

Company registration number: 06972024

Charity registration number: 1139160

SALTMALAWI

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2019

Kolade Andrew Alli ACMA
KARE Financial Management Consultants Ltd
10 Gatcombe Gardens
West End
Hampshire
SO18 3NA

SALTMALAWI

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Reference and Administrative Details

Trustees

Stephen James Dorey
Brian Gordon Donner
Evan Winter
Malcolm Peter Franks
Philip Arthur Hanson (resigned 31st Dec 2019)

Secretary

Lorna Harris (appointed 1st Jan 2020)

Principal Office

89 Montrose Avenue
Leamington Spa
CV32 7DR

Company Registration Number

06972024

Charity Registration Number

1139160

Independent Examiner

Kolade Andrew Alli ACMA
KARE Financial Management Consultants Ltd
10 Gatcombe Gardens
West End
Hampshire
SO18 3NA

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Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 December 2019.

Structure, Governance and Management

SaltMalawi is an incorporated charity limited by guarantee, not having share capital. It is registered in England and Wales with company number 06972024 and charity number 1139160.

The current directors are:

Mr Brian Donner Mr Stephen Dorey

Mr Malcolm Franks (Chair)

Mr Phil Hanson (resigned 31st December 2019)

Mr Evan Winter

2019 saw the resignation of one Trustee, Mr Phil Hanson. We record our thanks to Phil for his valuable service.

Company Secretary: Mr Phil Hanson (to 31st December 2019).

Mrs Lorna Harris (from 1st January 2020)

The Trustees are keen to increase the number of serving Trustees following resignations over recent years. We recognized that all existing Trustees are of retirement age. The Trustees are also anxious to increase their diversity in gender, age and ethnicity. At this time it is proving difficult to identify suitable willing people to serve.

Summary of the Charity's Objects and Activities

The Objects for which the Company is established are:

- to advance the Christian faith primarily, but not exclusively, by providing financial and other such support as may be deemed necessary for proclaiming the Christian gospel in Malawi and such other countries as the directors may from time to time determine and by the enabling and training of disciples of Jesus Christ in such countries
- to alleviate poverty and suffering wherever possible and in whatever form it is found in such countries and in particular to offer assistance to vulnerable people (as defined by the constitutions of such countries) as an expression of such Christian gospel.

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Trustees' Report

The charity carries out these objects primarily as a grant-making body, supporting defined projects. Funds are disbursed through a process of grant application, authorisation and review. Evidence of satisfactory completion and outcomes is gathered. The main recipient body is the Church of the Disciples of Jesus Christ (CDJ), a registered charity in Malawi.

Public Benefit

The Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing its aims and objectives. The charity operates within Malawi, so this is where most of the public benefit can be seen. Frequent reports from the field help the Trustees review and evaluate the impact they have had. As vulnerable people are fed, and assistance is given for basic living expenses, there is relief of poverty with significant groups of people being helped.

As the Christian message is taught, people come to faith, churches are established, and communities are transformed. The Trustees consider that people coming to Christian faith is a key public benefit. The work on the ground in Malawi is not however the only area of public benefit. There is evidence of lives changed in people from the UK who have travelled to support and participate in the work.

Review of Activities

Meetings, Policies and Administration

The Trustees met 6 times during 2019. There was much additional communication and some decisions were taken by electronic means. Trustees have reviewed their meetings schedule and decided for 2020 to trial a schedule of reduced face to face meetings, supplemented by regular teleconference meetings. All meetings are minuted. Meetings are typically conducted with non-Trustees in attendance, notably Julian and Caroline Lott, who founded the work in Malawi over many years.

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Trustees' Report

The Trustees have initiated the regular review and updating of procedural policies to ensure that we are compliant with GDPR, Anti Money Laundering and Anti Bribery legislation. The Trustees are also reviewing the charity's Safeguarding guidelines.

A register of Trustees' interests is held to help identify possible conflicts of interest. This is updated annually. The Trustees have a clear procedure to help avoid potential conflicts of interest on any matter. The Trustees have reviewed and state that there is no Person of Significant Control. No Trustee received any form of remuneration other than the reimbursement of expenses.

The charity's administration is undertaken by a contracted professional, Mrs. Lorna Harris, who was appointed as Company Secretary from January 2020. Records storage, including email, is managed in a centralised electronic repository with controlled access.

SaltMalawi continues to be a subscribing member of Global Connections and is also a member of AFVS (Advice for the Voluntary Sector) and 31:8 (for Safeguarding purposes).

Income and Expenditure

It was very encouraging to note that income remained relatively steady during 2019, despite no public fund- raising appeals being made. Net funds reduced by about £7K leaving the year-end balance at just over £113K, part of which is held with Lloyds Bank and some with Kingdom Bank.

During the year Grants made of over £40K included funding Disaster Relief following Cyclone Idai and the resulting flooding and damage to crops and buildings; funding maize purchases (and distribution) as hunger in the region increased and funding for school fees for the orphans still in education amongst other things.

We are very grateful for the faithful giving of committed donors and the continued support of the George Muller Charitable Trust whose donations amounted to approximately £7K during the year.

While 2019 expenditure exceeded income, Trustees recognise that funds held at the end of this period continue to be relatively high. This partly reflects the way a grant making charity must operate, accumulating funds before making grants. This is in line with the reserves policy adopted by the Trustees. Looking forward, Trustees expect needs to increase as the number of churches in Malawi continues to grow.

Communication

The Trustees have continued to produce and circulate an electronic newsletter which provides up to date news and highlights issues for prayer. This currently goes to about 170 people. Between newsletters an email distribution of specific prayer needs is made, responding to requests, events and news received from Malawi.

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Trustees' Report

Our website carries descriptions and news of aspects of our work. A Facebook page was established during the year as an easier and more immediate means to keep news more current than regular website updates.

An encouraging development has been the ability to link with CDJ Trustees in Malawi using WhatsApp. We find this to be a major benefit in aiding the swift flow of information in both directions.

Visits

Two SaltMalawi Trustees, Evan Winter and Malcolm Franks, visited the farm base near Dedza, Malawi during August 2019. Most of their time was spent in meetings with CDJ Trustees, hearing about and reviewing the work. They were also able to visit local churches. There were opportunities to help and coach CDJ Trustees in matters of charity governance, financial management, planning and other leadership topics.

Julian and Caroline Lott are now resident in the UK, visiting Malawi for two extended periods in 2019. Their main purpose during these visits is to provide training and support to CDJ Trustees and church leaders. They also visit churches, where their teaching is eagerly anticipated and welcomed. This pattern of visits by the Lotts is expected to continue for the foreseeable future.

At the time of writing this report COVID-19 corona virus is impacting life across the globe. As yet we are unaware of any published evidence of the virus affecting Malawi. However, Trustees have agreed with the Lotts to postpone their imminent planned visit from the UK, to avoid risks of spreading infection. A planned visit by another SaltMalawi Trustee and spouse has been similarly postponed. Our plans for 2020 are subject to the progress and effects of the global pandemic.

Church of the Disciples of Jesus Christ

In Malawi our work supports a growing network of Christian churches known as Church of the Disciples of Jesus Christ (CDJ). There are now around 50 CDJ churches in 4 districts across the country, with around 2,000 people attending on a regular basis. The leaders in Malawi continue to receive requests from people in other parts of the country to start a church at their locations. However, it is recognised that, having grown rapidly, building strong foundations to existing churches is an over-riding priority so, with limited leadership resources, it is not possible to respond positively to all such calls in the immediate.

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Trustees' Report

CDJ Leadership

With these development needs in mind, each of the 4 CDJ Trustees has been given overall responsibility for one district and each is supported by 2 village pastors from that district. Thus a team of 12 leaders is being developed to be responsible for the maintenance and development of the work across Malawi. Having previously transferred overall leadership from ex-patriate to local control, this represents another significant step towards the long term sustainability of the work.

Training and Discipleship

Basic biblical training is recognised as a key resource required to enable local leaders build and pastor the churches effectively. Material that is already translated into Chichewa has been identified and we plan for it to form a standard curriculum that all pastors will be trained to use.

CDJ have identified other needs for ministries amongst women, children and young people. It is hoped to develop plans for these during the coming year. They have also voiced a wish to improve crop yields and range of farming activities from land on the Dedza farm.

Hunger Relief

Due to the decimation of the harvest, it was essential for SaltMalawi to send funds so that maize could be provided to relieve hunger and avert starvation. Deliveries were made through the churches, especially in the South of the country, where cyclones destroyed homes and livelihoods earlier in the year. Poor harvests added to widespread hunger and several deaths this year. Sadly, it seems inevitable that this will continue, so we believe that we must expect further need for financial support for food purchases in 2020.

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Trustees' Report

Orphan Care

The Social Services Department in Malawi carried through their policy of returning children to their immediate families. CDJ therefore do not now care for orphans directly. However, CDJ Trustees are still trying to channel some funds to help the families who have now the additional burden of more children.

Mercy Work

CDJ has initiated and piloted this programme in a small number of churches. Each church appoints a team to organise help for the neediest members from within the church's own resources. CDJ leaders have the ambition to grow this local Mercy Work across all their churches, helping the needy directly. Fast Church growth, limited resources and the challenges of cyclones and poor harvests provided a difficult backdrop for this in 2019. It is recognised that increased focus on this is needed.

Future Plans

- Ongoing support for the Trustees and church leaders in Malawi by means of email, WhatsApp and personal visits from UK
- Regular dissemination of news to inform and encourage UK supporters' prayers
- Build plans for visits to support the Malawi Church and to develop the experience of UK visitors
- Appoint 1-4 new SaltMalawi Trustees
- Distribute Chichewa training materials in Christian evangelism and discipleship
- Further training for CDJ Trustees in bookkeeping and basic governance
- Support the development of the CDJ church based 'Mercy Work'
- Plan new initiatives amongst Malawian women, children and youth
- Continue channelling funds for projects which comply with the objects of the charity e.g. Relief of hunger and other effects of extreme poverty

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Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and 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 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 charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 12 May 2020 and signed on its behalf by:

.....
Malcolm Peter Franks
Trustee

SALTMALAWI

Independent Examiner's Report to the trustees of SALTMALAWI

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 December 2019 which are set out on pages 10 to 17.

Respective responsibilities of trustees and examiner

As the charity's trustees of SALTMALAWI (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of SALTMALAWI are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of SALTMALAWI as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



.....
Kolade Andrew Alli ACMA

KARE Financial Management Consultants Ltd
10 Gatcombe Gardens
West End
Hampshire
SO18 3NA

12 May 2020

SALTMALAWI

Statement of Financial Activities for the Year Ended 31 December 2019 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Income and Endowments from:					
Charitable activities	3	20,536	15,203	35,739	41,022
Total income		<u>20,536</u>	<u>15,203</u>	<u>35,739</u>	<u>41,022</u>
Expenditure on:					
Charitable activities	4	(20,395)	(24,283)	(44,678)	(45,151)
Total expenditure		<u>(20,395)</u>	<u>(24,283)</u>	<u>(44,678)</u>	<u>(45,151)</u>
Net income/(expenditure)		141	(9,080)	(8,939)	(4,129)
Transfers between funds		<u>(13,000)</u>	<u>13,000</u>	<u>-</u>	<u>-</u>
Net movement in funds		(12,859)	3,920	(8,939)	(4,129)
Reconciliation of funds					
Total funds brought forward		<u>88,731</u>	<u>33,071</u>	<u>121,802</u>	<u>125,931</u>
Total funds carried forward	8	<u>75,872</u>	<u>36,991</u>	<u>112,863</u>	<u>121,802</u>

All of the charity's activities derive from continuing operations during the above two periods.

The funds breakdown for 2018 is shown in note 8.

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(Registration number: 06972024) Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Debtors	6	3,088	2,746
Cash at bank and in hand		110,482	119,891
		<u>113,570</u>	<u>122,637</u>
Creditors: Amounts falling due within one year	7	<u>(707)</u>	<u>(835)</u>
Net assets		<u>112,863</u>	<u>121,802</u>
Funds of the charity:			
Restricted funds		36,991	33,071
Unrestricted income funds			
Unrestricted funds		<u>75,872</u>	<u>88,731</u>
Total funds	8	<u>112,863</u>	<u>121,802</u>

For the financial year ending 31 December 2019 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors 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.

For the financial year ending 31 December 2019 the charity was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

For the financial year ending 31 December 2019 the charity was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

SALTMALAWI

**(Registration number: 06972024)
Balance Sheet as at 31 December 2019**

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors 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 statements on pages 10 to 17 were approved by the trustees, and authorised for issue on 12 May 2020 and signed on their behalf by:

.....
Malcolm Peter Franks
Trustee

SALTMALAWI

Notes to the Financial Statements for the Year Ended 31 December 2019

1 Charity status

The charity is limited by guarantee, incorporated in , and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £Nil towards the assets of the charity in the event of liquidation.

The address of its registered office is:

89 Montrose Avenue
Leamington Spa
Warwickshire
CV32 7DR

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

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). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

SALTMALAWI 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 notes.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern nor any significant areas of uncertainty that affect the carrying value of assets held by the charity.

Exemption from preparing a cash flow statement

The charity opted to early adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

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Notes to the Financial Statements for the Year Ended 31 December 2019

Income and endowments

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees's discretion in furtherance of the objectives of the charity.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

SALTMALAWI

Notes to the Financial Statements for the Year Ended 31 December 2019

3 Income from charitable activities

	Unrestricted funds		Total 2019 £	Total 2018 £
	General £	Restricted funds £		
Donations	17,147	-	17,147	16,615
Gift Aid tax reclaimed	3,088	-	3,088	2,746
Donations for Joseph Project	-	8,363	8,363	12,182
Donations for Lotts Personal	-	1,137	1,137	2,361
Donations for Mission Fund	-	5,703	5,703	6,900
Interest on cash deposits	301	-	301	218
	20,536	15,203	35,739	41,022

4 Expenditure on charitable activities

	Note	Unrestricted funds		Total 2019 £	Total 2018 £
		General £	Restricted funds £		
Cost of Joseph Project		-	20,000	20,000	29,000
Cost of Lotts Personal Projects		-	3,283	3,283	-
Other fundraising costs		-	1,000	1,000	1,000
Travel Expenses		-	-	-	1,010
Grants Payable		17,212	-	17,212	7,901
Internet		-	-	-	14
Membership subscription fees		-	-	-	305
Health Insurance		-	-	-	3,479
Bank Charges		42	-	42	63
IT Software and consumables		-	-	-	228
Telephone and Fax		276	-	276	40
Professional fees		2,415	-	2,415	1,711
Independent examiner's fee		450	-	450	400
		20,395	24,283	44,678	45,151

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Notes to the Financial Statements for the Year Ended 31 December 2019

5 Taxation

The charity is a registered charity and is therefore exempt from taxation.

6 Debtors

	2019 £	2018 £
Other debtors	3,088	2,746

7 Creditors: amounts falling due within one year

	2019 £	2018 £
Other creditors	-	435
Accruals	707	400
	<u>707</u>	<u>835</u>

8 Funds

	Balance at 1 January 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2019 £
Unrestricted funds					
General					
Unrestricted Fund	88,731	20,536	(20,395)	(13,000)	75,872
Restricted funds					
Jacobs Personal	-	-	(1,000)	1,000	-
Joseph Project	6,026	8,363	(20,000)	12,000	6,389
Lotts Personal	3,071	1,137	(3,283)	-	925
Mission Fund	23,974	5,703	-	-	29,677
Total restricted funds	<u>33,071</u>	<u>15,203</u>	<u>(24,283)</u>	<u>13,000</u>	<u>36,991</u>
Total funds	<u>121,802</u>	<u>35,739</u>	<u>(44,678)</u>	<u>-</u>	<u>112,863</u>

SALTMALAWI

Notes to the Financial Statements for the Year Ended 31 December 2019

	Balance at 1 January 2018	Incoming resources	Resources expended	Balance at 31 December 2018
	£	£	£	£
Unrestricted funds				
<i>General</i>				
Unrestricted Fund	84,303	19,579	(15,151)	88,731
Restricted funds				
Jacobs Personal	1,000	-	(1,000)	-
Joseph Project	22,844	12,182	(29,000)	6,026
Lotts Personal	710	2,361	-	3,071
Mission Fund	17,074	6,900	-	23,974
Total restricted funds	41,628	21,443	(30,000)	33,071
Total funds	125,931	41,022	(45,151)	121,802