

THE CHANGARAWA PROJECT
(Charity No 1098215)

ANNUAL REPORT

and

FINANCIAL STATEMENTS

for the Year ended 30 June 2022

THE CHANGARAWA PROJECT
(Charity No 1098215)

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THE OBJECTIVES OF THE CHARITY

(as set out in a Supplementary Deed dated 4 March 2012):

The Trustees must apply the income of the Charity in furthering the following objects:

To advance education, relieve poverty and preserve and protect the good health of the people of Changarawe Village, Tanzania and the surrounding areas, in particular but not exclusively, by all or any of the following means:

- a) the provision of support and finance for the Zawadi School (formerly known as the Walford Zawadi School);
- b) the provision of support and finance for the domestic, social and educational wellbeing of orphans attending primary or secondary schools, or undertaking vocational training;
- c) the provision of land and the construction and maintenance of such buildings as the Trustees consider necessary for the educational needs of students, whether at the Zawadi School or within the orphan support project;
- d) the provision of loans to local people of either gender to facilitate setting up or developing small business ventures with a view to supporting their families;
- e) to provide facilities for educating local people in such topics as family planning and the prevention of HIV Aids;
- f) to provide finance and support, whether through employment or otherwise, for destitute grandparents of children who are current or past students at the Zawadi School and who are wholly or partially responsible for the care of such children;
- g) to undertake any other activities which the Trustees consider to be helpful in furthering the other activities of The Changarawe Project.

TRUSTEES

Rose Edwina Baylis
Carolyn Anne Walford
Luke Edwards-Stuart
Michael Robarts
Felistas Kalomo
Robert Watkinson
Tatyana Eatwell
Sarah Konopka

BANK

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WEBSITE

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REPORT FROM THE CHAIR FOR THE YEAR ENDED 30 JUNE 2022

This is my fourth annual report since the Trustees took the decision to embark on a gradual and carefully phased reduction in support for the Changarawe community. The key driver of our spending profile remains the number of children enrolled in the programme and, by extension, the level of staffing required to address their needs.

The Trustees are of course aware that, in addition to providing for the care of these students, we also provide important support for the wider community through employment opportunities, as well as by direct funding of the families involved. A certain level of tension is bound to be created as the administration element of funding is progressively withdrawn.

The need for the changed approach has been carefully spelled out to CDO and the indications to date suggest that our position is understood, if not welcomed, by the local team. We have been much encouraged by the fact that day to day operations have continued to run smoothly despite a certain level of staff turnover. Financial management on the ground has been excellent with accurate reports fed back on a monthly basis, covering budgets and cashflow, as well as prompt answers to any queries that are raised.

As I have explained in previous reports, we provide funding for administrative costs (a large proportion of which is represented by salaries) from our General Fund, whilst funding of our various development programmes comes from the Nigel Lloyd Fund.

The General Fund

We switched our basis of support for administrative costs from itemised budgets to a lump sum regime in July 2017 and have gradually reduced the amount sent each quarter to a point at which, from the start of 2023, it will be running at half its original level. This reflects our view that there is a steadily decreasing need for the charity to support a large team of local staff. To the extent that CDO wish to retain additional capacity, they are obviously free to look to other sources of financial support.

It is clearly important for us to safeguard the continued employment of certain key individuals who directly support the students enrolled in the Nigel Lloyd programme and, for that reason, those salaries (four in total) and the associated payroll taxes are covered by quarterly transfers from the Nigel Lloyd Fund into the CDO administration account. These transfers are in addition to the fixed amounts sent from the General Fund.

Over the period, now four years, during which this regime has been in place, administrative spending has been very disciplined and has not exceeded the amounts provided from London, albeit supplemented by occasional contributions and grants from other sources.

Although the **budgets** for the administration account are no longer itemised, the monthly reports which account for **spending** continue to be itemised in very considerable detail and this enables us to be satisfied that the money we send is applied in an appropriate manner. Apart from other considerations, this is a requirement of UK anti-money

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laundering regulations. It is worth noting that we are required to complete annual anti money laundering questionnaires from both the Charity Commission and CAF Bank. The fact that we can account accurately for all local spending has proved invaluable in this regard.

The Nigel Lloyd Fund

We use this fund to support our various development programmes. This support has two main components. The first is the provision of welfare support for students going through their educational journeys from primary to secondary school up to the point at which they sit O level exams. At the moment, we have 91 students (the majority being orphans) attending primary or secondary school, plus one further orphan girl who is seriously ill and therefore not at school. We meet all her medical costs.

Having sat their O level exams, the students' formal compulsory education ceases but, depending on the grades achieved, they can go on to apply for two year A level courses or other vocational courses (for the most part lasting three years) and for the students opting for such courses, we pay the course fees and provide support for travel and accommodation as required. This latter support forms the second major element of our financial commitment.

The two elements of support involve materially different dynamics. We decided to stop enrolling new students into the programme from the end of 2020 and consequently the number of supported students is now on a steady and reasonably predictable downward trend, with the last cohort expected to graduate from secondary school in 2029. As a result, the financial commitment is also now on a declining trend. In marked contrast, the potential number of students moving on to advanced courses will remain constant until 2029, simply because a roughly equal number will graduate from secondary school every year.

It is an exciting measure of the charity's success that the number of students being accepted for A level and other advanced course has risen steadily over the years to the point that, in 2022, we are supporting no fewer than 21 students through this final stage of their education.

In addition to these two major student related commitments, the Nigel Lloyd Fund continues to support the long-standing Babu Bibi initiative, whereby we provide food, bedding, medicine and a certain amount of social support for elderly relatives of the students, the majority of whom are either carers of our students, or have previously acted as such. The number supported in this way will naturally diminish over time, given that new student entrants are no longer being accepted.

Finance

At the time (2020) that the decision was taken to stop enrolling new students into the programme, we announced our intention to stop active fund raising from the end of 2023, since we anticipated that by that point our resources would be sufficient to meet the remaining costs of supporting the declining number of students through to the O level stage. At that point, our plan was to continue to seek sponsors for those students opting for advanced courses and it is very pleasing to be able to report that, to date, the vast majority of this considerable financial commitment has indeed been covered in

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that way. The generosity of donors' response to the appeal for sponsors has been nothing short of remarkable.

In practice, two important subsequent developments have had a significant impact on the original funding plan. The first was a Tanzanian government announcement that the families of children in full time education would be required to pay for meals supplied by their schools. It took time for this new initiative to become embedded and for the exact cost to become clear but, from the outset, we agreed to add the cost of these meals to the support already provided. This, together with our decision to pay for certain of the staff salaries out of the Nigel Lloyd Fund, explains why, despite the reducing number of supported students, the expenditure out of the fund has actually **risen** since 2019 - from just over £19,000 then, to almost £25,000 in 2022. We do nevertheless expect a decline in spending going forward, as these unforeseen additional costs have now stabilised. Whilst the salary support is expected to continue unchanged, all other elements of spending should now decline in line with the number of students enrolled.

The second (and by far the more important) development has been the receipt of three significant legacies from the estates of former donors which have fundamentally transformed our finances. This was obviously totally unexpected when we took the decision to stop active fund raising at the end of 2023. Without those legacies it would have been very difficult to stand by that decision, especially given the steady rise in demand for advanced courses and the consequent need to seek out ever more sponsors at a time of significant economic uncertainty in the UK. The impact of the legacies can be seen in the Nigel Lloyd Fund's cash balance at the year end of £109,000 shown on page 10, which has since increased through further legacy distributions to over £150,000 at the time of writing this report.

As matters now stand, our analysis of the likely trend in our Tanzanian spending gives us a degree of confidence that we can stand by the decision to "go it alone" from the end of 2023, even though the last students will not leave secondary school until 2029 and the last advanced course students will not complete their studies before 2031 at the earliest. We think, other things being equal, that our financial resources will by then be sufficient to cover the associated costs without having to appeal for further sponsorships. We will continue to monitor cashflow trends during the course of the coming year and plan to write to donors and sponsors with an update as to our conclusions towards the end of 2023.

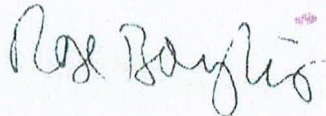
I have to report that we have not escaped entirely unscathed by the financial turmoil in UK financial markets in the summer of 2022. Rising interest rates undermined the value of the fixed interest investments of both of our funds and we deemed it prudent to amend our accounting policy to reflect the reduction in their market value. This is shown on page 10 and further explained in note 4 on that page. We are in contact with Charities Aid Foundation who promote the fund in question, with a view to deciding on the most appropriate response. Such a fund would normally recover much, if not all, of the decline in value as market conditions become more settled.

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Conclusion

With the number of supported families now steadily declining, we can look back with considerable satisfaction on what this small charity has achieved. None of it would have been possible without a dedicated local team on the ground in Tanzania and, above all, our endlessly supportive and generous long-term donors. The journey has faced its challenges, but the reward has been enormous.



Rose Baylis, Chair of the UK Trustees
6 January 2022

STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

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

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with the General Directions of the Charity Commission under Section 130 of the Charities Act 2011. 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 Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Charity, and enable them to ensure that the financial statements comply with relevant charities legislation. The Trustees are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

General Fund: Income and Expenditure Account

2021		2022
£	Income	£
505.00	Donations received	500.00
14,672.51	Recurrent donations received under standing orders	12,234.68
67.00	Sales of textile products	1,190.00
484.17	Interest received	564.31
4,272.62	Gift Aid refunds from HMRC (note 2)	4,981.01
<u>20,001.30</u>		<u>19,470.00</u>
	Expenditure	
22,144.39	Remittances to Tanzania (note 3)	17,098.73
71.72	Bank charges on remittances	56.68
57.00	Printing costs	-
97.00	Other expenses	115.00
<u>22,370.11</u>		<u>17,270.41</u>
(2,368.81)	Income surplus (2021: Income shortfall)	2,199.59
12,130.47	Bank deposit at 30 June 2021	9,761.66
<u>9,761.66</u>	Bank deposit at 30 June 2022	<u>11,961.25</u>

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Nigel Lloyd Fund: Income and Expenditure Account

2021		2022
£	Income	£
1,435.77	Donations received	325.85
5,954.77	Standing orders	5,893.50
8,750.00	Donations relating to student sponsorship	4,250.00
-	Legacies	98,526.38
1,025.00	Sales of textile products	458.00
565.52	Interest received	667.65
18.75	Other income	-
<u>17,749.81</u>		<u>110,121.38</u>
	Expenditure	
15,691.00	Remittances to Tanzania (note 3)	22,937.42
48.28	Bank charges on remittances	63.32
1,500.00	Spending on projects	1,500.00
815.81	Printing costs	-
216.00	Website costs	216.00
190.00	Other expenses	96.00
<u>18,461.09</u>		<u>24,812.74</u>
(711.28)	Income surplus (2021: Income shortfall)	85,308.64
24,072.37	Bank deposit at 1 July 2021	23,361.09
<u>23,361.09</u>	Bank deposit at 30 June 2022	<u>108,669.73</u>

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Statement of Assets

2021		2022
£	CAF Bank Limited	£
9,761.66	General Fund	11,961.25
23,361.09	Nigel Lloyd Fund	108,669.73
<u>33,122.75</u>	Total bank deposits	<u>120,630.98</u>
	Investments (note 4)	
16,000.00	General Fund	14,367.04
20,000.00	Nigel Lloyd Fund	16,780.89
<u>36,000.00</u>	Total Investments	<u>31,147.93</u>
<u>69,122.75</u>	Total Assets as at 30 June 2022	<u>151,778.91</u>

Notes:

1. The accounts have been prepared using the income and expenditure basis of presentation.
2. The Changarawe Project enjoys charitable status, enabling it to reclaim Gift Aid on donations from UK taxpayers at the basic income tax rate.
3. Breakdowns of the transfers to Tanzania from each account and the uses to which the money has been put are shown on pages 12 to 14.
4. The investments are represented by holdings of B class shares in the CAF Fixed Income Fund, which in previous years have been shown in the accounts at their original cost. The holdings suffered a significant loss of value in the closing days of the period and it was decided to alter their accounting treatment by reporting their market value at the year end.

The holdings are 16,713.635 shares (General Fund) and 19,521.745 shares (Nigel Lloyd Fund). The market price at 30 June 2022 was £0.8596 per share, giving a total market value of £31,148 (2021: market price £1.0156, giving a value of £36,844).

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

INDEPENDENT EXAMINER'S REPORT to the Trustees of the Changarawe Project

I report on the accounts of the Changarawe Project for the year ended 30 June 2022, which are set out on pages 8 to 10.

Respective responsibilities of Trustees and Examiner

The Charity's Trustees are responsible for the preparation of the accounts. The Charity's Trustees consider that an audit is not required for this year under Section 144 (2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

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


Basis of examination

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the Charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from 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 show 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 (1) to keep accounting records in accordance with section 130 of the 2011 Act and (2) to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Act have not been met;
- or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Ian Prideaux ACA
31 The Chase, London SW4 ONP

6 January 2023

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UNAUDITED ANALYSIS OF TANZANIAN EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2022

<i>2021</i>		<i>2022</i>	
<i>TZ sh '000</i>	General Fund (see below for breakdown)	<i>TZ sh '000</i>	%
<i>49,829</i>	Staff welfare	45,793	71.0
<i>14,285</i>	Operational overheads	13,769	21.4
<i>2,446</i>	Other costs	4,931	7.6
<i>66,560</i>	Total General Fund	64,493	100.0
	Nigel Lloyd Fund (see page 13 for breakdown)		
<i>3,123</i>	Zawadi School	-	-
<i>22,488</i>	Orphan welfare	26,032	45.1
<i>10,718</i>	Sponsored courses	22,296	38.7
<i>9,394</i>	Bibi Babu project	9,315	16.2
<i>45,723</i>	Total Nigel Lloyd Fund	57,643	100.0
<i>112,283</i>	Overall Totals	122,136	
	General Fund - Breakdown		
			% (of total)
<i>41,129</i>	Staff salaries	37,820	58.6
<i>8,700</i>	Other allowances	7,973	12.4
<i>49,829</i>	Total Staff Welfare	45,793	71.0
<i>314</i>	Utilities	767	1.2
<i>260</i>	Fees	270	0.4
<i>7,803</i>	Maintenance	4,583	7.1
<i>1,833</i>	Vehicle running costs	2,198	3.4
<i>4,040</i>	Office costs	3,926	6.1
<i>35</i>	Credit scheme training	2,025	3.1
<i>14,285</i>	Total Operational Overheads	13,769	21.3
<i>1,628</i>	Manufacture of textile products for sale in the UK	2,576	4.0
<i>818</i>	Other costs	2,355	3.7
<i>2,446</i>	Total Other Costs	4,931	7.7
<i>66,560</i>	Total General Fund	64,493	100.0

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UNAUDITED ANALYSIS OF TANZANIAN EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2022

2021 TZ sh '000	Nigel Lloyd Fund - Breakdown	2022 % (of total)	
888	School feeding	-	-
647	School medical costs	-	-
477	School uniforms	-	-
667	Graduation ceremony	-	-
444	Other school costs	-	-
3,123	Total Zawadi School Costs	-	-
1,314	Secondary school feeding programme	5,898	10.1
6,293	Medical costs	6,891	12.0
5,225	Educational costs (basic)	5,646	9.8
900	Domestic support costs	1,595	2.8
1,844	Social events	1,935	3.4
455	Peer educators	478	0.8
6,457	Library/study centre running costs (including feeding)	3,589	6.2
22,488	Total Orphan Project Costs	26,032	45.1
10,718	Cost of sponsored courses and support packages	22,296	38.7
705	Annual packages	560	1.0
7,566	Monthly packages	7,230	12.5
1,083	Social events	1,125	2.0
40	Medical costs	400	0.7
9,394	Total Bibi Babu Costs	9,315	16.2
35,005	Total Nigel Lloyd Fund	57,643	100.0
101,565	Total spending for the year from both Funds (see page 12)	122,136	

BREAKDOWN OF MONEY TRANSFERS

2021 £		2022 £
22,144.39	General Fund (see page 8)	17,098.73
15,691.00	Nigel Lloyd Fund (see page 9)	22,937.42
37,835.39	Total Sterling transfers	40,036.15
TZ sh '000		TZ sh '000
114,732	Local currency proceeds of sterling transfers (note 1)	122,285
(1,005)	Adjustment required due to exchange rate fluctuations (note 2)	(872)
113,727	Intended value of transfers (based on agreed quarterly budgets)	121,413

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UNAUDITED ANALYSIS OF TANZANIAN EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2022

Tanzanian Bank Reconciliation

2021 TZ sh '000		2022 TZ sh '000
25,288	Bank balances and cash in hand at 1 July 2021	23,949
	Receipts	
114,732	Money transferred during the year (see page 13)	122,285
2,176	Loan repayments under the credit scheme	6,936
323	Income from local initiatives	-
-	Income from government sources	3,281
87	Other local income	292
<u>117,318</u>	Total receipts	<u>132,794</u>
	Payments	
112,283	Project spending during the year (see pages 12 and 13)	122,136
5,500	New loans under the credit scheme	-
874	Other local expenses	1,014
<u>118,657</u>	Total payments	<u>123,150</u>
<u>23,949</u>	Bank balances and cash in hand at 30 June 2022	<u>33,593</u>
	Represented by CRDB Statement balances	
11,372	CDO Administration Account No 0152296625900	18,923
3,283	CDO Development Account No 01J2012185101	39
7,700	CDO Credit Scheme Account No 01J2012185102	9,062
-	Term deposit account	5,550
<u>22,355</u>	Total bank balances	<u>33,574</u>
1,594	Cash in hand	19
<u>23,949</u>	Total bank and cash resources at 30 June 2022 as above	<u>33,593</u>

Notes to unaudited summary of Tanzanian expenditure:

- The transfers of funds to Tanzania are based on detailed quarterly budgets. Actual spending will vary from these amounts. The differences are monitored and, where appropriate, adjustments are made to the amount transferred in the following quarter.
- Transfers are made in Sterling, with the currency conversion performed locally. This means that the local currency amount credited to CDO's account cannot be predicted accurately. Adjustments are made in the following quarter to compensate for any surplus or shortfall compared to the intended amount.
- The costs associated with the transfers amounted to £120, representing 0.3% of the amount transferred (2021: £120, representing 0.3%). The amounts transferred were converted at an average exchange rate of TZ sh 3051 to £1 (2021: 3006 to £1).