

AFRICA NOW
(A Company limited by guarantee)
ANNUAL REPORT & FINANCIAL STATEMENTS
31 MARCH 2007

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Registered in England No: 01558579

A Registered Charity No: 283024

AFRICA NOW
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2007

REFERENCE AND ADMINISTRATIVE DETAILS

Charity number: 283024

Company number: 1558759

Trustees: P Angell
M Davis (from July 2006)
J Granville
W Gray
N Hall
M Kalungu-Banda (until March 2007)
C Purdy (from July 2006)
R Slade

Director: U Kar

Auditors: Critchleys
Greyfriars Court
Paradise Square
Oxford
OX1 1BE

Office contact details

United Kingdom 3 Collins St, Oxford, OX4 1XS, Tel: +44 (0)1865 249997 Fax: +44 (0)1865 251115
Email: info@africanow.org

Zimbabwe and Namibia: 3 Roentgen St West, Windhoek, Namibia Tel: + 264 81 122 1715

Zambia: PO Box 30521, Plot 6983/11, Old Brentwood Road, Longacres, Lusaka Tel: +260 1 250164

Kenya, Nairobi: PO Box 64515, Mobil Plaza, 00620 Nairobi Tel/Fax: +254 20 418 3120

Kisumu: PO Box 2514, Kisumu Tel/Fax: +254 57 2021 181

AFRICA NOW
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

The trustees present their Report and the financial statements for the year ended 31st March 2007.

Overview

Africa Now is an international non-governmental, non-political, non-religious organization created as a charitable legal entity in the UK .It is a company limited by guarantee, and not having a share capital. It was registered as a charity with the Charity Commission on 28th April 1981. Members of the Board of Trustees are the Directors of the company.

The company is registered in England No. 1558579. It is governed by its Memorandum and Articles of Association. The company is a registered charity No. 283024.

Africa Now is governed by its Memorandum & Articles of Association.

Structure, Governance and Management

Africa Now holds an annual AGM at which new Trustees may be voted in and those whose term has come to an end resign and can stand for re-election. Any person of 18 years of age and over is eligible to apply to be a Trustee of Africa Now, however it is generally accepted that candidates shall be co-opted by either an Africa Now Trustee or a member of Africa Now's senior staff. New Trustees with the necessary skills to contribute to the charity's management and development are nominated by members of the Board of Trustees, interviewed by a panel, invited to observe one or more Board meetings and appointed by a resolution taken by the Trustees.

Africa Now's Board of Trustees meet for regular sessions on a quarterly basis. The Board administers the charity and the Executive Director is appointed by the Trustees to manage the day to day operations of the charity, reporting on the performance against the strategic plans approved by the Trustees.

When new Trustees are appointed they are given an introduction to the work of the Charity and provided with the information they need to fulfill their roles, which includes information about the role of trustees and charity law. All Trustees are expected to familiarise themselves with the work of Africa Now and be willing to visit Africa Now's international offices to see at first hand the activities of the organisation and meet the personnel involved.

All the Trustees are non executive in the sense that they are unpaid, voluntary roles. They are also without executive or management responsibilities, with the following exceptions:

Chair

Elected by the Trustees and accountable to them, the Chair is the formal head of Africa Now and responsible for line management of the Executive Director. Elected for one year, the Chair is eligible for re-election annually at the AGM for up to a total of three years. In the event that there is more than one candidate for the position, the Chair should be elected by a simple majority of Trustees. Any Trustee may offer themselves for election as Chair having been out of office for one year or more.

Vice Chair

The Chair may choose to appoint one or more Trustees to represent him / her and this can be on an ad hoc or ongoing basis. If the latter, the appointee should be approved by the rest of the Board.

Treasurer

Appointed by the Chair, in line with the wishes of the Board, the Treasurer is a member of the Board with specific financial and accounting skills who can independently advise the board on all financial matters and who can work in conjunction with the Executive Director when appraising finance based issues such as the budget, fundraising and development projects. The position would be elected annually as per the Chair.

AFRICA NOW
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

Termination

In the event that it is no longer considered appropriate for a Trustee to remain on the Board of Africa Now the decision to terminate will be tabled, and if necessary voted on, at a Trustees meeting.

Risk review

The Trustees consider the major risks affecting the Charity and its activities as part of its short and long term planning procedures. We review these regularly and amend plans accordingly to mitigate those risks. A Risk Register has been created, which will help us to consider the level of risk being faced and to reduce the higher risks to a level acceptable to Africa Now's governing body. In assessing risk the Trustees recognise that some areas of our work require the acceptance and management of risk if our key objectives are to be achieved.

Objectives and Activities

The Memorandum of Association defines the charity's objectives as follows:

"The objects for which the Association is established are the relief of poverty, the relief of sickness and the advancement of education in any part of Africa." *[Amendment approved by AGM held on 23rd July, 1999]*

Following a Charity Commission review in March 2007 Africa Now is applying to the Charity Commission for permission to update its Charitable Objects and Articles of Association.

The work of the Charity is focused upon the reduction of poverty in Africa by promoting entrepreneurship and linking people to sustainable markets and ethical supply chains. This is achieved through enterprise development; facilitating access to sustainable markets and / or credit; supporting African producers to understand and gain access to local, regional and international markets through training and advice; and working with companies in their efforts to bring ethics and integrity to supply chains, through the provision of ethical business services.

Achievements and Performance

2006-2007 has been an important year for Africa Now, marking our 25th year of assisting small-scale producers and workers to benefit from enterprise, ethical trade and fair wages. Following the launch of Africa Now's Ethical Business Services, and the start of four new projects supported by the European Union and one by the Big Lottery Fund, Africa Now achieved significant managed growth over the past year. This growth is supported by robust management systems, an assessment that is reflected in the Charity Commission's own independent review conducted in March 2007. At the same time the need to identify matched funds for the EU contracts has underlined the need for further investment in our fundraising capacity and the need for us to contain the situation by making a systematic analysis of local and matched funding opportunities prior to pursuit of further partial funding.

During 2006-7 some key developments included:

- The establishment of our Zambia programme (with a new grant from the European Union and full matched funding obtained from Oxfam Hong Kong);
- The decision to continue implementing the Zimbabwe programme through our local partners while discontinuing representation in country and expatriating programme management (to Zambia and Namibia);
- The November 2006 launch of our Ethical Business Services initiative in London - established to raise funds for Africa Now's project work while also improving labour rights throughout Africa, has established Africa Now as a leading player in the ethical trade world;
- The decision not to pursue the development of a programme in Namibia following an analysis of local funding opportunities and trends.

AFRICA NOW
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

The greatest testament to Africa Now's work can be seen by the lasting impact that is made to people's lives – the 130,000 workers who can expect fairer wages their labour, the 8,000 Kenyans using village based banks to improve their financial security, and the 10,000 rural Zimbabweans benefiting from a secure supply of milk and a regular income which will see them through the current crisis.

Kenya

During 2006-7 the Kenya programme produced a new strategic plan which involved expanding our programme both in terms of volume of work and geographically. Subsequently a regional office has been opened in Naivasha in the Central region to work with small-holder flower farmers, linking them to the export market (funded by the Dutch Government), and an exciting new dairy farming venture in is being undertaken in Maragua District (funded by The Commonwealth Secretariat)

Encouraging smallholder involvement in export floriculture

In conjunction with the Kenya Flower Council, this new project is working towards improving market access for 300 smallholder flower growers living in and around Naivasha. Registered farmer groups are linked to an exporter who has agreed to pay a fair price for the flowers, which are then sold on to the export market. Smallholder farmers are given access to loans through a microfinance institution at an affordable rate of return, enabling them to purchase essential farm inputs. Training is also given on agronomy, sustainable farming practices, business management and marketing. To date, 65 farmers have already signed agreements with the exporter and have begun planting.

Improvement of small holder dairy farming

Replicating the successful dairy project in Zimbabwe, Africa Now established this new project in Maragua, Kenya. In partnership with the Ministry of Agriculture and Livestock Development and Marketing, we are assisting 90 small-scale livestock farmers by providing technical support, enterprise skills and access into the dairy market. Having carried out initial research and promotion amongst the community in Maragua, the next step in the project is to strengthen the farmer committees involved in the management of the project, and then begin training on specific techniques, HIV/AIDS awareness raising, and environment conservation as a central aspects to the work

Dairy Goats in Western Kenya.

In association with the Kenya Agricultural Research Institute (KARI) – Kibos Centre and Dairy Goat Association of Kenya (DGAK), Africa Now is assisting farmers to more than double their household income from breeding high yielding goats and selling goat milk. The project has established a goat loan scheme where beneficiaries are required to pay back their loan by passing on the first three kids to enable other farming to join. Guidelines have been developed by the participating farmer groups to help expand this successful model to other communities across the Western Kenya region. Through farmer-to-farmer training, and with the support of the KARI Kibos Multiplication Centre, support is given to dairy-goat farmers to improve their housing and feeding regimes in order to maximise milk production and animal welfare. The additional £30 per month that farming households can earn from dairy goats is either used to cover basic needs such as education and healthcare, or to reinvest in their farming businesses.

Commercial Beekeeping

Beekeeping is a simple and effective way to increase rural incomes without excessive inputs of land, labour or time. In partnership with K-Rep Development Agency and Honey Care Africa, 17,500 farmers have been introduced to beekeeping as a potential new farming business. 17 metric tonnes of honey have been produced and sold in Kenyan supermarkets, almost doubling household income by an average of £23 per month and enabling disadvantaged rural farmers to plan for the future and invest in their farming businesses. This is a highly sustainable project as it encourages farmer-to-farmer training in order to share skills and support with other community beekeepers. The original EU funded project came to an end in December 2006 and we plan to replicate this model in other locations, and are currently working to promote the scheme as an enterprise to be adopted in schools.

AFRICA NOW
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

Rich Fisheries, Poor Fisher-folk

Suba lies on the shores of Lake Victoria and is one of Kenya's poorest districts. However, its fishing catch is worth over £18 million. With funding from the EU and UK based trusts Africa Now is working with the local community to address this imbalance by strengthening the local-partner fishing associations to better represent their members, help fishfolk keep their fish fresh on ice, use nearby financial services and improve access to affordable fishing equipment. Representatives from 17 fishing associations have been trained in financial management and organizational development, helping to support over 20, 000 fisher-folk through raising awareness of the benefits of savings and the causes and prevention of HIV and AIDS.

Kenya's Village Banks

Africa Now has established eight rural Village Banks that are owned and managed by their community members in partnership with K-Rep. People buy shares at Ksh 300 (£2) to open a savings account, and access credit for family emergencies or developing small businesses. Africa Now provides training on banking and accounting, outreach and on-going support until the banks become financially sustainable. These Village Banks have so far made business development loans to over 2,000 women, and have a combined customer base of over 8,000, including 1,000 men. There are many teachers, farmers, business people and even statutory organizations, who have opened accounts with the Village Banks. Five of the Banks are now operating as independent businesses, and Africa Now is providing support and training to the rest in order to promote further outreach work, and improve financial and organization skills amongst the bank staff and community Board members to further encourage sustainability.

Community Water and Sanitation

Africa Now is establishing local enterprises to help improve access to affordable, safe water and sanitation for communities in Nyanza and Western Provinces of Kenya. Funded by the Big Lottery and in partnership with Sustainable Aid in Africa International (SANA), the project has worked with 69 villages and 33 schools, benefiting over 50,000 people through the provision of latrines, protected natural springs, hand-dug wells, rainwater catchment tanks, a water-pan and bore hole. Training forms an important aspect of this project. A total of 22 workshops have been held, building the capacity of Community Health Workers, village based 'task forces' assigned to maintain and develop local water and sanitation facilities, and artisan groups who provide construction services to project beneficiaries. Training has also been given to assist communities develop small businesses, such as commercial tree nurseries and or in solid waster management, therefore maximizing the benefit of improved water resources and creating over 109 jobs in the sector. Distances travelled to safe water resources reduced for project beneficiaries by more than 50%, and the time used on water collection by women and girls reduced from 50 minutes to less than a 20 minutes round trip, leaving more time for schooling and other more beneficial activities.

Greening Rusinga Initiative

A finalist in the UN-HABITAT Awards for Innovation 2006, this project benefits over 20,000 people by planting 1.5 million indigenous trees and establishing enterprising solutions to the Island's severe environmental problems. The Initiative is supported by the United Nations Development Programme and uniquely brings together 8 local partners to work with primary schools and community groups to plant trees, establish tree nurseries and wood lots, set up small farm-based enterprises and raise awareness of HIV/AIDS. Key achievements this year include raising of an additional 210,000 seedlings by women groups, of which 85,000 trees had been planted.

Zimbabwe

Africa Now seeks to assist vulnerable Zimbabweans get a fair price for their produce, enabling rural farmers to trade their way out of poverty. In spite of the challenges we have faced to continue working in the country, with inflation soaring, unemployment rising and shortages of food and fuel, Africa Now remains one of the few international development organisations still working with these communities helping to develop income generating opportunities. Such activities, however, are essential in order to improve rural farmers' lives and help them cope with such hardships. In Zimbabwe – Africa Now is supporting local rural dairies and assisting communities to harvest and sell wild products to help boost household income.

AFRICA NOW

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

The two projects, supported by the EU and a number of UK trusts "Increasing Income Opportunities from Smallholder Dairy Production" and "Improving Livelihoods through Sustainably Harvesting Devil's Claw" have continued to be implemented through strong partner support from the Dairy Development Programme and the African Centre for Holistic Management respectively.

Increasing Income Opportunities for Small-Scale Dairy Farmers

Dairy farming is a practical and successful option for rural communities to improve their standard of living. The market for milk is strong, and the nutritional benefits of increased dairy production are particularly valuable for elderly people, young children, for people living with HIV/AIDS and in times of drought. This year, Africa Now and the Dairy Development Programme have trained 1400 farmers in new techniques to increase the quality and quantity of milk produced, and raise awareness of the benefits of dairy farming. With few opportunities for people to earn a living in Zimbabwe, increasing numbers of people, particularly women and young school leavers, are keen to join the scheme, viewing dairy farming as a long term business venture to help carry rural families through these difficult times. Our focus in this project funded by the EU and UK based trusts continues to involve entire households in order to protect against the loss of breadwinners from AIDS, whilst the improved availability of dairy products also improves the nutrition and health of the wider community. The profits earned are used to enable people to have at least three meals a day, and any disposable income is also used to pay school fees and buy uniforms and shoes. For households affected by HIV/AIDS, the project significantly improves their ability to care for family members living with the disease. The additional income from milk sales is sufficient to pay for basic medical supplies and provide a nutritious diet

Sustainably Harvesting Devil's Claw

Devil's Claw is a medicinal plant found in the Kalahari sands. It has many different local uses and is popular across Europe and North America as an analgesic and anti inflammatory. For remote communities in Zimbabwe, there are very few income generating opportunities, and following earlier research into the potential of trade in Devil's Claw in Zimbabwe, the current project was established to enable people in rural areas to gain valuable additional income. With local partner, the African Centre for Holistic Management, Africa Now is helping communities meet the demand of an established market to obtain predictable income, whilst protecting their environment. The first sale of Devil's Claw earned harvesters as much as £62, which has made a big difference to the communities with which we work, and will continue to do so in the longer term. Harvesters involved in this project funded by the EU and UK based trusts reported that they spent the money on immediate needs such as food, or on longer term investments such as paying their children's school fees or, in one case, buying a goat.

Zambia

Zambia continues to benefit from economic growth and stability, as a result of investment and interest from the donor community to work towards the reduction of poverty and assist the Government of Zambia to meet the Millennium Development Goals by 2010.

Africa Now established an office in Lusaka in 2006, focusing initially on disadvantaged rural communities living in Southern Province. With support of the EU and Oxfam Hong Kong our first initiative has enabled us to work with the Elephant Pepper Development Trust (EPDT), assisting the people of Livingstone and Kazungula to earn a decent income from chilli growing whilst living in harmony with wild animals. Our aim in this new project is to assist 700 farming households to diversify and increase income by growing chillies for sale to a guaranteed market at a fixed, fair price. Not only will chilli sales make a significant difference to household earnings, but this crop is also an effective harmless natural deterrent against elephants. In addition, the project will set up a local village bank, which is owned and managed by the community, to give people the means to save their money and access affordable credit to invest in their businesses and their families' future. We have already seen great commitment from the Livingstone farming community, and look forward to a successful constructive working relationship with local partners in the coming years.

AFRICA NOW
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

Ethical Business Services

In early 2006 Africa Now established the Ethical Business Services (EBS) unit to ensure that more products produced in Africa are done so in an ethical manner, improving working conditions for producers and workers, and ensure a growing market share for African products. Over the past 12 months we have worked in 13 African countries, extending our services into five new areas - Ghana, Swaziland, South Africa, Zambia and Morocco.

Much of this work has been for well known UK and US companies, helping to provide assurance that the goods are produced without child labour and harassment of workers, and not under sweatshop conditions. Over the past 4 years we have worked in a variety of sectors, including horticulture, tea, coffee, textiles, sugar, cut flowers, and cocoa, delivered across 13 different countries in Africa.

As a charity, fees generated from these services have a double benefit, by improving labour standards and reinvestment in our other programme work providing sustainable income opportunities for local communities.

Our EBS Ethical Auditing model focuses on developing a team of local associates, who we train to work with us in conducting ethical assessments, of both large plantations and factories and also smallholder farmers. Each facility is audited against national and international codes and standards to assess how the company treats its workers, who then use our findings to make recommendations on ways forward, seeking continuous improvement rather than a short term fix to issues that arise.

In addition building the capacity of smallholders is key to enhancing their market access and increasing their household income. This is done through assisting people to meet fairtrade standards. Africa Now has seen an important increase in community trade initiatives geared towards increased participation of smallholders in the markets. EBS has conducted assessments and consultancy for business clients interested in increasing trade with these individual producers. Through these initiatives, smallholders are able to participate more effectively by understanding the supply chain and how they can effectively participate, building effective management structures that ensure a sustainable approach to trade and developing tools like business plans and strategic plans, among others.

Africa Now has also partnered with Joint Bodies in five big Fairtrade certified flower plantations in Kenya. A *Joint Body* is a committee of elected workers representatives and management charged with the responsibility of deciding how the premiums paid from Fairtrade products are spent. The premium is a separate payment given for the benefit of the workers, their families and communities around the farm, and can be used for improvements in health, education or other income generating projects. When elected to the Joint Body, experience has shown that workers lack the necessary skills in terms of project selection, planning and implementation in order to manage the fund and achieve the desired objective of improving workers' lives. Africa Now works with these committees through training and guidance sessions to build their capacity to a level that they are able to take control of this process and earn the trust of the workers they represent.

We believe these services are vital to ensure that people living in poverty can truly benefit from increased global trade. Support for our work is growing fast, as large companies want to be sure that their supply chains are ethical, and farmers and factory workers demand that they are paid fairly for their labour

AFRICA NOW
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

Examples of the work undertaken by EBS during 2006-7 include:

- In Egypt Africa Now undertook an ethical assessment of homeworkers producing hand embroidered garments in the remote Siwa oasis, as well as ethical audits in textiles and confectionary.
- In Kenya our Ethical Business Services have grown to include delivery of training to farms with Fairtrade certification as well as ethical assessments of small and large-scale barley growers.
- In Rwanda by working with local partners, Africa Now helped coffee exporters understand more about the lives of their producers.
- In Madagascar Africa Now has strong representation, conducting ethical assessments primarily in the garment sector.
- In Mauritius we have worked with both UK and US companies monitoring ethical standards in textile factories
- In Swaziland Africa Now has worked to improve labour standards in textile factories producing garments for the US clothing market.
- In South Africa an extensive study of fruit farms was carried out to assess the efforts made to initiate projects which benefit workers and their families.
- In Lesotho our ethical auditing team has grown to 7 associate members, undertaking assessments of garment factories working to improve working conditions.
- In Namibia Africa Now is helping build local capacity to improve labour conditions in the textile sector.
- In Nigeria work has been done to help large companies monitor ethical standards in their supply chains of cocoa production and related industries.
- In Ghana a team of 6 associate auditors have been trained by Africa Now to conduct an ethical assessment of a tuna canning factory.
- In Zambia a team of has been trained associates and carried out an ethical assessment of a large coffee producer.

“Africa Now has worked with over 130,000 people, helping to improve labour standards in factories and farms across Africa.”

Financial Review

As shown in the restricted funds column of the Statement of Financial Activities, £932,000 of the income was for specific projects. A net £151,000, after allowing for fundraising costs, was raised through individual and corporate donations, legacies and fundraising events. It was agreed to invest in a new fundraising position (Head of Fundraising and Communications) during the coming financial year in order to accelerate growth of our unrestricted funds and trust fundraising.

The amount spent on charitable activities rose to £1,126,000. The charity continues to monitor the infrastructure costs closely with the intention of maximising the amount of the funds received to be spent on the programmes.

Reserves policy

Africa Now seeks to maintain the general fund at a level sufficient to fund the basic costs of running the organisation for a period of six to nine months. As at 31 March 2007 the level of unrestricted funds, not represented by fixed assets was just approximately £174,000.

AFRICA NOW
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the results of the company for that year. In preparing those financial statements, the trustees are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

So far as the trustees are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and

Each trustee has taken all steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Board of Trustees on

.....Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AFRICA NOW

We have audited the financial statements of Africa Now for the year end 31 March 2007 which comprise of the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the Trustees, who are also the directors of Africa Now for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the company is not disclosed.

We report to you whether in our opinion the information given in the Trustees' report is consistent with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2007 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information in the Trustees' Report is consistent with the financial statements.

AFRICA NOW
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2007

	Note	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income	2	186,065	-	186,065	161,683
Investment income	3	4,906	515	5,421	3,040
Incoming resources from charitable activities	4	99,756	931,477	1,031,233	842,210
Other incoming resources		<u>21,102</u>	<u>-</u>	<u>21,102</u>	<u>10,762</u>
Total incoming resources		<u>311,829</u>	<u>931,992</u>	<u>1,243,821</u>	<u>1,017,695</u>
Resources Expended					
Cost of generating funds:					
Costs of generating voluntary income	5	34,678	-	34,678	39,369
Charitable activities	6	279,643	846,052	1,125,695	713,677
Governance costs	8	<u>4,172</u>	<u>-</u>	<u>4,172</u>	<u>3,988</u>
Total resources expended		<u>318,493</u>	<u>846,052</u>	<u>1,164,545</u>	<u>757,034</u>
Net Incoming/(Outgoing)resources for the year		(6,664)	85,940	79,276	260,661
Transfers between funds	14	<u>(25,149)</u>	<u>25,149</u>	<u>-</u>	<u>-</u>
Net movement of funds		(31,813)	111,089	79,276	260,661
Balance brought forward at 1 April 2006		<u>208,440</u>	<u>347,840</u>	<u>556,280</u>	<u>295,619</u>
Balance carried forward at 31 March 2007		<u>176,627</u>	<u>458,929</u>	<u>635,556</u>	<u>556,280</u>

All activities are continuing.

There are no recognised gains or losses other than the net movement in funds for the year.

AFRICA NOW
BALANCE SHEET
AS AT 31 MARCH 2007

	Note	£	2007 £	2006 £
Fixed assets				
Tangible assets	11		2,767	5,620
Current assets				
Debtors	12	600,667		234,000
Cash at bank and in hand		<u>234,002</u>		<u>495,007</u>
		834,669		729,007
Liabilities				
Amounts falling due within one year	13	<u>(201,880)</u>		<u>(178,347)</u>
Net current assets			<u>632,789</u>	<u>550,660</u>
Net assets			<u>635,556</u>	<u>556,280</u>
Funds				
Restricted	14		458,929	347,840
Unrestricted			<u>176,627</u>	<u>208,440</u>
Total charity funds			<u>635,556</u>	<u>556,280</u>

Approved and authorised for issue by the Committee of Management on

.....
 Director

AFRICA NOW

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

1 **Accounting Policies**

The financial statements have been prepared in accordance with applicable UK Accounting Standards, the Companies Act 1985 and the Statement of Recommended Practice – Accounting and Reporting by Charities – issued in March 2005. In order to comply with the revised SORP expenditure headings have been amended, although there is no change in the overall expenditure. The principal accounting policies adopted, which have been applied on a consistent basis, are described below.

(a) **Incoming Resources**

All income is treated as unrestricted income and is available for expenditure approved by the Trustees, unless the donor has specified the manner in which the donation is to be spent, in which case it is treated as restricted income.

Grants receivable are included in the financial statements in the year in which they are due.

Donations are credited to the Statement of Financial Activities in the year in which they are received.

Legacy income is credited to the Statement of Financial Activities when it is received or if, before receipt, it has become reasonably certain that the legacy will be received and the value of the incoming resources can be measured with sufficient reliability.

(b) **Fixed assets and depreciation**

Depreciation is provided on all tangible fixed assets at annual rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:-

Equipment	- 20% per annum on the reducing balance basis
Fixtures and fittings	- 15% per annum on straight line basis
Computer equipment	- 25% per annum on straight line basis

The Charity holds a small number of fixed assets in Africa, principally motor vehicles. These assets are not capitalised as they are purchased for use on specific projects and, in the Charity's experience, they undergo a high level of wear and tear and often have a negligible resale value at the end of a project.

(c) **Foreign currencies**

- i) Transactions in foreign currencies are recorded at then rate of exchange ruling at the date of the transactions.
- ii) Foreign currency balances outstanding at the period-end are converted at the rate ruling at the balance sheet date.
- iii) All exchange differences are reflected in the Statement of Financial Activities.

(d) **Expenditure**

Expenditure, including staff costs, is included in the accounts on an accruals basis and includes any irrecoverable VAT. Where expenditure cannot be directly attributed to specific activities, it is apportioned on the basis of the estimated time spent by staff on those activities. Support costs are allocated to charitable activities in proportion to the costs of the activities undertaken directly.

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**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)**

(e) **Fund accounting**

Restricted funds comprise unexpended balances of donations and grants held on trust to be applied for specific purposes.

Unrestricted funds comprise the accumulated funds which are available for use at the discretion of the directors in furtherance of the objectives of the Charity.

(f) **Pension costs**

The contributions paid by the Charity during the year have been reflected in the Statement of Financial Activities.

2	Voluntary Income	2007	2006
		£	£
	Donations	129,484	115,184
	Legacies	<u>56,581</u>	<u>46,499</u>
		<u>186,065</u>	<u>161,683</u>

3	Investment income	Unrestricted Funds	Restricted funds	Total funds 2007	Total funds 2006
		£	£	£	£
	Bank Interest	<u>4,906</u>	<u>515</u>	<u>5,421</u>	<u>3,040</u>

4	Incoming Resources from Charitable Activities	Unrestricted Funds	Restricted funds	Total funds 2007	Total funds 2006
		£	£	£	£
	Helping small scale businesses				
	UK Government – DFID	-	-	-	39,485
	European Union	-	471,000	471,000	580,231
	Dutch Government	-	70,111	70,111	-
	Farm Africa	-	-	-	23,406
	Lottery funding	-	121,385	121,385	-
	SIDA	-	-	-	367
	Commonwealth Secretariate	-	11,000	11,000	-
	Kenya BDS – Lake savings fishing gear	-	-	-	8,225
	UNDP	-	-	-	6,927
	States of Guernsey	-	30,930	30,930	19,913
	Beatrice Laing Foundation	-	-	-	15,000
	Good Gifts	-	35,539	35,539	35,175
	Clothworkers Foundation	-	20,000	20,000	-
	Rufford Maurice Laing Foundation	-	30,000	30,000	-
	Charles Hayward Foundation	-	10,000	10,000	-
	Oxfam	-	48,527	48,527	-
	Trusts and other grants & income	953	32,985	33,938	53,480
	Promoting ethical international trade				
	Ethical audit fees	98,803	-	98,803	60,001
	Joffe Trust	-	30,000	30,000	-
	Body Shop Foundation	-	15,000	15,000	-
	Zochonis	-	<u>5,000</u>	<u>5,000</u>	-
		<u>99,756</u>	<u>931,477</u>	<u>1,031,233</u>	<u>842,210</u>

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

5	Costs of generating voluntary income	Unrestricted fund	Restricted funds	Total funds 2007 £	2006 £
		£	£	£	£
	Direct mail and apportioned costs	<u>34,678</u>	-	<u>34,678</u>	<u>39,369</u>
6	Charitable activities	Activities undertaken directly £	Support costs £	Total 2007 £	Total 2006 £
	Activity				
	Helping small-scale business	988,479	59,722	1,048,201	674,611
	Promoting ethical international trade	<u>73,079</u>	<u>4,415</u>	<u>77,494</u>	<u>39,066</u>
		<u>1,061,558</u>	<u>64,137</u>	<u>1,125,695</u>	<u>713,677</u>
7	Support costs	Helping small-scale businesses £	Ethical international trade £	Total 2007 £	Total 2006 £
	Salaries	28,790	2,139	30,929	26,201
	Head office costs	<u>30,932</u>	<u>2,276</u>	<u>33,208</u>	<u>22,678</u>
		<u>59,722</u>	<u>4,415</u>	<u>64,137</u>	<u>48,879</u>
	Support costs are allocated to charitable activities in proportion to the costs of activities undertaken directly.				
8	Governance costs			2007 £	2006 £
	Audit			4,119	3,778
	Trustee meetings			<u>53</u>	<u>210</u>
				<u>4,172</u>	<u>3,988</u>
9	Employee costs			2007 £	2006 £
	Staff costs include the following:				
	Wages and salaries			213,423	246,679
	Social security costs			12,064	11,511
	Pension costs			<u>18,444</u>	<u>11,579</u>
				<u>243,931</u>	<u>249,649</u>

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**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)**

9 Employee costs (continued)

The average number of persons employed during the year was as follows:

	2007	2006
	No.	No.
Administration, fundraising and publicity	3	3
Charitable activities	<u>30</u>	<u>30</u>
	<u>33</u>	<u>33</u>

During the year £53 (2006: £73) was paid to R Slade as reimbursement of expenses for his services as a board member. No other remuneration or reimbursement of expenses was paid to the directors for their services as board members.

No employees' emoluments exceeded £60,000 in the year.

10 Pension costs

Africa Now participates in The Pension Trust SCVO Final Salary Pension Scheme. The scheme is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate, to March 2007. From April 2007 there are two benefit structures available. These are final salary with a 1/60th accrual rate and final salary with a 1/80th accrual rate. Participating employers must choose which benefit structure that they wish to offer to their employees.

Africa Now has decided to continue to offer the 1/60th accrual benefit structure to employees from October 2007.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Africa Now paid contributions at the rate of 12.0%. Member contributions were 6.0%.

As at the balance sheet date there were 2 active members of the Scheme employed by Africa Now.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to the individual participating employers. Accordingly, due to the nature of the scheme, the profit and loss account charge for the period under and FRS 17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the "projected unit credit" method.

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**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)**

10 Pension costs (continued)

The financial assumptions underlying the valuation as at 30 September 2005 were as follows:

	% pa
- Investment return pre retirement	6.10
- Investment return post retirement	4.80
- Rate of salary increases	4.00
- Rate of pension increases:	
for pensionable service pre 6 April 2005	2.50
for pensionable service post 5 April 2005	2.25
- Rate of price inflation	2.50

The market value of the Scheme's assets at the valuation date was £33.2 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £6.7 million (equivalent to a past service funding level of 83%).

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary 1/60 th accrual rate	20.0% comprising employer contributions of 13.0% and member contributions of 7.0%

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

In view of the past service shortfall it was agreed that the joint contribution rates shown in the table below would be payable with effect from 1 October 2007.

Benefit structure	Joint contribution rate (% of pensionable salaries)
Final salary 1/60 th accrual rate	22.7% comprising employer contributions of 15.7% and member contributions of 7.0%

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2022.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)**10 Pension costs (continued)**

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Africa Now has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Scheme as at 30 September 2005. As of this date the estimated employer debt for Africa Now was £76,000.

11 Tangible assets

	Office Equipment £	Fixtures & Fittings £	Computer Hardware & Software £	Total £
Cost				
At 1 April 2006	5,388	650	13,490	19,528
Additions	<u>-</u>	<u>-</u>	<u>735</u>	<u>735</u>
At 31 March 2007	<u>5,388</u>	<u>650</u>	<u>14,225</u>	<u>20,263</u>
Depreciation				
At 1 April 2006	4,771	650	8,487	13,908
Charge for the year	<u>123</u>	<u>-</u>	<u>3,465</u>	<u>3,588</u>
At 31 March 2007	<u>4,894</u>	<u>650</u>	<u>11,952</u>	<u>17,496</u>
Net Book Value				
At 31 March 2007	<u>494</u>	<u>-</u>	<u>2,273</u>	<u>2,767</u>
At 31 March 2006	<u>617</u>	<u>-</u>	<u>5,003</u>	<u>5,620</u>

12 Debtors

	2007 £	2006 £
Prepayments and Accrued Income	71,135	47,002
Grants receivable	527,396	184,956
Project Loans	<u>2,136</u>	<u>2,042</u>
	<u>600,667</u>	<u>234,000</u>

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

13 Creditors			2007	2006		
			£	£		
Other creditors			187,100	167,660		
Pension contributions			10,090	4,476		
Accruals			<u>4,690</u>	<u>6,211</u>		
			<u>201,880</u>	<u>178,347</u>		
14 Restricted funds			Transfers from			
	Balance at	Transfers	Income	Expended	unrestricted	Balance at
	1/4/06	between	in the year	in the year	funds	31/3/07
	£	funds	£	£	£	£
Ethical Business	-	-	50,000	23,000	-	27,000
Kenya:						
Natural Resource Management	3,733	-	-	11,360	7,627	-
IWASA	6,588	(5,508)	-	1,080	-	-
CTC	-	1,934	-	2,975	1,041	-
COWASA	-	3,574	152,315	104,658	-	51,231
SWOES	10,642	-	19,635	38,398	8,121	-
Bee-Keeping	16,682	-	93,265	90,084	-	19,863
Baraka re Bee-keeping	782	-	-	-	-	782
UNDP Rusinga	3,957	-	4,485	2,884	-	5,558
Lake Savings	1	-	-	1	-	-
Goats Project	9,073	-	6,225	11,419	-	3,879
Kenya Health Projects	6,324	-	-	6,324	-	-
Suba Fisheries	74,550	-	85,042	129,950	-	29,642
Small-holder flowers	-	-	70,111	54,068	-	16,043
Zimbabwe/Zambia						
Chillis	-	-	259,694	6,707	-	252,987
Devil's Claw (new project)	68,331	-	88,252	133,244	-	23,339
Dairy (old project)	932	-	(9,292)	-	8,360	-
Dairy (new project)	146,245	-	112,260	229,900	-	28,605
Total	<u>347,840</u>	-	<u>931,992</u>	<u>846,052</u>	<u>25,149</u>	<u>458,929</u>

The restricted fund consists of the unspent balances of donations and grants whose use is restricted either generally to cover expenditure on projects in Africa, or specifically to individual projects.

The Report of the Council of Management provides an overview of the major projects.

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**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)**

15 Analysis of fund balances between net assets

	Unrestricted Funds £	Restricted Funds £	2007 Total £	2006 Total £
Fixed Assets	2,767	-	2,767	5,620
Net Current Assets	<u>173,860</u>	<u>458,929</u>	<u>632,789</u>	<u>550,660</u>
	<u>176,627</u>	<u>458,929</u>	<u>635,556</u>	<u>556,280</u>

16 Financial commitments

At 31 March 2007 the Charity had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings	
	2007 £	2006 £
Expiry date:		
Under one year	-	-
Between one and two years	<u>7,500</u>	<u>7,500</u>
	<u>7,500</u>	<u>7,500</u>

17 Funders

Organisations and individuals (not already listed in note 4) donating £1,000 or more in the year were:

	£
Leathersellers' Company Charitable Fund	1,000
Body Shop Foundation	15,000
Zochonis Charitable Trust	5,000
Dulverton Trust	5,000
Boden	1,000
Rufford Maurice Laing Foundation	30,000
Oxford Fairtrade Co-op	1,500
BOAG	5,000
Joffe Charitable Trust	30,000
Fulmer Charitable Trust	2,000
Charles Hayward Foundation	10,000
Good Gifts	35,540
States of Guernsey	30,930
Alan and Nesta Ferguson Charitable Settlement	10,000
Mazars Charitable Trust	7,500
AB Charitable Trust	5,000
Mr A Evans	1,000
Ms Katherine Reid	1,000
Mr Robert Jenkins	1,375
Mrs R Vere	3,312
The estate of the late Mr J B Cheverton	11,646
The estate of the late Mr W Holmes	20,000
The estate of the late Mrs Grace Rothero	4,765
The estate of the late Mrs J G Hall	18,709
Mr A Evans	1,000
Tinsley Charitable Trust	1,000

The generosity of these donations was much appreciated.