u>30,000</u> | <u>30,000</u> | <u>15,850</u> |
| Lotts Personal | | | | |
| Cost of Direct Charitable Activity | - | 2,754 | 2,754 | 2,760 |
| | <u>-</u> | <u>2,754</u> | <u>2,754</u> | <u>2,760</u> |
| Blanket Appeal | | | | |
| Cost of direct charitable activity | - | - | - | 1,133 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,133</u> |
| Holloways Personal | | | | |
| Cost of direct charitable activity | - | - | - | 3,623 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,623</u> |
| Administration and Overheads | | | | |
| Travelling Expenses | 1,620 | - | 1,620 | - |
| Maintenance | 100 | - | 100 | - |
| General Expenses | 300 | - | 300 | 5,484 |
| Bank Charges | 70 | - | 70 | - |
| Professional Fees | 90 | - | 90 | - |
| | <u>2,180</u> | <u>-</u> | <u>2,180</u> | <u>5,484</u> |
| Support costs | | | | |
| Accountancy fees | 400 | - | 400 | - |
| | <u>400</u> | <u>-</u> | <u>400</u> | <u>-</u> |
| | <u>2,580</u> | <u>32,754</u> | <u>35,334</u> | <u>28,850</u> |

SALTMALAWI TRUST
Notes to the Financial Statements Continued
For the year ended 31 December 2016

4. Analysis of support costs

| | 2016 | 2015 |
|------------------|------------|----------|
| | £ | £ |
| Governance costs | 400 | - |
| | 400 | - |
| | 400 | - |

5. Creditors: amounts falling due within one year

| | 2016 | 2015 |
|------------------------------|------------|----------|
| | £ | £ |
| Accruals and deferred income | 400 | - |
| | 400 | - |
| | 400 | - |

6. Movement in funds

Unrestricted Funds

| | Balance at 01/01/2016 | Incoming resources | Outgoing resources | Balance at 31/12/2016 |
|-------------------|--------------------------|-----------------------|-----------------------|--------------------------|
| | £ | £ | £ | £ |
| Unrestricted Fund | 47,906 | 26,537 | (2,580) | 71,863 |
| | 47,906 | 26,537 | (2,580) | 71,863 |
| | 47,906 | 26,537 | (2,580) | 71,863 |

Unrestricted Funds - Previous year

| | Balance at 01/01/2015 | Incoming resources | Outgoing resources | Balance at 31/12/2015 |
|-----------------|--------------------------|-----------------------|-----------------------|--------------------------|
| | £ | £ | £ | £ |
| Restricted Fund | 36,217 | 18,666 | (5,484) | 49,399 |
| | 36,217 | 18,666 | (5,484) | 49,399 |
| | 36,217 | 18,666 | (5,484) | 49,399 |

SALTMALAWI TRUST
Notes to the Financial Statements Continued
For the year ended 31 December 2016

Restricted Funds

| | Balance at 01/01/2016 | Incoming resources | Outgoing resources | Balance at 31/12/2016 |
|----------------------|----------------------------------|-------------------------------|-------------------------------|----------------------------------|
| | £ | £ | £ | £ |
| Blanket Appeal | 100 | - | - | 100 |
| Building Fund | 4,549 | 2,587 | - | 7,136 |
| Business Development | 150 | - | - | 150 |
| Education | 1,125 | 720 | - | 1,845 |
| Holloways Personal | 1,741 | 100 | - | 1,841 |
| Joseph Project | 29,239 | 16,376 | (30,000) | 15,615 |
| Lotts Personal | 14,505 | 2,607 | (2,754) | 14,358 |
| Mission Fund | 7,979 | 3,950 | - | 11,929 |
| | 59,388 | 26,340 | (32,754) | 52,974 |

Restricted Funds - Previous year

| | Balance at 01/01/2015 | Incoming resources | Outgoing resources | Balance at 31/12/2015 |
|----------------------|----------------------------------|-------------------------------|-------------------------------|----------------------------------|
| | £ | £ | £ | £ |
| Blanket Appeal | 1,033 | 200 | (1,133) | 100 |
| Building Fund | 1,549 | - | - | 1,549 |
| Business Development | 125 | - | - | 125 |
| Education | 750 | 225 | - | 975 |
| Holloways Personal | - | 5,365 | (3,623) | 1,742 |
| Joseph Project | 32,460 | 14,437 | (15,850) | 31,047 |
| Lotts Personal | 11,580 | 5,560 | (2,760) | 14,380 |
| Mission Fund | 5,779 | 2,200 | - | 7,979 |
| | 53,276 | 27,987 | (23,366) | 57,897 |

SALTMALAWI TRUST
Detailed Statement of Financial Activities
For the year ended 31 December 2016