



(A Company Limited by Guarantee)

**FINANCIAL STATEMENTS**

**for the year ended**

**31 MARCH 2004**

Registered Charity No: 802576

**SKILLSHARE INTERNATIONAL**  
(A Company Limited by Guarantee)

**FINANCIAL STATEMENTS for the year ended 31 MARCH 2004**

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**SKILLSHARE INTERNATIONAL**  
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**TRUSTEES' REPORT for the year ended 31 MARCH 2004**

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The Trustees present the annual report and the financial statements for the year ended 31 March 2004.

**1. CONSTITUTION**

Skillshare International is a company limited by guarantee, incorporated under the Companies Act 1985. It is also a registered charity. The company is incorporated under the terms of a Memorandum and Articles of Association.

The Memorandum of Association states that the company is established to relieve poverty, distress and sickness and to advance education in all parts of the world (and particularly in Southern Africa).

The business of the company is managed by a Board of Trustees who are the directors of the company. The charity does not have a share capital and is limited by guarantee. Each Trustee is a member of the company and in the event of the company being wound up, is liable to contribute a maximum of £1.

**2. PRINCIPAL ACTIVITY**

The principal activity of Skillshare International is to work for sustainable development in partnership with the people and communities of Africa and Asia. We do this by sharing and developing skills, facilitating organisational effectiveness and supporting organisational growth.

**3. ORGANISATIONAL STRUCTURE**

The board of Trustees is responsible for the Governance of the charity. The Board operates three sub-committees in order to facilitate its business:

- Strategy Working Group;
- Finance; and
- Human Resources and Organisational Development,

The board delegates day to day management of the charity to the Chief Executive, who is supported by a management team responsible for four principal activities:

- International programmes;
- External relations;
- People and organisational development; and
- Corporate Services

Skillshare International employs staff in offices in Botswana, India, Ireland, Kenya, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Tanzania and the UK to manage this work, a significant part of which is the engagement and support of development workers who share skills with people in Africa and Asia. There is also a UK

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supporters' association.

A review of the performance of Skillshare International and of future plans is contained in the Chair's report.

**4. BOARD OF TRUSTEES**

The following served during the year:

R Blake; J Hoffman; S Spall; R Langtry (to 27 September 2003); A Matthews; F Mear; W Tabuteau.

None of the above has an interest in the capital of the company other than a guarantee of £1 each. No Trustee receives any emolument or payment from Skillshare International, with the exception of reimbursement of reasonable expenses incurred in connection with their duties.

Four members of the Board are elected by the members of the Company. The Board is empowered to coopt up to eight other Trustees. Trustees may be removed by ordinary resolution of the company. In addition, the Board is empowered to remove a coopted Trustee at any time.

The Trustees are empowered by the Memorandum of Association to invest the moneys of the company not immediately required for its objects in or upon such investments, securities or property as may be thought fit.

**5. COMPANY INFORMATION**

|                             |   |
|-----------------------------|---|
| Registered address          | 126 New Walk, Leicester, LE1 7JA  |
| Company registration number | 2447107   |
| Charity registration number | 802576  |
| Bankers                     | Lloyds TSB Bank plc, 7 High Street, Leicester LE1 9FS                                 |
| Financial advisers          | Lloyds TSB Private Banking Limited, Butt Dyke House, 33 Park Row, Nottingham, NG1 6GY |
| Solicitors                  | Harvey Ingram Owston, 20 New Walk, Leicester LE1 6TX                                  |
| Auditors                    | PKF, Pannell House, 159 Charles Street, Leicester LE1 1LD                             |

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**6. SUBSIDIARY COMPANIES**

Skillshare International has three subsidiary companies:

- Action Health, registered in Great Britain as a company limited by guarantee, number 3444392. Action Health was dormant during the year;
- Skillshare South Africa registered in South Africa as a Section 21 Company, number 2000/005113/08. The principal activity of this company is to carry out the activities of Skillshare International within South Africa; and
- Skillshare International (Ireland) registered in Ireland as a company limited by guarantee, number 366991.

**7. POLICY ON RESERVES**

The Trustees have agreed that Skillshare International should aim to maintain sufficient reserves:

- to ensure adequate working capital;
- to meet capital expenditure needs for the year ahead;
- to be able to respond to political or natural emergencies in the countries in which we work; and
- to provide underlying financial stability.

The guideline for sufficiency of reserves is for the value of unrestricted funds to be in the range of 15% to 25% of annual expenditure from unrestricted funds. The reserves, as indicated in the accompanying accounts, are currently 16%.

Part of the reserve is invested, on the advice of financial advisers. The purpose of the investment is to seek medium term growth at relatively low risk. During the past year, the investment performance, as indicated in note 7 of the accounts, has met these criteria.

**8. GRANTS**

The Trustees are empowered, under the Memorandum of Association, to make charitable donations. The Trustees may make small donations to partner organisations incidental to the principal activities of Skillshare International. However, the value of these donations is not material to these accounts.

**9. RISK ASSESSMENT**

The principal external risks faced by Skillshare International are the unforeseen collapse of the income base, and political unrest or natural disaster in the countries of operation. In respect of the first, Skillshare International has a Programme Partnership Agreement with our principal funder, the Department for International Development. The Agreement is for four years, commencing on 1 April 2001, and provides for total funding to Skillshare International for this period of £7 820 000. A specific risk assessment process has been carried out in respect of this agreement. Skillshare International also carries out development work contingent on funding being agreed in advance by donors. The Trustees therefore consider the risk of collapse of the income base to be low.

In respect of the second, as indicated in the section of this report on reserves, the Trustees aim to maintain reserves sufficient to enable the organisation to respond to political or natural emergencies.

The Trustees believe that the established system of management, through accounting and internal controls, supported by financial regulations, minimise the risk of material loss or misappropriation of assets.

The report of the Trustees is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board of Trustees:

A handwritten signature in black ink, appearing to read 'Cliff Allum', with a horizontal line underneath the name.

Cliff Allum  
Company Secretary  
19 July 2004

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**CHAIR'S REPORT FOR THE YEAR ENDED 31 MARCH 2004**

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During the last year, we have made significant progress to realising our commitments within the corporate strategy. Our programme of work has been sustained and we have taken on new activities in Africa and in India.

HIV/AIDS continues to be a major cause of concern in all the countries in which we work and Skillshare International believes that fighting the pandemic and providing appropriate care and support for people living with HIV/AIDS is essential for the promotion of economic and social development in Africa and Asia. We have continued to support efforts to control HIV/AIDS by addressing the factors that exacerbate the illness and to empower people living with HIV/AIDS to ask for the kind of support they need. We have also been working in support of African and Asian civil society organizations and initiatives designed to combat HIV/AIDS directly.

The consultancy work with the Southern Africa Development Community's Health Services Coordinating Unit (SADC-HSCU) demonstrated our commitment to fighting the HIV/AIDS pandemic. The study was to establish the capacity building needs of organisations of people living with HIV/AIDS (PLWHA), using the resources and networks of the Skillshare International country offices in Botswana, Lesotho, Namibia and Swaziland. A comprehensive overview of PLWHA organisations operating in each country was produced and has led to further networking and exchange between these organisations.

The regional office in East Africa is developing and the programme is now well established. By focusing our energies on operating at regional and country levels, we have been able to bring partner organisations together across borders. For example our partnership with the Coalition for Peace in Africa (COPA) and ACTION is regionally based and we now have our first development worker based with COPA in Kenya who is working with them to support organisational development and secure funding.

Our Programme Partnership Agreement (PPA) grant from DFID has not increased in real terms for a number of years and if we wish to sustain our work at the currently desired level and expand it further, we must seek new sources of funding. We need to ensure a regular flow of funded projects which will meet the costs we now incur. The negotiations over the new PPA are likely to take place towards the end of 2004 and we will be looking to sustain and build on our relationship with DFID.

In this context, new ways of working are vital and we have been able to develop new partnerships as well as new models of partnership. We are currently building our relationship with the Tribal Group Foundation, who are interested in forming a strategic partnership with us, which could release significant resources and a source of technical expertise in knowledge-based areas. We are also redefining our relationship with Simmons Dickinson to better explore the opportunities for developing and resourcing the Leadership Development Programme (LDP) and similar work.

By sharing our experiences of supporting NGOs in Africa and India, we have been able to build partnerships with UK based organisations to increase the impact of our work. The collaboration between Leicester University and Skillshare International has been an innovative partnership which has provided Skillshare International with valuable experience and insight into developing more effective modules for medical students, building on what has already been achieved to reach a wider target group, developing resources based on work with partner organisations and developing

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**CHAIR'S REPORT FOR THE YEAR ENDED 31 MARCH 2004**

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future strategies to mainstream this learning into core curriculum.

We have supported the development of Skillshare International (Ireland) which will bring our work closer to the Ireland government and the Irish people. The Board of this subsidiary company is reporting separately on its activities.

In line with our commitments in the corporate strategy, we completed the governance review and 2004 will see the recruitment of additional trustees and the building of links between the Board and Programme Advisory Committees in southern Africa to further strengthen our governance.

A complete review of our current corporate strategy and country plans, which cover the full range of our work in all our countries of activity, has been carried out. We received a particularly positive assessment from all our stakeholders in relation to the achievement of our purpose and values and the findings show that we have made significant progress towards achieving our strategic objectives. The information that has been generated will help us as we start the process of developing our new corporate strategy for the period 2005-2010. A summary report of the findings from the corporate strategy review will be available from the Leicester office later in 2004.

The key achievement in the development of our human resources has been attaining accreditation from Investors in People. The assessment process focused on our UK operations. However, we have implemented each of the changes made across the whole organisation and will be embarking on a process to broaden accreditation to other parts of the organisation, initially through Investors in People South Africa.

### **Programme Activities**

During the last year there have been 99 development workers and health trainers working in Africa and India. They have been placed in government organisations, local non-government organisations and community based organisations.

More than one third of all the placements were in the education, training and employment sector. This area is still the key focus in Lesotho, due to the programme with the Technical and Vocational Education Department of the Government of Lesotho and Mozambique, where more than half of the programme is dedicated to English language teaching. More than a quarter of placements were in health and HIV/AIDS which remain a strategic part of our programmes in Africa and India.

The website is still one of our most effective recruitment tools with between 80 to 90 per cent of all potential development workers and health trainers applying on line. Over 30 per cent of our development workers and health trainers come from outside the UK. This is due in part to the increasing number of development workers and health trainers being recruited in the region.

Skillshare International has continued to prioritise working with disadvantaged groups, including women, young people, people with disabilities and people living with HIV/AIDS, seeking to improve their status and gain greater control over their lives.

Last year three quarters of our programme activities focused on empowering disadvantaged groups in society through raising awareness and linking adult basic education with vocational training, income generation and life skills. Our wide ranging involvement includes providing skills training and improving access to basic services such as health and credit facilities, as well as promoting the welfare and rights of disadvantaged groups in general.



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**CHAIR'S REPORT FOR THE YEAR ENDED 31 MARCH 2004**

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Skillshare International has been running the LDP in Southern Africa since 1999. Since then, more than 80 leaders from civil society organisations and government departments from six countries in Southern Africa have attended the programme. In 2003/2004, the first phase of a LDP consolidation programme took place in Namibia and Botswana, involving more than 55 participants and including key aspects of the three LDP workshops. Our commitment to enhance the capacity of our partners remains at the core of our work.

A more detailed description of our work over the past year can be found in Skillshare International's Annual Review 2003 - 2004, available from our registered office.

**Constituency Building**

During the last 12 months, our activities have focused on consolidating key areas of work and building the foundation for the other areas of work set out in our Constituency Building Plan. Our activities have therefore been able to contribute towards our broader strategic objective to develop a wider constituency base.

Our work with the Leicester Medical School on the Special Study Module (SSM) for medical students on health and development has been consolidated and we are now looking to expand this beyond the Leicester Medical School and develop further resources that will enhance the delivery and sustainability of the work.

The work with the East Midlands Network for Global Perspectives in Schools has now been established and a full time co-ordinator, hosted by Skillshare International, is working with members of the network on the implementation of the strategy and planning for future developments. This has contributed to the stability of the network and increased the ability and capacity of the members to contribute effectively to development education in the region.

The highlight of the work with supporters has been our innovative work in creating an international base of supporters in Lesotho. This group was launched in December 2003. In its first quarter, the response from the general public has been very encouraging and we hope that this will be a success story by the end of the pilot period.

**Financial Activities**

The objectives set in June 1998 by the Board remain current. For 2003 – 2004 these were to continue the success in the following areas: increasing total income, increasing the proportion of income from sources other than from DFID, managing expenditure effectively and within budget, and maintaining an adequate level of reserves. I have to report that this year three of these objectives have been met.

Our income in 2003 - 2004 amounted to £2.78 million, rising from £2.61 million in 2002 - 2003. Our basic grant from DFID was £1.98 million in 2003 - 2004, therefore comprising 71.3% of our total income, compared with 73.9% in 2002 – 2003, and 74.5% in 2001 - 2002. Other significant funders include the European Union, Development Cooperation Ireland, Community Fund, Comic Relief and, as mentioned earlier, SADC.

We currently operate in 13 currencies across the organisation. Most of these are quite stable, but we are vulnerable to rapid changes caused by such issues as global instability. The continued

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**CHAIR'S REPORT FOR THE YEAR ENDED 31 MARCH 2004**

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strength in the value of the rand against the pound during the year remained a problem, mitigated to some extent by a weakening dollar.

Overall, Skillshare International has managed financial resources effectively and broadly within budget. We had budgeted for a deficit of £65 000 before depreciation this year, in order to maintain key areas of our work which had been previously funded. However, the currency problem, together with one or two specific issues during the year, have left us with a slightly larger deficit. The reserve built up over the years through the application of our reserves policy has enabled us to meet these issues effectively, but is now at the lower end of the range we consider to be appropriate. Work is now in hand, through the business plan for 2004 – 2005 and longer term financial planning, to rebuild the reserve. We maintain sufficient reserve as cash or short-term deposits to meet immediate needs.

91.5% of our expenditure is directly related to our charitable objectives, namely meeting the costs of running our programmes in Africa and India.

The partnership approach of Skillshare International, and the direct involvement of our development workers, frequently provides the means for our partner organisations to gain their own access to resources. We recognise this to be a powerful form of financial leverage, although it cannot be reflected in the accompanying accounts.

Skillshare International receives some benefits in kind. The governments of Botswana and Lesotho make premises available to us rent free, and our partner organisations in Africa and India provide housing and other support for our development workers.

### **Supporters and Contributors**

On behalf of the trustees, I would like to thank all the organisations and individuals who have provided financial resources for our work and without whom our activities would not be possible. A list of our major funders can be found in Skillshare International's Annual Review 2003-2004, available on our website [www.skillshare.org](http://www.skillshare.org) or from the UK office.

Finally, I would like to acknowledge the great contribution made by everybody connected with Skillshare International, including staff, development workers, health trainers, programme partners, our Programme Advisory Committee members in Southern Africa and the many who support us individually, either financially or through the provision of their time and skills.



Wendy Tabuteau  
Chair of the Board of Trustees

19 July 2004

**SKILLSHARE INTERNATIONAL**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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Charity and Company law requires the directors (namely the members of the Board of Trustees of Skillshare International) to prepare financial statements for each financial year which give a true and fair view of the financial activities of the company during the year and its state of affairs at the end of the year. In preparing those financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 company will continue in operation.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the applicable law. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the trustees report and other information included in the annual report is prepared in accordance with the applicable law in the United Kingdom.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS  
FOR YEAR ENDED 31 MARCH 2004**

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We have audited the financial statements of Skillshare International for the year ended 31 March 2004 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under 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 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 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 the members of the Board of Trustees and auditors**

The trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 read the Trustees' and Chair's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards 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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, 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 of the state of the company's affairs as at 31 March 2004 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PKF

Registered Auditors  
Leicester

30 July 2004

**SKILLSHARE INTERNATIONAL**  
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**YEAR ENDED 31 MARCH 2004**  
**STATEMENT OF FINANCIAL ACTIVITIES**

|   |      |                         |                       | (as restated)           |                         |
|---|------|-------------------------|-----------------------|-------------------------|-------------------------|
|   | Note | Unrestricted<br>funds   | Restricted<br>funds   | 2004                    | 2003                    |
|   |      | £                       | £                     | £                       | £                       |
| <b>INCOMING RESOURCES</b>   |      |                         |                       |                         |                         |
| Grants  | 2    | 2 159 373               | 566 021               | 2 725 394               | 2 539 669               |
| Fund raising and donations  |      | 23 839                  | -                     | 23 839                  | 30 806                  |
| Investment income and Interest                                    |      | 6 761                   | -                     | 6 761                   | 19 464                  |
| Other income  |      | <u>22 859</u>           | <u>-</u>              | <u>22 859</u>           | <u>21 591</u>           |
| <b>TOTAL INCOMING RESOURCES</b>                                   |      | <u><b>2 212 832</b></u> | <u><b>566 021</b></u> | <u><b>2 778 853</b></u> | <u><b>2 611 530</b></u> |
| <b>RESOURCES EXPENDED</b>   |      |                         |                       |                         |                         |
| <b>Cost of generating funds</b>                                   |      |                         |                       |                         |                         |
| Fund raising and public relations                                 |      | 42 497                  | -                     | 42 497                  | 49 371                  |
| <b>Charitable expenditure</b>                                     |      |                         |                       |                         |                         |
| Direct charitable expenditure                                     |      | 2 118 961               | 625 104               | 2 744 065               | 2 541 402               |
| Management and administration                                     |      | <u>212 005</u>          | <u>-</u>              | <u>212 005</u>          | <u>182 694</u>          |
| <b>TOTAL RESOURCES<br/>EXPENDED</b>                               | 5    | <u><b>2 373 463</b></u> | <u><b>625 104</b></u> | <u><b>2 998 567</b></u> | <u><b>2 773 467</b></u> |
| <b>NET (OUTGOING)/INCOMING<br/>RESOURCES BEFORE<br/>TRANSFERS</b> | 3    | (160 631)               | (59 083)              | (219 714)               | (161 937)               |
| <b>TRANSFERS BETWEEN FUNDS</b>                                    | 10   | <u>(10 001)</u>         | <u>10 001</u>         | <u>-</u>                | <u>-</u>                |
| <b>NET (OUTGOING)/INCOMING<br/>RESOURCES</b>                      |      | (170 632)               | (49 082)              | (219 714)               | (161 937)               |
| <b>TOTAL FUNDS AT 1 APRIL 2003</b>                                |      | <u><b>547 574</b></u>   | <u><b>154 652</b></u> | <u><b>702 226</b></u>   | <u><b>864 163</b></u>   |
| <b>TOTAL FUNDS AT 31 MARCH<br/>2004</b>                           | 10   | <u><b>376 942</b></u>   | <u><b>105 570</b></u> | <u><b>482 512</b></u>   | <u><b>702 226</b></u>   |

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**BALANCE SHEET AS AT 31 MARCH 2004**

|   | <u>Note</u> | <u>2004</u>  |                  | (as restated)<br><u>2003</u> |                |
|---|-------------|--------------|------------------|------------------------------|----------------|
|   |             | £            | £                | £                            | £              |
| <b>FIXED ASSETS</b>                             |             |              |                  |                              |                |
| Tangible  | 6           |              | 316 055          |                              | 332 109        |
| Investments                                     | 7           |              | <u>263 438</u>   |                              | <u>263 988</u> |
|   |             |              | 579 493          |                              | 596 097        |
| <b>CURRENT ASSETS</b>                           |             |              |                  |                              |                |
| Debtors   | 8           | 57 720       |                  | 61 368                       |                |
| Cash at bank and in hand                        |             | <u>3 934</u> |                  | <u>173 105</u>               |                |
|   |             | 61 654       |                  | 234 473                      |                |
| <b>CURRENT LIABILITIES</b>                      |             |              |                  |                              |                |
| Creditors – amounts falling due within one year | 9           |              | <u>158 635</u>   |                              | <u>128 344</u> |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>         |             |              | <u>( 96 981)</u> |                              | <u>106 129</u> |
| <b>NET ASSETS</b>                               |             |              | <u>482 512</u>   |                              | <u>702 226</u> |
| <b>FUNDS: Unrestricted</b>                      |             |              |                  |                              |                |
|   |             |              | 376 942          |                              | 547 574        |
| <b>FUNDS: Restricted</b>                        |             |              |                  |                              |                |
|   |             |              | <u>105 570</u>   |                              | <u>154 652</u> |
| <b>TOTAL FUNDS</b>                              | 10          |              | <u>482 512</u>   |                              | <u>702 226</u> |

These financial statements are prepared in accordance with the special provisions of the Part VII of the Companies Act 1985 relating to small companies.

Approved on behalf of the Board of Trustees on 19 July 2004



WENDY TABUTEAU  
Chair, Board of Trustees

**SKILLSHARE INTERNATIONAL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED 31 MARCH 2004**

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**1 ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), the Companies Act 1985 and follow the recommendations contained in *Accounting and Reporting by Charities: Statement of Recommended Practice (issued in October 2000)*.

The principal accounting policies adopted in their preparation are as follows:

**1.1 Income**

Income is accounted for on a received basis for subscriptions and donations, and on a receivable basis for grants and covenanted donations.

Investment income (including bank interest) is accounted for on a receivable basis.

**1.2 Expenditure**

The expenditure headings comprise direct expenditure including staff costs attributable to the activity. Where costs cannot be directly attributed they have been allocated on a basis consistent with the use of resources.

Fundraising and public relations costs comprise the costs actually incurred directly in the raising of income and also include the costs of educating members of the public on the issues being directly addressed by the charity.

Administration costs include management of the charity's assets, organisational management and administration and compliance with constitutional and statutory requirements.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets, other than freehold land, are depreciated by equal annual instalments over their anticipated useful lives on the following bases:

|                                    |           |
|------------------------------------|-----------|
| Freehold buildings                 | 2%        |
| Improvements to leasehold property | 10%       |
| Fixtures, fittings and equipment   | 10% - 25% |
| Motor vehicles                     | 25%       |
| Computers                          | 33.3%     |

**1.4 Exchange conversions**

Transactions in foreign currencies are translated at the calculated average rate of exchange in the year. Assets and liabilities stated at the year end in foreign currencies are translated at the rate ruling at the balance sheet date. Exchange differences are charged/credited to revenue.

**1.5 Operating lease rentals**

Rentals under operating leases are charged to revenue as they fall due.

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**FOR YEAR ENDED 31 MARCH 2004**

1.6 Fund accounting

Unrestricted funds are funds that are expendable at the discretion of the Trustees in furtherance of the objects of the charity.

A designated fund is a particular form of unrestricted fund which has been allocated or designated for specific purposes by the charity itself. The use of such a fund for its designated purpose remains at the discretion of the Trustees.

Restricted funds are created when donations are made either for a specific area or purpose, the use of which is restricted to that area or purpose by the donor.

1.7 Investments are stated at cost.

1.8 The company contributes to defined contribution pension schemes on behalf of individual employees, the assets of which are held separately from those of the company. The contributions are charged in the Statement of Financial Activities as they arise.

**2 GRANTS**

|   | <u>2004</u>      | <u>2003</u>      |
|---|------------------|------------------|
|   | £                | £                |
| Unrestricted Funds:                       |                  |                  |
| Agency for Personal Service Overseas      | 501              | 83 019           |
| Department for International Development  | 1 980 000        | 1 930 000        |
| Other grants                              | <u>178 872</u>   | <u>175 424</u>   |
|   | 2 159 373        | 2 188 443        |
| Restricted Funds:                         |                  |                  |
| Community Fund:                           |                  |                  |
| TVE: Lesotho                              | 146 500          | 83 892           |
| Aids Care Trust: Namibia                  | -                | 57 760           |
| Mother and Child Health: Tanzania         | 75 757           | 149 416          |
| European Union                            |                  |                  |
| KCHL: India                               | 97 957           | 60 158           |
| OT training: Uganda                       | 7 575            | -                |
| ENABLE: South Africa                      | 38 312           | -                |
| Development Cooperation Ireland           | 100 755          | -                |
| DFID: Regional strategy for East Midlands | <u>99 165</u>    | <u>-</u>         |
|   | <u>566 021</u>   | <u>351 226</u>   |
| Total                                     | <u>2 725 394</u> | <u>2 539 669</u> |



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**3 NET (OUTGOING)/INCOMING RESOURCES**

Net (outgoing)/incoming resources for the year are stated after charging/(crediting):

|                                       | <u>2004</u> | <u>2003</u>    |
|---------------------------------------|-------------|----------------|
|                                       | £           | £              |
| Auditors' remuneration: Audit fee     | 4 000       | 3 900          |
| Other services                        | 2 425       | 2 600          |
| Depreciation of tangible fixed assets | 97 299      | 106 358        |
| Profit on sale of fixed assets        | <u>-</u>    | <u>(7 246)</u> |

**4 STAFF COSTS AND NUMBERS**

|                                    | <u>2004</u>      | <u>2003</u>    |
|------------------------------------|------------------|----------------|
|                                    | £                | £              |
| Wages and Salaries – UK            | 526 823          | 494 163        |
| Wages and Salaries – Africa & Asia | 371 292          | 306 032        |
| Social Security costs              | 65 127           | 49 132         |
| Pension costs                      | <u>47 621</u>    | <u>35 572</u>  |
|                                    | <u>1 010 863</u> | <u>884 899</u> |

One employee received emoluments of more than £50 000.

| The average number of employees during the year were:- | <u>2004</u> | <u>2003</u> |
|--|-------------|-------------|
| UK   | <u>23</u>   | <u>20</u>   |
| Africa & Asia  | <u>35</u>   | <u>34</u>   |
|  | <u>58</u>   | <u>54</u>   |

No remuneration was paid to any Trustee during the year (2003 £Nil). Seven (2003:seven) trustees received reimbursement of expenses during the year in respect of travel, accommodation and telephone calls in connection with Board activities. The aggregate amount reimbursed was £6 369 (2003: £4 950).

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**5. TOTAL RESOURCES EXPENDED**

Total resources expended comprised:

|                              | <u>2004</u>      | <u>2003</u>      |
|------------------------------|------------------|------------------|
|                              | £                | £                |
| Development worker programme | 634 925          | 630 329          |
| Other programmes             | 407 114          | 438 676          |
| Support costs                | 1 796 831        | 1 548 895        |
| Other expenditure            | <u>159 697</u>   | <u>155 567</u>   |
|                              | <u>2 998 567</u> | <u>2 773 467</u> |

Management and administration costs include allocated staff costs and depreciation for the year.

**6. TANGIBLE FIXED ASSETS**

|                                   | <u>Freehold<br/>land and<br/>buildings</u> | <u>Improvements<br/>to leasehold<br/>property</u> | <u>Fixtures,<br/>fittings &amp;<br/>equipment</u> | <u>Motor<br/>vehicles</u> | <u>Computers</u> | <u>Total</u>   |
|-----------------------------------|--|---|---|---------------------------|------------------|----------------|
|                                   | £  | £   | £   | £                         | £                | £              |
| <b>COST</b>                       |  |   |   |                           |                  |                |
| At 31 March 2003                  | 139 817                                    | 20 340  | 112 879   | 219 022                   | 258 160          | 750 218        |
| Additions                         | <u>-</u>                                   | <u>14 170</u>                                     | <u>6 806</u>                                      | <u>19 673</u>             | <u>40 596</u>    | <u>81 245</u>  |
| At 31 March 2004                  | <u>139 817</u>                             | <u>34 510</u>                                     | <u>119 685</u>                                    | <u>238 695</u>            | <u>298 756</u>   | <u>831 463</u> |
| <b>DEPRECIATION</b>               |  |   |   |                           |                  |                |
| At 31 March 2003                  |  |   |   |                           |                  |                |
| As previously reported            | 19 668                                     | 9 231   | 74 621  | 93 146                    | 169 408          | 366 074        |
| Prior period adjustment (note 15) | <u>(794)</u>                               | <u>(5 693)</u>                                    | <u>16 759</u>                                     | <u>19 368</u>             | <u>22 395</u>    | <u>52 035</u>  |
| As restated                       | 18 874                                     | 3 538   | 91 380  | 112 514                   | 191 803          | 418 109        |
| Charge for year                   | <u>2 989</u>                               | <u>2 317</u>                                      | <u>10 578</u>                                     | <u>44 382</u>             | <u>37 033</u>    | <u>97 299</u>  |
| At 31 March 2004                  | <u>21 863</u>                              | <u>5 855</u>                                      | <u>101 958</u>                                    | <u>156 896</u>            | <u>228 836</u>   | <u>515 408</u> |
| <b>NET BOOK VALUE</b>             |  |   |   |                           |                  |                |
| At 31 March 2003                  | <u>120 943</u>                             | <u>16 802</u>                                     | <u>21 499</u>                                     | <u>106 508</u>            | <u>66 357</u>    | <u>332 109</u> |
| At 31 March 2004                  | <u>117 954</u>                             | <u>28 655</u>                                     | <u>17 727</u>                                     | <u>81 799</u>             | <u>69 920</u>    | <u>316 055</u> |

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**7. INVESTMENTS**

|                  | <u>2004</u>     | <u>2003</u>    |
|------------------|-----------------|----------------|
| Cost             | £               | £              |
| At 31 March 2003 | 263 988         | 254 884        |
| Additions        | 18 656          | 9 104          |
| Disposals        | <u>(19 206)</u> | <u>-</u>       |
| At 31 March 2004 | <u>263 438</u>  | <u>263 988</u> |

Investments comprise UK listed unit trusts and fixed interest government securities. The market value of these investments at the Balance Sheet date was £254 497 (2003: £227 854).

**8. DEBTORS**

|                         | <u>2004</u>   | <u>2003</u>   |
|-------------------------|---------------|---------------|
| All due within one year | £             | £             |
| Grants receivable       | 31 117        | 20 711        |
| Other debtors           | <u>26 603</u> | <u>40 657</u> |
|                         | <u>57 720</u> | <u>61 368</u> |

**9. CREDITORS**

|                                     | <u>2004</u>    | <u>2003</u>    |
|-------------------------------------|----------------|----------------|
| Amounts falling due within one year | £              | £              |
| Bank overdraft                      | 8 173          | -              |
| Other taxes and social security     | 206            | 4 350          |
| Other creditors                     | <u>150 256</u> | <u>123 994</u> |
|                                     | <u>158 635</u> | <u>128 344</u> |

**SKILLSHARE INTERNATIONAL**  
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**10. FUNDS**

|   | At<br>31 March<br><u>2003</u><br>£ | Transfers<br>£  | Net<br>Incoming<br>Resources<br>£ | At<br>31 March<br><u>2004</u><br>£ |
|---|------------------------------------|-----------------|-----------------------------------|------------------------------------|
| <b>UNRESTRICTED FUNDS –</b>               |                                    |                 |                                   |                                    |
| As previously stated                      | 599 609                            | -               | -                                 | 599 609                            |
| Prior period adjustment (see note 15)     | <u>(52 035)</u>                    | <u>-</u>        | <u>-</u>                          | <u>(52 035)</u>                    |
| As restated                               | <u>547 574</u>                     | <u>(10 001)</u> | <u>(160 631)</u>                  | <u>376 942</u>                     |
| <b>RESTRICTED FUNDS</b>                   |                                    |                 |                                   |                                    |
| Community Fund:                           |                                    |                 |                                   |                                    |
| TVE: Lesotho                              | 56 012                             | -               | (10 168)                          | 45 844                             |
| ACT: Namibia                              | 2 339                              | -               | -                                 | 2 339                              |
| Mother and Child Health Tanzania          | <u>46 152</u>                      | <u>14 434</u>   | <u>(42,875)</u>                   | <u>17 711</u>                      |
| Total Community Fund                      | 104 503                            | 14 434          | (53 043)                          | 65 894                             |
| European Union:                           |                                    |                 |                                   |                                    |
| KCHL, India                               | 4 057                              | 29 984          | (12 417)                          | 21 624                             |
| OT training Uganda                        | -                                  | 11 675          | (3 116)                           | 8 559                              |
| ENABLE: South Africa                      | <u>-</u>                           | <u>-</u>        | <u>9 493</u>                      | <u>9 493</u>                       |
| Total European Union                      | 4 057                              | 41 659          | (6 040)                           | 39 676                             |
| DFID: Regional strategy for East Midlands | -                                  | -               | -                                 | -                                  |
| Development Cooperation Ireland           | -                                  | -               | -                                 | -                                  |
| Projects fund                             | <u>46 092</u>                      | <u>(46 092)</u> | <u>-</u>                          | <u>-</u>                           |
| <b>TOTAL</b>                              | <u>154 652</u>                     | <u>10 001</u>   | <u>(59 083)</u>                   | <u>105 570</u>                     |
| <b>TOTAL FUNDS</b>                        | <u>702 226</u>                     | <u>-</u>        | <u>(219 714)</u>                  | <u>482 512</u>                     |

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The restricted funds are to support the following activities, specified by the donor in each case:

| <b>Donor:</b>                          | <b>Activity:</b>   |
|--|--|
| <b>Community Fund</b>                  | <p><b>TVE Lesotho</b> - Strengthening Capacity of Vocational and Technical Education: a project to increase the capacity of the National Technical and Vocational Training programme.</p> <p><b>ACT Namibia</b> - Developing the capacity of the AIDS Care Trust: a project to provide appropriate services for people living with HIV and AIDS, and to raise awareness on the issues around HIV and AIDS.</p> <p><b>Mother and Child Health Tanzania</b> - Capacity and Knowledge for Mother and Child Health: a project working with nomadic groups in the Arusha region to deliver primary health care, in particular to mothers and children</p> |
| <b>European Union</b>                  | <p><b>KCHL India</b> - Knowledge, Confidence and Healthier Lives: a Community Health programme working with six partners in Tamil Nadu, Bihar, Karnataka, Madhya Pradesh and Orissa.</p> <p><b>OT training Uganda:</b> a project to enable Uganda to train its own Occupational Therapists and establish OT as a service resourced from within Uganda</p> <p><b>ENABLE South Africa:</b> a programme working to empower people with disabilities and their carers by providing adult basic education (ABE), training and development opportunities, in urban, peri-urban and rural areas of KwaZulu Natal</p>  |
| <b>Development Cooperation Ireland</b> | Support for specific development worker placements in Lesotho and Mozambique   |
| <b>DFID</b>                            | <b>Regional Strategy for the East Midlands:</b> Skillshare International is hosting a project entitled <i>East Midlands Network for Global Perspectives in Schools</i> to develop global perspectives as a core element of the school curriculum.  |

Sufficient resources are held as cash to enable each fund to be applied for the specified purpose.

**11. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 March 2004 are represented by:

|                       | Restricted<br>£ | Unrestricted<br>£ | Total<br>£       |
|-----------------------|-----------------|-------------------|------------------|
| Tangible fixed assets | 44 311          | 271 744           | 316 055          |
| Investments           | -               | 263 438           | 263 438          |
| Current assets        | 61 259          | 395               | 61 654           |
| Current liabilities   | -               | <u>(158 635)</u>  | <u>(158 635)</u> |
|                       | <u>105 570</u>  | <u>376 942</u>    | <u>482 512</u>   |

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**12 PENSION CONTRIBUTIONS**

Pension contributions are paid in respect of defined contribution pension schemes on behalf of individual employees. The pension cost charge representing contributions payable by the company during the year is shown in note 4. Prepaid contributions at the year end amounted to £2 942 (2003: £1 352).

**13 LEASE COMMITMENTS**

|                                     | <u>2004</u>   | <u>2003</u>   |
|-------------------------------------|---------------|---------------|
|                                     | £             | £             |
| Expiring between two and five years | 4 060         | 4 060         |
| Expiring after five years           | <u>30 494</u> | <u>32 180</u> |

**14 SUBSIDIARY UNDERTAKINGS**

| Company                            | Country of Incorporation | Income/(Deficit) for the year | Total funds | Nature of activity  |
|------------------------------------|--------------------------|-------------------------------|-------------|---|
| Action Health                      | Great Britain            | £Nil                          | £Nil        | Dormant   |
| Skillshare South Africa            | South Africa             | £(29 836)                     | £10 293     | Furtherance of activities of Skillshare International in South Africa |
| Skillshare International (Ireland) | Ireland                  | £(1 502)                      | £(1 502)    | Furtherance of activities of Skillshare International in Ireland      |

All of the above companies are limited by guarantee, and are 100% subsidiaries. The results of the subsidiary companies have been aggregated within the accounts presented, as they operate as branches of Skillshare International, in furtherance of its activities. This treatment is considered acceptable by the Charity Commission.

**15 PRIOR PERIOD ADJUSTMENT**

The comparatives have been restated for an underprovision of depreciation amounting to £52 035, in respect of 2002 - 2003.