



ADD INTERNATIONAL
ANNUAL REPORT & ACCOUNTS
31 DECEMBER 2014

ADD International is registered as Action on Disability and Development. Company Limited by Guarantee
Registered in England and Wales. Company Number: 2033925. Charity Commission Number 294860.

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FROM THE CHAIR AND CEO

'**Differently Shoes**' is the name of a very interesting new social enterprise set up and run by disabled people in Bangladesh. Run as a cooperative, members make and sell shoes as part of a wider effort to prove that disabled people can participate in economic development, and work their way out of poverty. The International Labour Organisation, a UN body, awarded a prize to this ADD International project.

We were honoured to visit this work last November and were very impressed by the stunningly beautiful shoes that they produced. But projects like this, life changing and successful as they are, will only reach limited numbers of disabled people unless others take this type of approach on themselves.

That is why we were absolutely delighted when, on 3 December 2014, the International Day for Persons with Disabilities, the UK government launched a brand new **Disability Framework** which set out how it intends to ensure disabled people are involved in, and benefit from, all forms of UK Aid.

This was prompted by a cross party select committee inquiry earlier in the year, which recommended that the UK Government's Department for International Development (DFID) should significantly increase the extent to which it includes disabled people in its work.

This commitment by the UK mirrors the continued healthy profile afforded to the inclusion of disabled people in the UN led process to replace the Millennium Development Goals (MDGs) expiring this year in 2015. The MDGs made no reference to disability. The new set of goals, designed to last the world until 2030, most definitely will.

ADD International has been a key player behind the scenes in both of these successes and, during 2014, we were pleased to establish a new Policy and Influencing unit led by Mosharraf Hossain, formerly our Country Director for Bangladesh, and initiator of the project that led to the setting up of '**Differently Shoes**'. Mosharraf and his team will be charged with ensuring that the lessons from our work with disabled people around the world continue to be adopted by governments, companies, large NGOs and others, making certain that, over time, more and more disabled people have the same opportunities as the team we met at '**Differently Shoes**'.

As ever, our work would not be possible without the support of a wide array of public bodies, private trusts and individuals. We thank you most sincerely for this and hope that this report will inspire your continued support.

Saghir Alam OBE
Chair of trustees

Tim Wainwright
CEO

TRUSTEES REPORT

ADD International fights for independence, equality and opportunities for disabled people living in poverty.

Again and again in our work we see disabled people being the most vulnerable, marginalised and discriminated people on the planet. Often they have no access to basic human rights, such as dignity and respect, education and the opportunity to work.

The World Health Organisation estimates that 1 billion people worldwide live with a disability, and that 80% of them live in the developing world. However, too often many development programmes fail to include disabled people and even the Millennium Development Goals (MDGs) failed in the same way.

This is why ADD International is here.

We believe every disabled person has the right to live their life as fully as they choose to, without the limitations imposed by attitudes or by social and physical barriers.

OUR APPROACH. WORKING LOCALLY, CHANGING LIVES GLOBALLY.

In the countries where we work, we partner with Disabled People's Organisations (DPOs). These are local groups, run by and for disabled people, working to empower their members and change attitudes locally. These organisations know the barriers which are blocking the potential of disabled people and know the real needs of their members.

We support their work to ensure that:

- Disabled children can get an education.
- Disabled women and men can have the means to earn a living
- All those with disabilities can continue fighting for their rights.

While working with local organisations of disabled people on the ground, we're also present at local and global level to influence and help design policies and services, and ensure they reflect the rights and needs of disabled people.

Together, we are challenging the status quo, the barriers, the attitudes and preconceptions that limit opportunities for disabled people within their families, communities and wider society. Step-by-step we see change happen.

LOOKING BACK ON 2014. LOOKING AHEAD TO 2015.

2014 has been a crucial year for the global disability movement and ADD International has led the way by speaking up with and for disabled people in international policy debates.

With the UN Convention on the Rights of People with Disabilities (CRPD) being widely ratified and the Millennium Development Goals (MDGs) coming to an end in 2015, the issue of the inclusion of disabled people in global policies, particularly in the next iteration of the MDGs, has been strongly brought to the attention of mainstream development actors. With more conviction and tenacity than ever before, ADD International has been pushing the needs and voices of disabled people into the global political agenda. It has been an exciting process which culminated in December 2014 when DFID UK, one of the largest and most influential aid agencies in the world, published a much needed disability framework, aimed at making sure that disabled people were fully included in DFID's development programmes. ADD's contribution to

this work has been achieved by a newly established Policy and Influencing team lead by our ex Bangladesh Country Director Mosharraf Hossain.

Meanwhile, in our developing country programmes and in the UK, we have had tangible achievements in strengthening our teams, as well as improving the systems and policies which govern our operations. To carry out this process we knew we would have to undergo several innovative changes. We were prepared to make bold strategic decisions – such as closing down the programme in West Africa – to focus our efforts and increase our overall effectiveness. However, by doing so we can now say that we have acquired tools and resources which are allowing us to look at 2015 with confidence and ensure that our work falls within the boundaries of ADD International's Strategic Framework introduced last year.

While ADD is growing in strength as an organisation, our work on the ground is continuing to change the negative attitudes towards disabled people every day, thanks to the fantastic work of our local partners and the Disabled People's Organisations (DPOs) in Cambodia, Bangladesh, Uganda, Tanzania, Burkina Faso, Ivory Coast and Sudan. Whether through inspiring stories or heart-warming footage from the field, we continue to see just how integral this work is. We anticipate that by spring 2015, we will have brought positive change to over 27,000 people in 5 countries.

In Tanzania, for example, following a successful 2-year project on Inclusive Education, we were delighted to secure funding for 5 more years. This innovative project is enabling children with disabilities to receive quality primary education alongside their non-disabled peers, proving the value of inclusive education for these children and for society as a whole. This project encompasses 265 primary schools, reaching over 4000 children with disabilities.

2015 for ADD International will be a year in which we look to the future anchored by past learnings. We will:

- Continue fighting on behalf of disabled people and ensure that disability is appropriately mentioned in the 2015 Sustainable Development Goals.
- Hold governments accountable and ensure they implement what they promised when they ratified the UN CRPD.
- Continue being an ally to the DPOs and the Disability Movement, to ensure disabled people are included in every aspect of development.
- Have comprehensive strategies in place for funding and communications, for policy and influencing and for each of the country programmes, to guide our work and allow us the flexibility to be bold, innovative and adaptive to each specific environment.
- Improve our systems – including our monitoring, evaluation and learning systems, as well as our financial and IT systems. If and when we make mistakes, we will put systems in place so we don't repeat them.
- Have global policies in place for value for money, transparency, HR and Environmental impact.

Through our developing country programmes we will continue fighting for independence, equality and opportunities for disabled people living in poverty. For example, by spring 2015 we expect that almost 500 key public services, such as health centres or schools, will become more accessible. We also plan to provide economic empowerment opportunities for over 3,600 disabled people, allowing them to support themselves and their families.

Of course, none of these exciting developments would be possible without the support of people and organisations that believe that no one should be left behind. On behalf of everyone here at ADD International, thank you very much.

HOW WE ARE ORGANISED

ADD was established as an international development agency in 1985, incorporated as a company limited by guarantee on 3 July 1986, and registered as a charity on 18 November 1986. ADD is governed by its memorandum and articles of association.

GOVERNANCE

HOW TRUSTEES ARE RECRUITED AND APPOINTED

ADD's trustees are recruited internationally to reflect the diversity of its stakeholders and we aim to have approximately 50% of our trustees being women and 50% disabled people. Of the 10 trustees serving at the end of 2014, two were women and five were disabled people.

Trustees are recruited and appointed through an open process. If a specific need for skills cannot be resolved through this process, individuals may be co-opted to the board.

POLICIES AND PROCEDURES FOR INDUCTION AND TRAINING OF TRUSTEES

The role of trustees is set out in the *Trustees' Manual* which is given to all trustees and updated periodically. All trustees receive a day's induction with members of ADD staff before taking up their position, and are given the opportunity of external training courses in governance. The board follows a trustee and board annual performance appraisal process.

ORGANISATIONAL STRUCTURE AND HOW DECISIONS ARE MADE

There are normally two face-to-face full trustee meetings per year. The four current sub-committees (fundraising, HR, international development and finance) with a new one for policy and influencing to be set up in 2015, with finance and HR being merged into one committee, leaving four again, meet quarterly. They oversee and take responsibility for the agreement of ADD's strategic framework, monitoring progress against plans, and operational and financial targets.

Sub-committees are made up of trustees with specific skills who report routinely to the full board with their findings and recommendations. A further sub-committee, consisting of the chairs of the sub-committees, the chair of trustees and the vice chair(s) of trustees is now a formal group whose role is to support the CEO.

The trustees regularly review the ADD risk policy, and map and assess it to ensure all reasonable steps have been taken to eliminate, minimise or mitigate risk as appropriate.

FINANCIAL REVIEW

As expected 2014 proved to be no less challenging than was envisaged in 2013 with restricted funding proving to be very difficult to source, despite many applications. Many contracts were running down and only very few new smaller ones were coming on board, the comprehensive review of Institutional Fundraising started in mid-2014, to try to identify what was needed to turn this around reported. As a result all fundraising was brought under one roof a Director of Partnerships and Fundraising was appointed to take forward a review and restructure of both the institutional and public fundraising departments. In addition internal systems have been strengthened to ensure that all the factors under our control are maximized to our advantage. We have literally just heard that one of the first applications under the new arrangement has been successful, with USAID awarding a grant in Sudan for \$300,000 over 2 years.

In addition recruitment for several key posts within our monitoring and evaluation and capacity building and effectiveness proved to be very difficult, only being resolved at the very end of 2014 and the beginning of 2015, therefore consultants were hired to ensure capacity continued to be built with the overseas teams, especially in the M & E area.

1) INCOME

Total income for the year fell to £2.962m from £3.360m in 2013; this was due to a fall in restricted funding from £1.256m in 2013 to £0.941m this year with unrestricted income also falling from £2.104m to £2.02m.

As mentioned in the introduction this fall in restricted income is due to the fact that existing grants were ending and few new ones were coming on board. This not uncommon in the sector where funds are becoming scarcer as many governments reduce overseas aid spending. We have been working hard to maintain the level of public donations but this has now fallen to £0.765m from £0.863 in 2013. We are now looking at new ways to raise funds through expanding our use of digital fundraising such the 'Game of Life' which can be found on our website and is being successfully promoted via social media. We are embarking on a detailed review of our direct marketing programme focussing on deepening our relationships with our many existing loyal donors.

As previously indicated, the funding from DfID's unrestricted Partnership Programme Arrangement (PPA) continues until March 2016. However, currently no one, even DfID, knows whether this type of strategic funding will continue after this date and this will not become clearer until after the General Election in May 2015 although the case for continuing strategic funding is being strongly made by the sector.

2) EXPENDITURE

In line with the fall in income, total expenditure for the year fell from £3.593m in 2013 to £2.743m this year. A large part of this reduction was due to restricted spending on project activity falling by £0.476m. Unrestricted spending also reduced by an overall £0.374m. The recruitment difficulties mentioned above, also contributed to this drop in expenditure as we were not able to recruit to key positions aimed at improving monitoring, evaluation & learning capacity and effectiveness. The required recruitments have now taken place and significant changes and improvements to our effectiveness are already being seen and are being backed by DfID.

Spending in support of our International Disability Movement reduced from £2.555m to £2.136m most of which was reflected in the reduced restricted spending as some of our contracts ended and we therefore did not need to provide as much matched funding. The closure of the West Africa operation also had an

effect here saving over £0.100m However, the setting up of the new Policy and Influencing department to bolster our global influencing work counter balanced this with an investment of just over £0.074m.

There was a material drop in spending in Office running costs in Support costs due to bringing the accountancy function back in-house and removing the outsourcer (although this was offset by an equal rise in salaries to compensate), a saving on rent following the move of the Frome head office to less expensive offices and the fact that 2013 saw a significant investment in overseas computer infra-structure hence overall reduction of £0.130m.

The increase in UK salaries as seen in note 8 is primarily due to the new department that has been set up for Policy & Influencing which is based in London and some redundancy costs from the restructure of other UK departments. Together these totalled £0.096m.

3) FINANCIAL POSITION & RESERVES POLICY

Total fund balances at the end of the year were £1.353m representing a rise of £0.219m compared to 2013. Restricted fund balances were £0.536m and unrestricted funds were £0.816m.

It is our policy to retain sufficient reserves to safeguard on-going commitments and operations. Our reserves policy was reviewed in 2010, and included a statement to hold reserves sufficient to cover unrestricted expenditure commitments for approximately five months' at current spending levels. Our 'free' reserves are currently standing at £0.782m, which meets this requirement adequately.

4) FINANCIAL OUTLOOK

Financial planning and forecasting activity takes place within the context of the overall strategic plan and objectives. The Programme Partnership Arrangement (PPA) from the Department for International Development is due to end in March 2016 and currently there is no information as to what will follow, if anything. We expect income from individuals to fall slightly in 2015 until the new strategies currently being developed start to take effect.

New funding from institutional funders has been disappointing during 2014 but with the appointment of the new Director of Partnerships & Fundraising at the end of 2014 and the strategies and changes now being put in place we anticipate that this trend will be reversed. Given the long lead times from proposals being submitted to implementation, we are not expecting any major increases in this funding stream until the end of 2015 into 2016.

Plainly, with a general election just around the corner, the political landscape is also somewhat uncertain at the moment, which means we must remain responsive and flexible to the challenges ahead.

5) RISK MANAGEMENT

An understanding of the risks the organisation faces and careful management of these risks is necessary. The major potential risks facing the organisation in relation to resources have been identified as:

1. Longer term shortfall in funding; at the moment there is no indication of what will happen after the current DfID PPA ends in March 2016, so this places some uncertainty over the future;
2. The inability to continue to raise voluntary unrestricted income to support the organisation in 2015 and beyond at current or increased levels;
3. Not being able to secure enough Institutional funds to replace the shortfall in unrestricted income to fulfill our strategic ambition;

4. Not clearly demonstrating the impact of our work;
5. Skills shortage within our country programmes arising from an inability to retain or recruit staff .

STEPS TAKEN TO MITIGATE THESE RISKS INCLUDE:

- Undertaking detailed scenario planning to scope out all major eventualities in line with the political and funding uncertainty
- Monitoring a range of performance indicators to track the success of funding proposals and diversifying our portfolio to attract more supporters;
- Regular review and monitoring of institutional fundraising performance by the Fundraising sub-committee (comprised of trustees and SMT members) to support delivery of ADD strategic framework ;
- Continuing to look at ways to increase our income from Public Fundraising by investing and testing innovative approaches in this area;
- Appointment of a very senior MEL expert and continued investment in country-based Monitoring, Evaluation and Learning (“MEL”) officers focussing on the development of a strong MEL Framework to accurately record and demonstrate the impact of our work;
- Review and implement a comprehensive training and development policy for staff with clear objectives. We are also establishing and implementing a transparent worldwide salary review policy.

6) INTERNAL CONTROL

The trustees have overall responsibility for ensuring that the organisation has appropriate systems of control, financial and otherwise. They 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 the Companies Act 2006.

The trustees recognise that systems of control can only provide a reasonable and not complete assurance against inappropriate or ineffective use of resources, or against the risk of errors or fraud. They remain satisfied that the internal systems provide reasonable assurance that the organisation operates efficiently and effectively, safeguards its assets, maintains proper records and complies with relevant laws and regulations.

We operate a comprehensive accountability system which includes a rolling 24 month cash-flow and annual budgets approved by trustees. These are reviewed by the Finance and Audit sub-committee who will consider actual results compared with plans and forecasts, and non-financial performance data. We do not have an internal audit function but instead outsource this to overseas auditors who conduct risk-based internal audits and review internal controls. Reports and recommendations are submitted to the finance and audit sub-committee for scrutiny each quarter.

7) PUBLIC BENEFIT STATEMENT

The trustees confirm that they have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the charity’s objectives and aims and in planning future activities for the year.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Haji Saghir Alam OBE
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTION ON DISABILITY AND DEVELOPMENT

We have audited the financial statements of Action on Disability and Development for the year ended 31 December 2014 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

STATEMENT OF FINANCIAL ACTIVITIES

YEAR TO 31 DECEMBER 2014

| | Unrestricted funds | Restricted funds | 2014 Total funds | 2013 Total funds |
|--|-----------------------|---------------------|------------------------|------------------------|
| | £ | £ | £ | £ |
| Income & expenditure | | | | |
| Incoming resources | | | | |
| Incoming resources from generated funds | | | | |
| Voluntary income (notes 1 and 2) | 1,985,996 | - | 1,985,996 | 2,093,573 |
| Interest receivable | 5,941 | 686 | 6,627 | 13,284 |
| Incoming resources from charitable activities (note 2) | - | 922,020 | 922,020 | 1,249,612 |
| Other incoming resources | 28,723 | 18,756 | 47,479 | 3,566 |
| Total incoming resources | 2,020,660 | 941,462 | 2,962,122 | 3,360,035 |
| | | | | |
| Charitable expenditure | | | | |
| Cost of generating funds | | | | |
| Cost of generating voluntary income (note 1) | 455,045 | - | 455,045 | 498,989 |
| Support of the International Disability Movement | 1,301,168 | 834,933 | 2,136,101 | 2,932,674 |
| Governance costs | 151,913 | - | 151,913 | 161,719 |
| Total resources expended (note 6) | 1,908,126 | 834,933 | 2,743,059 | 3,593,382 |
| Net incoming/ (outgoing) resources and Net movement in funds (note 7) | 112,534 | 106,529 | 219,063 | (233,347) |
| Fund balances b/f at 1 January 2014 | 703,795 | 429,932 | 1,133,727 | 1,367,074 |
| Fund balances c/f at 31 December 2014 | 816,329 | 536,461 | 1,352,790 | 1,133,727 |

There is no difference between the net movement in funds stated above, and the historical cost equivalent. All of the charity's activities derived from continuing operations during the above two financial periods.

BALANCE SHEET 31 DECEMBER 2014

| | 2014 | 2014 | 2013 | 2013 |
|--|------------------|-------------------------|------------------|-------------------------|
| | £ | £ | £ | £ |
| Fixed assets | | | | |
| Tangible fixed assets (note 10) | | 34,174 | | 55,822 |
| Current assets | | | | |
| Debtors (note 11) | 142,386 | | 530,145 | |
| Cash at bank and in hand (note 12) | <u>1,793,748</u> | | <u>1,270,630</u> | |
| | 1,936,134 | | 1,800,775 | |
| Creditors: Amounts falling due within 1 year (note 13) | <u>(402,696)</u> | | <u>(450,145)</u> | |
| Net current assets | | <u>1,533,438</u> | | <u>1,350,630</u> |
| Total assets less current liabilities | | 1,567,612 | | 1,406,452 |
| Provisions (note 14) | | <u>(214,822)</u> | | <u>(272,725)</u> |
| Total net assets | | <u><u>1,352,790</u></u> | | <u><u>1,133,727</u></u> |
| | | | | |
| Represented by: | | | | |
| | | | | |
| Funds and reserves | | | | |
| Income funds | | | | |
| <i>Restricted funds (note 15)</i> | | 536,461 | | 429,932 |
| <i>Unrestricted funds</i> | | | | |
| - <i>General funds</i> | | <u>816,329</u> | | <u>703,795</u> |
| | | <u><u>1,352,790</u></u> | | <u><u>1,133,727</u></u> |

Approved by the trustees in 2015 and agreed on their behalf

Saghir Alam OBE
Chair of Trustees

PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006 and applicable accounting standards. The Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) has been followed in the preparation of these financial statements.

INCOMING RESOURCES

All incoming resources becoming available to the charitable company during the year are recognized, gross, in the Statement of Financial Activities. Volunteer time is not included in the financial statements.

Legacy income is accounted for on a receivable basis. A legacy is considered receivable for the period only once the amount is known with certainty.

Grants receivable are normally accounted for when receivable, except where they relate to a specified future period, in which case they are treated as deferred income.

RESOURCES EXPENDED AND THE BASIS OF APPORTIONING COSTS

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT which cannot be recovered.

Resources expended are shown gross and accruals are included in creditors for all known liabilities relating to the year.

Expenditure on International Programmes comprises all direct expenditure and all staff related costs of the countries' offices plus the costs related to the Global Policy and Influencing team. Grants payable to overseas partners are those grants paid both directly from the UK and those paid by ADD Country offices to the charitable company's partners overseas.

Cost of generating funds relate to the costs incurred by the charitable company in inducing others to make voluntary contributions to it.

Governance costs of the charitable company comprise costs of the management of its assets, organisational management and administration, and compliance with constitutional and statutory requirements including audit fees.

Support costs comprise staff and overhead costs which fall into more than one of the above categories. These costs have been allocated on the basis of full time equivalent staff numbers in the relevant categories of expenditure.

The charitable company makes contributions on behalf of its UK employees into their personal pension funds. The amounts charged in the Statement of Financial Activities represent the contributions payable to the funds in respect of the accounting period. Outstanding pension contributions at the year-end are included in creditors.

In a number of countries in which the charity operates, it is legally required to fund end of service payments to staff at the end of their employment with the charity. Full provision is made for the cost of these benefits relating to past services and this is included within overseas staff costs. It is our intention

that we treat all staff fairly, so in countries where it is not a legal obligation we would still contribute to an end of service/pension provision as per our HR guidelines.

TANGIBLE FIXED ASSETS

All assets in the UK costing more than £500 and with an expected useful life exceeding one year are capitalised.

Fixed assets are depreciated at the following annual rates in order to write them off over their estimated useful lives:

- Computer equipment: 25% straight line
- Office equipment: 25% reducing balance
- Motor vehicles, overseas programmes: 33% straight line

Capital items purchased for use overseas, with the exception of vehicles, are depreciated 100% in the year of acquisition.

FUND ACCOUNTING

Restricted funds are funds subject to specific conditions imposed by the funders and relate to specific projects. Expenditure which meets these criteria is charged to the funds together with a fair allocation of management and support costs.

Interest earned on restricted income is not applied to the restricted fund unless specifically requested by the donor. Such interest will be treated as unrestricted income designated for programme support.

Unrestricted funds comprise accumulated surpluses and deficits on general funds and are available for use at the discretion of the trustees in furtherance of the objectives of the charitable company.

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

CASH FLOW

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

FOREIGN CURRENCIES

Transactions in foreign currency are accounted for on a monthly basis at the monthly spot rate. At the balance sheet date, any cash or other monetary items held are translated at the closing spot rate.

PROVISIONS

Provisions are made where there exist contractual liabilities for payment of funds at an unspecified future date, or for obligations where it is probable that payment of funds will be required at an unspecified future date where no contractual liability exists.

NOTES TO THE FINANCIAL STATEMENTS

1 VOLUNTARY INCOME AND COST OF GENERATING VOLUNTARY INCOME ANALYSIS

| | 2014 total funds | 2013 total funds |
|--|-------------------------|-------------------------|
| Income | £ | £ |
| Grants (note 2) | 1,153,838 | 1,153,825 |
| Regular donations and collections | 764,998 | 863,214 |
| Donations from legacies and trusts | 37,500 | 49,784 |
| Non regular donations | 29,660 | 26,750 |
| | <hr/> | <hr/> |
| Total voluntary income | 1,985,996 | 2,093,573 |
| Cost of generating voluntary income | | |
| Grants | 50,209 | 59,264 |
| Regular donor acquisition and support | 351,662 | 382,074 |
| Trust development | 5,747 | 26,175 |
| Non regular donations | 17,164 | 12,546 |
| Communication and promotional activities | 30,263 | 18,930 |
| | <hr/> | <hr/> |
| Total costs of generating voluntary income | 455,045 | 498,989 |

Note: The increase in communication and promotional activities was as a result of increased investment in new initiatives, such as digital avenues, to attempt to increase income further in this area. The pilots in new regular donor acquisition have been scaled down due to the required return on investment not being achieved, the investment in this area is now being focussed on retaining existing regular donors.

2 GRANTS (ALL INSTITUTIONAL)

| | Unrestricted funds | Restricted funds | 2014 Total funds | 2013 Total funds |
|--|--------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Asia Foundation | - | 12,102 | 12,102 | 6,987 |
| AusAID (CBM) | - | 23,702 | 23,702 | 23,667 |
| Breadsticks Foundation | - | - | - | 18,623 |
| CAFOD | - | 102,468 | 102,468 | 104,463 |
| Comic Relief | - | 225,000 | 225,000 | 225,000 |
| Commission for the European Communities (CEC) | - | 169,821 | 169,821 | 363,461 |
| Cordaid (note 4) | - | 72,473 | 72,473 | 93,244 |
| Department for International Development (DFID) | 1,133,825 | - | 1,133,825 | 1,133,825 |
| Disability Rights Fund (formerly Tides Foundation) | - | 21,055 | 21,055 | 33,134 |
| Germany Embassy | - | - | - | 24,564 |
| Isabelle | - | - | - | 7,383 |
| Manusher Jonno Foundation | - | 90,254 | 90,254 | 94,987 |
| National Children's Bureau (NCB) | - | 1,401 | 1,401 | 4,044 |
| New Field Foundation | - | - | - | 52,261 |
| Other and anonymous grants | 20,013 | 114,951 | 134,964 | 71,681 |
| Open Society Initiative Eastern Africa (OSIEA) | - | - | - | 18,298 |
| Shiree | - | 61,663 | 61,663 | 39,998 |
| The Headley Trust | - | - | - | 29,250 |
| the innocent foundation | - | 27,130 | 27,130 | 16,000 |
| The James Tudor Foundation | - | - | - | 30,800 |
| Zain Co. | - | - | - | 3,049 |
| Total grants | 1,153,838 | 922,020 | 2,075,858 | 2,403,437 |

Note: Where a donor is listed as anonymous ADD International conducts appropriate due diligence to confirm that the funds are from a legitimate source and are for a genuine purpose

3 MOVEMENT IN DEFERRED INCOME

| | At 1 January 2014 | Movement | At 31 December 2014 |
|---|----------------------|----------|---------------------------|
| | £ | £ | £ |
| Department for International Development (DFID) | 283,456 | - | 283,456 |
| Total | 283,456 | - | 283,456 |

We received the 2015 first quarter payment for our PPA funding at the end of 2014 so this was carried forward to the 2015 accounts.

4 CORDAID GRANT BY COUNTRY

| | 2014 | 2013 |
|------------|--------|--------|
| | £ | £ |
| Bangladesh | 72,473 | 93,244 |

5 GRANTS AND PAYMENTS TO PARTNERS FROM PROGRAMMES

| | 2014 | 2013 |
|---|----------------|----------------|
| | £ | £ |
| Paid from ADD's country programmes | £ | £ |
| Bangladesh | 133,824 | 104,611 |
| Cambodia | 17,164 | 43,105 |
| Sudan | 34,244 | 49,744 |
| Tanzania | 14,379 | 11,384 |
| Uganda | 3,808 | 30,300 |
| Francophone West Africa | - | 66,242 |
| | 203,419 | 305,386 |
| Paid from UK direct to partners | £ | £ |
| ADD India | 22,600 | 35,313 |
| | 22,600 | 35,313 |
| Total grants | 226,019 | 340,699 |

Where ADD's support to partners includes the provision of funds, a formal Agreement to Support (ATS) is entered into, grants are made for the running costs and activities of the partner or disabled peoples' organisations. Payments are also made to partners to assist in the implementation of restricted projects, for these a formal Contract or Memorandum of understanding (MoU) is

entered into. A list of grants and payments to partners greater than £2,000 is shown in the appendix.

6 TOTAL RESOURCES EXPENDED

| | Internation al Programme s | Cost of generating voluntary income | Governanc e costs | Support costs | 2014 Total | 2013 Total |
|--|-------------------------------------|--|----------------------|------------------|------------------|---------------|
| | £ | £ | £ | £ | £ | £ |
| Staff costs (note 8) | 863,850 | 211,925 | 66,542 | 164,816 | 1,307,133 | 1,391,709 |
| Office running costs & audits | 211,529 | 70,958 | 49,990 | 110,779 | 443,256 | 583,325 |
| Transport & travel | 91,421 | 13,400 | 7,312 | 36,088 | 148,221 | 214,350 |
| Payments payable to partners (note 5) | 226,019 | - | - | - | 226,019 | 340,699 |
| Field operations | 332,227 | - | 6,904 | 2,301 | 341,432 | 705,022 |
| Trustees' costs | - | - | 15,425 | - | 15,425 | 27,494 |
| Exchange loss/gain | 14,018 | - | - | 1,586 | 15,604 | (39,303) |
| Fundraising activities | 479 | 131,435 | - | - | 131,914 | 183,767 |
| Consultancy & external advice | 79,685 | 6,360 | 4,130 | 23,880 | 114,055 | 186,319 |
| Subtotal | 1,819,228 | 434,078 | 150,303 | 339,450 | 2,743,059 | 3,593,382 |
| Support costs | 316,873 | 20,967 | 1,610 | (339,450) | - | - |
| Total resources expended 2014 | 2,136,101 | 455,045 | 151,913 | - | 2,743,059 | - |
| Total 2013 | 2,932,674 | 498,989 | 161,719 | - | | 3,593,382 |

Field work & payments to partners dropped significantly, primarily due to the reduced volume of restricted programme work.

The introduction of the new Global Policy & Influencing team has been reflected in International Programmes as their work is global and contributes to our strategic programmatic goals and is not a support function.

The **staff costs** related to staff involved in **development work** are included in staff costs and not in field operations.

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Similarly, costs will be incurred in supporting income generation activities such as fundraising, and in supporting the governance of the charity. Support costs include the UK office functions such as general management, payroll administration, budgeting and accounting, information technology, human resources, restricted fundraising and reporting and financing. Support costs have been allocated on the basis of head count.

Governance costs comprise of trustees' costs (part of which relate to the costs of board meetings); auditors' remuneration as detailed in note 7 below and an allocation of staff costs associated with the governance of the charity.

7 NET INCOMING (OUTGOING) RESOURCES FOR THE YEAR

| This is stated after charging (crediting): | 2014 | 2013 |
|---|--------|--------|
| | £ | £ |
| Depreciation | 33,591 | 39,154 |
| Trustees' remuneration | Nil | Nil |
| Trustees' reimbursed expenses: | | |
| Cost incurred in attending two trustees' meetings | 4,316 | 5,338 |
| Auditors' remuneration: | | |
| Statutory Audit services | 17,280 | 17,272 |
| Other audit services | 5,058 | - |
| Overseas auditors | 26,941 | 24,998 |

8 STAFF COSTS AND NUMBERS

The total staff costs of UK-based employees were as follows:

| | 2014 | 2013 |
|--|---------|---------|
| | £ | £ |
| Wages and salaries | 536,172 | 443,036 |
| Social security costs | 56,639 | 44,572 |
| Pension contributions | 17,555 | 16,610 |
| Total emoluments paid to staff based in the UK | 610,366 | 504,218 |
| Other staff costs (health insurance, training & recruitment) | 65,863 | 65,250 |

| | | |
|---|------------------|------------------|
| Total staff costs in the UK | 676,229 | 569,468 |
| Total staff & salary costs for field staff based overseas | 630,904 | 822,241 |
| Total staff costs | 1,307,133 | 1,391,709 |

No employee received total emoluments in excess of £60,000 in the year, excluding payments for disability. The average number of employees during the year, calculated on a full time equivalent basis, analysed by function was as follows:

| | 2014 | 2013 |
|---|-------------|-------------|
| Field staff -overseas based | 83 | 113 |
| Programme support - UK based | 5 | 5 |
| Fundraising - UK based | 6 | 4 |
| Governance - UK based | 1 | 1 |
| Support - UK based | 4 | 3 |
| Staff numbers are based on a full time equivalent basis during 2014 | 99 | 126 |

9 TAXATION

Action on Disability and Development is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

10 TANGIBLE FIXED ASSETS

| | Office and computer equipment | Overseas assets | Total |
|----------------------------|--------------------------------------|------------------------|----------------|
| | £ | £ | £ |
| Cost or valuation | | | |
| At 1 January 2014 | 52,847 | 335,001 | 387,848 |
| Additions in year | 13,876 | - | 13,876 |
| Disposals in year | (4,137) | (52,049) | (56,186) |
| At 31 December 2014 | 62,586 | 282,952 | 345,538 |
| Depreciation | | | |
| At 1 January 2014 | 24,597 | 307,429 | 332,026 |
| On disposals | (2,204) | (52,049) | (54,253) |
| Charge for year | 15,318 | 18,273 | 33,591 |
| At 31 December 2014 | 37,711 | 273,653 | 311,364 |
| Net book values | | | |
| At 31 December 2013 | 28,250 | 27,572 | 55,822 |
| At 31 December 2014 | 24,875 | 9,299 | 34,174 |

11 DEBTORS

| | 2014 | 2013 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Other debtors | 6,146 | 914 |
| Prepayments | 29,638 | 2,159 |
| Accrued income | 74,725 | 472,040 |
| Overseas floats and advances | 31,877 | 55,032 |
| | 142,386 | 530,145 |

12 CASH AT BANK AND IN HAND

| | 2014 | 2013 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| UK current accounts and cash in hand | 256,901 | 18,508 |
| Foreign accounts | 360,500 | 296,331 |
| UK deposit accounts | 1,176,076 | 955,328 |
| Travellers cheques | 271 | 463 |
| | 1,793,748 | 1,270,630 |

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2014 | 2013 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Payroll taxes | 19,430 | 14,270 |
| Accruals | 81,887 | 117,168 |
| Other creditors | 18,086 | 35,251 |
| Deferred income (note 3) | 283,293 | 283,456 |
| | 402,696 | 450,145 |

14 PROVISIONS

| | At 31 December 2013 | Incoming (charge for the year) | Outgoing (utilised) | At 31 December 2014 |
|-----------------------------|---------------------------|---|------------------------|---------------------------|
| | £ | £ | £ | £ |
| Overseas staff terminations | 196,427 | 53,301 | (111,204) | 138,524 |
| Organisational restructure | 37,730 | - | - | 37,730 |
| Project commitments | 38,568 | - | - | 38,568 |
| | <u>272,725</u> | <u>53,301</u> | <u>(111,204)</u> | <u>214,822</u> |

Provision has been made for the costs that the charity had committed to, following the decision to restructure at the beginning of 2011, the principal amount here being the dilapidations linked to the move of the Frome Head Office which actually took place in February 2014, the final figure for these is still to be agreed.

Project commitments represent the trustees' best estimate at the balance sheet date of obligations in respect of project work completed at that date, net of amounts recoverable from donors. The provision has been estimated across a number of projects and any excess of expenditure, or reduction as applicable, will be recognised in the statement of financial activities in the year in which project accounting is finalised.

15 RESTRICTED FUNDS

| | At 1 January 2014 | Incoming resources | Outgoing resources | Transfers | At 31 December 2014 |
|------------------------|-------------------------|-----------------------|-----------------------|-----------|---------------------------|
| | £ | £ | £ | £ | £ |
| UK | - | 18,492 | (18,492) | - | - |
| Bangladesh | 112,557 | 492,532 | (429,790) | - | 175,299 |
| Cambodia | - | 33,248 | (22,807) | - | 10,441 |
| India | - | 8,000 | (8,000) | - | - |
| Sudan | 30,800 | 89,203 | (77,563) | - | 42,440 |
| Tanzania | 231,220 | 299,987 | (220,572) | - | 310,635 |
| Uganda | 26,364 | - | (28,718) | - | (2,354) |
| West Africa | 28,991 | - | (28,991) | - | - |
| Total restricted funds | <u>429,932</u> | <u>941,462</u> | <u>(834,933)</u> | - | <u>536,461</u> |

Incoming resources includes institutional grant income (note 2), any sundry income and interest receivable.

ADD Bangladesh received funding from:

- **The Asia Foundation:** to strengthening Disabled People's engagement in elections and political processes
- **The EU and CAFOD supported:** a project for promoting social and political rights of persons with disabilities through implementation of CRPD in Bangladesh.
- **CAFOD supported** a project ensuring sanitation for women and men with disabilities.
- **Christian Blind Mission (AUSAID):** to improve the quality of life for people with psychosocial problems & empower them to become self-supporting.
- **Cordaid supported** a project on inclusive education.
- **EEP/SHIREE (supported by UKaid from DFID):** for the economic empowerment of disabled people.
- **Manusher Jonno:** for the empowerment of disabled people to continue their studies and run their own businesses.
- **National Children's Bureau (NCB):** for strengthening the rural health services at grassroots level of Bangladesh.
- **Disability Rights Fund (The Tides Foundation) supported 3 projects:** 1) to build the capacity of rural DPOs; 2) to work with the National Council of Disabled Women to strengthen their network and oppose violence, and 3) to support the Disability Rights Fund Convening.

ADD Cambodia received funding from:

- **An anonymous charitable foundation:** for livelihoods work with people with intellectual disabilities.
- **The innocent foundation:** for improving the food security of extremely poor women with disabilities by supporting them to earn additional incomes from pig raising.

ADD Sudan received funding from:

- **The CEC:** To support women with disabilities to develop a strong voice of their own, to express their needs to government, development organisations, and their communities.
- **The James Tudor Foundation:** to support the establishment of a fish farm to support the Broader Horizons Institute for Rehabilitation of Handicapped Children in Sudan.
- **Zain Co. :** to raise awareness of the needs of people with visual impairments.

ADD Tanzania received funding from:

- **Comic Relief and an anonymous funder:** for a project modelling inclusive education in schools in Pwani region, Tanzania. The project includes the establishment of Resource and Assessment Centres to support schools to go inclusive, and includes relevant training, awareness raising and advocacy, and research of best practice.

ADD Uganda received funding from:

- **The Headley Trust:** for a project to provide internships for disabled graduates.

ADD West Africa received funding from:

- **New Field Foundation:** for work empowering disabled women in Burkina Faso through economic activities

ADD India

- The India fund relates to partners in India. ADD India received continued funding from the innocent foundation to invest in agricultural livelihoods of disabled people in rural areas in 5 states.

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Restricted funds | General funds | Total 2014 |
|---|---------------------|------------------|------------------|
| Fund balances at 31 December 2014 are represented by: | | | |
| Tangible fixed assets | 9,299 | 24,875 | 34,174 |
| Current assets | 527,162 | 1,408,972 | 1,936,134 |
| Current liabilities | - | (402,696) | (402,696) |
| Provisions | - | (214,822) | (214,822) |
| Total net assets | 536,461 | 816,329 | 1,352,790 |

17 LEASING COMMITMENTS

Within the next year the charity is committed to making lease payments of £65,112 (2013 £22,957). The obligation to make these annual payments expires as follows:

| | 2014 | 2013 |
|---------------------------|---------------|---------------|
| Land and buildings | £ | £ |
| Expiring within one year | 41,818 | 2,728 |
| Expiring within 2-5 years | 23,294 | 20,229 |
| Total | 65,112 | 22,957 |

APPENDIX 1

LIST OF GRANTS OVER £2,000 PAID TO PARTNERS IN 2014

| | £ |
|--|----------------|
| Bangladesh | |
| Zilla Badhan Protibondhi Songstha | 31,355 |
| Jatio Trinomul Protibondhi Sangstha | 16,427 |
| Spondon Protibondhi Kallayan Songstha | 15,630 |
| Surjodoy Protibondhi Songstha | 13,266 |
| Randhanu Zilla Protibondhi Adhikar Song | 13,027 |
| Bogra Zilla Bandhan Protibondhi Songstha | 11,765 |
| Natore Zilla Protibondhi Songstha-Nondon | 11,276 |
| Kompon Zilla Protibondhi Federation | 9,536 |
| Tarango Protibondhi Songstha | 4,904 |
| Total of payments over £2,000 | 127,186 |
| Total of payments under £2,000 | 6,638 |
| Total payments made to partners in Bangladesh | 133,824 |
| Cambodia | |
| Chumkiri Disable People Development Federation | 3,786 |
| Cambodian Disabled People's Organisation | 3,608 |
| Total of payments over £2,000 | 7,394 |
| Total of payments under £2,000 | 9,770 |
| Total payments made to partners in Cambodia | 17,164 |
| Sudan | |
| Border Horizon's Institute | 22,480 |
| Women with Disabilities Association Gadrif | 4,733 |
| Women with Disabilities Association Kassala | 4,309 |
| Total of payments over £2,000 | 31,522 |
| Total of payments under £2,000 | 2,722 |
| Total payments made to partners in Sudan | 34,244 |
| Tanzania | |
| Shivyawata | 14,379 |
| Total of payments over £2,000 | 14,379 |
| Total of payments under £2,000 | - |
| Total payments made to partners in Tanzania | 14,379 |
| Uganda | |
| Total of payments over £2,000 | - |
| Total of payments under £2,000 | 3,808 |
| Total payments made to partners in Uganda | 3,808 |

TRUSTEES AND ADVISERS

TRUSTEES

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A K Dube

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John Tierney

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Karen De Cokere - Director of International Development

Clare McKeown - Director of Partnerships and Fundraising

Andy Neeve - Director of Finance and Operations

Mosharraf Hossain - Director of Policy & Influencing

COUNTRY DIRECTORS (AS OF DECEMBER 2014)

Shafiqul Islam - ADD Bangladesh

Mathew Kawogo - ADD Tanzania

Mohamed Majzoub - ADD Sudan

Vanthon Srey - ADD Cambodia

Joseph Walugembe - ADD Uganda