

**PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)**

**(A Company by Limited Guarantee)**

**REPORT AND AUDITED ACCOUNTS**

**YEAR ENDED 31 JANUARY 2014**

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

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Year ended 31 January 2014

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# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## General Information

Year ended 31 January 2014

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<b>Registered address:</b>	2 Seething Lane, London, EC3N 4AT
<b>Auditors:</b>	Dixon Wilson, 22 Chancery Lane, London, WC2A 1LS
<b>Bankers:</b>	Barclays Bank, 2 Victoria Street, London, SW1H 0ND
<b>Lawyers:</b>	Hogan Lovells, 50 Holborn Viaduct, London EC1A 2FG
<b>Management consultants:</b>	Oliver Wyman, 55 Baker Street, London, W1U 8EW
<b>Accountants:</b>	Accounting Solutions for Charities, 22 Bramshill Gardens, London, NW5 1JH
<b>Trustees and directors:</b>	David Townsend Celia Petty Rhys Pullen Frederic Nze Lucy Heller
<b>Company secretary:</b>	John Rendel
<b>Company number:</b>	06552715
<b>Charity number:</b>	1126550

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

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**Our mission is to unlock the potential of Africa by delivering equal access to affordable, quality secondary education.**

Since the 1997 launch of free primary schooling (UPE) in Uganda, enrolment at primary school has reached 93% and the number of primary schools leavers has increased dramatically. However, a great many of those starting primary school never complete it. Uganda launched Universal Secondary Education (USE) in 2007, granting eligible students a capitation grant to encourage enrolment and aid attendance. However a severe lack of places and high fees means that most young Ugandans are still denied the opportunity to continue their education beyond primary school. Secondary school net enrolment is currently just 24%.

PEAS (Promoting Equality in African Schools) aims to widen access to secondary education on a permanent basis by building and managing networks of secondary schools in Uganda and Zambia. The networks of schools are managed by in-country teams of nationals of that country. PEAS UK raises funds from charitable donations to build and launch schools in Uganda and Zambia which are run using PEAS' innovative SmartAid management model. SmartAid ensures the schools become financially self-sufficient and sustainable through a mix of recurrent income streams: per pupil government grant, low fees and income generating activities – therefore eliminating ongoing reliance on fundraising income. PEAS monitors each school's financial sustainability by analysing financial and school performance data and by conducting regular audits of schools. PEAS also works to uphold and improve education standards by implementing a comprehensive education quality programme, including teacher training, school leadership support and school inspections.

PEAS operates through a Public Private Partnership with the Ugandan Government, which provides a per-pupil subsidy in 20 out of 24 PEAS schools in Uganda, partially covering the cost of educating students. Students pay low lunch fees, as the UGX47,000 received from the Government per pupil per term is not yet quite sufficient to cover the full running costs of the schools. PEAS also received support from the Zambian Government through the provision of government-paid teachers in our single school in Zambia.

It is our vision to make PEAS schools exemplars of excellence, which provide a high quality education at a low cost. It is crucial that our schools are accessible to all pupils and operate sustainably. PEAS continues to advocate for a rise in the per-pupil subsidy provided by the Ugandan Government and for its introduction in Zambia so that we can eventually make all our schools both free to students and financially sustainable.

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

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### Introduction by the Chief Executive, John Rendel

It has been an exceptional year for PEAS. Most notably, we opened eight new schools in Uganda, the largest number PEAS has ever launched in any individual year. This doubled the number of students in our network, which now stands at 8,000, and by February 2014 we expect this figure reach 12,000. We continue to reach those children most in need: an external evaluation found that in Uganda 40% of our day school students come from the poorest 20% of the population. Similarly, in Zambia over 35% of PEAS students are likely to live below the \$1.25 poverty line.

However, we're doing more than simply improving access to secondary schools. Examination results for 2013 show that PEAS is also providing quality education interventions that are achieved at a lower cost than government schools in both countries. In Uganda, PEAS students scored 3% above National Division I-III results for the Universal Certificate of Education (UCE) exams – equivalent to GCSE exams in the UK. Additionally in Zambia, over 50% of our students at George Secondary School achieved a Certificate (pass with A-C grade). Evidently these results show well above national average 'value added' measures of learning as PEAS students arrive at our schools 16% below national average in terms of primary leavers exam performance.

The efficacy of our SmartAid model and our evidence based impact also meant we secured a £1.98 million funding from DfID as part of its 'Girl's Education Challenge' initiative. PEAS was also announced the winner of the prestigious Civil Society Awards and one of the six winners of the World Innovation Summit for Education (WISE) Awards - both of which recognised PEAS' innovative approach to solving educational challenges.

Despite there being much to celebrate in 2013, there is still much more to do and we look ahead to 2014 with as much determination as ever before. As PEAS matures, we'll continue to develop our teams across the network and work to improve our internal processes to maximise our impact and scale our model. With significant progress already being made in negotiating a new Public Private Partnerships (PPPs) in Rwanda and Zambia (where we are proposing a change to our current partnership), 2014 promises to be a very exciting year. Many thanks to all our supporters and funders who have helped make this a truly award-winning year for PEAS.



# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

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### New school building programme

#### Uganda:

In 2013/14, PEAS provided funding to open up eight new schools in Uganda.

*NB: the facts below stand as of August 2014.*

#### NEW SCHOOL PROFILE (1)

School: **KIGARAMA PEAS HIGH SCHOOL, SHEEMA, UGANDA**

Background: The majority of the population in the sub-county of Kigarama are involved in rural livelihoods, with limited returns. There is one secondary school in an adjacent sub-county which is already heavily over-subscribed, with over 480 students enrolled in S1. As the only secondary school in the sub-county of Kigarama, the new school will immediately serve the hundreds of students.

Enrolment: 584 total students  
69% Day 31% Board  
53% Female 47% Male

#### NEW SCHOOL PROFILE (2)

School: **PEAS BRIDGE HIGH SCHOOL, MITOOMA, UGANDA**

Background: The sub-county of Nyabubare is a five-hour drive Southwest of Uganda's capital, Kampala. With 11 feeder primary schools within a 7km radius of the school, the demand for secondary education provision in the area is massive. Research carried out in 2012 revealed that 568 students were completing primary school with no accessible secondary available.

Enrolment: 176 total Students  
90% Day 10% Boarding  
56% Female 44% Male

#### NEW SCHOOL PROFILE (3)

School: **NGORA PEAS HIGH SCHOOL, NGORA DISTRICT, UGANDA**

Background: Ngora High School is the first secondary school in Ngora Sub-County. The 16 primary schools in the catchment area have about 423 eligible P7 leavers who could potentially enrol in this school. The school also serves two neighbouring sub-counties due to its central location.

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

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Enrolment: 382 total students  
47% Day 53% Boarding  
49% Female 51% Male

### NEW SCHOOL PROFILE (4)

School: **NYERO PEAS HIGH SCHOOL, KUMI DISTRICT, UGANDA**

Background: Nyero PEAS High School is located in the Nyero Sub-County of Kumi District in Eastern Uganda and is part of the continuing partnership between PEAS and Absolute Return for Kids (ARK) International. 552 eligible students from 13 primary schools in the catchment area could attend a PEAS secondary school here in Kalapata Trading Centre.

Enrolment: 374 total students  
46% Day 54% Boarding  
48% Female 52% Male

### NEW SCHOOL PROFILE (5)

School: **MUKONGORO PEAS HIGH SCHOOL, KUMI DISTRICT, UGANDA**

Background: Mukongoro PEAS High School is located in the Mukongoro Sub-County of Kumi District in Eastern Uganda and is part of the continuing partnership between PEAS and ARK International. The school is one of four schools opened by ARK and PEAS during 2013 and will serve nine schools in Mukongoro sub-county.

Enrolment: 458 total students  
45% Day 55% Boarding  
49% Female 51% Male

### NEW SCHOOL PROFILE (6)

School: **KITYERERA PEAS HIGH SCHOOL, MAYUGE, UGANDA**

Background: Kityerera PEAS High School is located in Kityerera Sub-County of Mayuge District in Eastern Uganda and is also part of the ARK International partnership. It will serve around 285 students from eight feeder primary schools.

Enrolment: 170 total students  
71% Day 29% Boarding  
49% Female 51% Male

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

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### NEW SCHOOL PROFILE (7)

- School: **AKOROMIT PEAS HIGH SCHOOL, AMURIA DISTRICT, UGANDA**
- Background: Akoromit PEAS High School is located in Akoromit Sub-County of Amuria District in Eastern Uganda and is part of the continuing partnership between PEAS and Absolute Return for Kids (ARK) International. It will serve around 354 students from 14 feeder primary schools.
- Enrolment: 393 total students  
32% Day, 68% Boarding  
54% Female 46% Male

### NEW SCHOOL PROFILE (8)

- School: **SAMLING KICHWAMBA PEAS HIGH SCHOOL, KABAROLE DISTRICT, UGANDA**
- Background: PEAS has built a second school in Kabarole District in Western Uganda, near Samling Kazingo (which opened in 2012). The area has a high need for quality, affordable secondary education, and Samling Kichwamba could serve 365 students from eight primary schools. There is only one other secondary school in the sub-county, located in a geographically difficult spot, limiting access.
- Enrolment: 78 total students  
64% Day, 36% Boarding  
59% Female 41% Male

All of the new schools built in Uganda have signed a Memorandum of Understanding with the Government of Uganda, and receives UGX47, 000 (£10.81) per student per term in capitation grants. The average fees we charge our students are as follows; Day USE: UGX 61,450 (£14.13) per term, Day Non-USE: UGX 88,476 shillings (£20.35) per term, Boarding USE: UGX 174,550 (£40.14) per term, Boarding Non-USE: UGX 210,905 (£48.51) per term. These fees include the cost of lunch (approximately UGX 40,000).

The curriculum covers 10 core O-level subjects (national curriculum): English, Maths, Biology, Physics, Chemistry, History, Geography, Agriculture, Entrepreneurship, CRE, as well as PE and Citizenship Education (PEAS curriculum).



# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

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### **Zambia:**

PEAS is in the process of building a second school in Zambia, which is due to open in January 2014. Our existing school in Zambia, George Secondary School in Ndola continues to grow, with an additional classroom block, permanent kitchen, teacher housing and an extra wing on the girl's dormitory all built in 2013. The school enrolls 226 students, 57% of which are girls. The school continues to receive teachers paid by the government, reducing running costs.

### **Future Growth:**

Future growth and capacity building for all existing schools in Uganda and Zambia is planned in 2014. This will be achieved through the construction of additional facilities, including classroom blocks, dormitories, libraries, laboratories and sanitary blocks. This enables each school to move towards, or reach its 1,000 student capacity. Larger schools enable PEAS to educate more students and ensure the long-term sustainability of the school, as larger schools benefit from economies of scale. PEAS will also make further investments in Income Generating Activities (IGAs) to secure the sustainability of each school.

## **Regionalisation**

As PEAS moves from being a start-up to a medium sized social enterprise, we are placing more emphasis on the support and supervision we can offer our in-country teams and schools, through moving towards a regional operating structure in Uganda during 2013.

Having operated from a central office in Kampala for a number of years, this year PEAS has developed plans to create three regional educational hubs in the Western, Central and Eastern regions of Uganda. We believe that this will improve the quality of education across our schools. Specifically, decentralisation will allow us to have closer oversight of our schools and provide more comprehensive support across a number of areas including teacher training and school financial management. It will also help to foster shared learning within and between hubs, improving educational quality and embedding excellence. This will help us to successfully deliver and develop our curriculum programmes, including gender responsive pedagogy and science attainment.

## **Capacity Building**

In a drive to ensure we leveraging best practice in education, this year we have actively sought to strengthen the capacity and expertise of our Ugandan team. As part of our continued commitment to child welfare and the consistent improvement of child safeguarding, PEAS recruited a new full-time Child Protection and Gender manager. A Community Engagement Officer has also been recruited to ensure PEAS effectively engages communities (from local communities up to district level) prior to the launch of new PEAS schools. The officer will also help to ensure that existing PEAS schools are involving communities and school stakeholders with the aim of improving education standards.

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

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Year ended 31 January 2014

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### Awards

The impact of our work and pioneering approach is being recognised in development and education circles. This year we were one of six WISE Awards winners and PEAS was also named the 'Best International Development Charity' and 'Best Overall Charity' by the prestigious Civil Society Awards. These awards are an endorsement of PEAS, and will help to increase awareness of our work and also our brand, helping us secure additional support and funding in the future.

### Girl's Education Challenge

PEAS successfully applied to DfID's flagship Girls' Education Challenge (GEC), securing a grant of £1.98million for three years. The GEC will help up to a million of the world's poorest girls improve their lives through education and calls on non-governmental organisations, charities and the private sector to find better ways of getting girls into school and ensuring they receive a quality of education to transform their future. PEAS was one of 36 organisations (out of over 1,100) that was successful in this application. The project, 'Girls Enrolment, Attendance, Retention and Results' (GEARR), will reach 6,200 marginalised girls in Uganda and will work to address the obstacles that keep girls away from school and prevent effective learning. The funding for GEARR was approved by DfID in April 2013, with full implementation starting in early 2014, building upon the planning and baseline assessment.

### Financial Overview

	2014 <i>Unrestricted</i>	2014 <i>Restricted</i>	2014 <i>Total</i>	2013 <i>Total</i>
<i>Notes</i>	£	£	£	£
<b><i>Incoming Resources</i></b>				
Incoming Resources from generated funds				
Voluntary income	556,991	2,450,920	3,007,911	2,650,676
Investment income	75	3,837	3,912	4,931
Other income	-	6,170	6,170	3,179
<b><i>Total Incoming Resources</i></b>	<b>557,066</b>	<b>2,460,927</b>	<b>3,017,993</b>	<b>2,658,786</b>

PEAS received a number of donations in excess of £10,000 from the following individuals and organisations to whom we are very grateful: ARK (Absolute Return for Kids), ELMA Philanthropies, MasterCard Foundation, UBS Optimus Foundation, The Waterloo Foundation, The Beit Trust, The Four Acre Trust, Venture Partnership Foundation, RBS, DFID, Ethicall, ATC, Oxford Royale, Fondation Eagle, Adelaide4Africa, The T&J Meyer Family Foundation and the Equitable Charitable Trust. We would also like to thank a number of donors who wished to remain anonymous.

PEAS was selected by the Reed Foundation to participate within its 'Big Give' match funding scheme. Through the Big Give, which ran for three days in December 2013, PEAS raised £33,000 of unrestricted funding.

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

PEAS would also like to thank hundreds of individual supporters who have given generously to our work and the many people have donated, organised their own fundraising events and attended PEAS-organised events. All of these donors have been critical to the success of PEAS this year, by helping us to open eight new schools and educate thousands more children.

### Expenditure analysis

	Unrestricted funds	Restricted funds	2014 Total	2013 Total
	£	£	£	£
<b>Cost of generating funds:</b>				
Direct costs	13,840	-	13,840	38,167
Support costs	91,028	-	91,028	58,137
	<u>104,868</u>	<u>-</u>	<u>104,868</u>	<u>96,304</u>
<b>Charitable activities</b>				
Construction & operation of schools in Uganda & Zambia	54,467	1,510,247	1,564,714	1,239,829
Project management	-	21,251	21,251	16,998
Volunteer programme	-	29,746	29,746	24,755
Support costs	293,773	-	293,773	203,480
	<u>348,240</u>	<u>1,561,244</u>	<u>1,909,484</u>	<u>1,485,062</u>
<b>Governance</b>				
Professional fees	6,479	-	6,479	-
Audit fee	7,500	-	7,500	6,620
Support costs	28,963	-	28,963	22,449
	<u>42,942</u>	<u>-</u>	<u>42,942</u>	<u>29,069</u>
<b>Total expenditure</b>	<u><b>496,050</b></u>	<u><b>1,561,244</b></u>	<u><b>2,057,294</b></u>	<u><b>1,610,435</b></u>

Support costs relate to the staff and running costs of the charity's London office and are allocated on a basis consistent with the use of resources. Included in support costs is an amount of £33,600 representing the estimated value of the rent free office space the charity received during the year, and an amount of £30,000 representing the estimated value of the pro bono legal support provided to the charity by Hogan Lovells International LLP.

### Reserves and investment policy

PEAS has a reserves and investment policy in place. PEAS UK aims to have unrestricted reserves to cover three months running costs of the charity in the UK and PEAS Uganda and Zambia. PEAS also has an increasing amount of restricted reserves – which are primarily the physical assets: the school buildings.

PEAS' investment policy ensures that funds generated during a financial period which are not immediately needed for PEAS' charitable activities are placed in a savings account in the UK until required.

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

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### Future plans

In 2014/5 we will place more emphasis on education quality, particularly focusing on the recruitment, retention and professional development of our school leadership and teaching staff. We also intend to continue our expansion programme by opening at least four new schools; three in Uganda and one in Zambia. We will also focus on expanding the capacity of our existing schools so they are able to reach their full capacity of 1,000 students. By further focussing our efforts on our educational programmes, we aim to speed up the improvement in the quality of PEAS schools so that each becomes a well-known exemplar school in its district.

Our long-term aim is to continue the growth of the network both in Uganda and Zambia, and also further afield to additional countries in sub-Saharan Africa. By developing not-for-profit Public Private Partnerships (PPPs), PEAS hopes to prompt systemic change elsewhere in Africa by exemplifying how an innovative management and financing model can lead to high quality equitable education in an accountable and cost-effective way. This is contingent on our ability to negotiate a PPP that provides a sufficient per pupil subsidy that allows us to keep fees to our students at a minimum.

In the coming year we will continue to advocate with the Ministry of Education and Sports in Uganda about an increase in the amount provided per pupil, as well as looking into potential contract-management options of government-built schools. Next year we'll also devote more time to advocacy in Zambia and propose a move from our current PPP, to one which provides a 90% recovery of the cost it takes to educate a child.

We will also look to secure a PPP with the Government of Rwanda based on full cost-recovery per pupil, which if successful, will enable us for the first time to remove all fees we charge to our students. Dependent on the speed and progress of our negotiations with each Ministry in question, we will plan accordingly for the expansion of the network and identify areas for the construction of new schools.

### Recruitment, staffing and professional development

#### UK:

During 2013/14, the PEAS UK team comprised of six members of full-time staff covering organisational strategy, fundraising and programme management. There are plans to expand this team during 2014 to enhance PEAS' communications and financial management expertise.

#### Uganda:

PEAS' Ugandan team is led by Managing Director Susan Opok. This team grew during the year to 43 members of staff, who oversee the school network, manage construction of new schools plus expansion of existing schools, and implement the education quality improvement programmes.

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

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### Zambia:

In Zambia, Rachael Kalaba continues to oversee the Ndola office as Country Manager, working closely with Education Specialist Libby Hills. During 2013, PEAS Zambia recruited a finance officer, providing invaluable support the George Secondary School.

### Governance

PEAS is a registered UK charity (no. 1126550) and a company limited by guarantee. (no. 6552715)

#### *The Board of Trustees*

In the period covered by this TAR the Board of Trustees comprised of:

David Townsend	<i>Chair of Board of Trustees and member of the Finance Committee</i>
Celia Petty	Trustee
Rhys Pullen	Trustee
Frederic Nze	Trustee
Lucy Heller	Trustee (Appointed September 2013)

#### **Recruitment, induction and training of trustees**

PEAS currently has five members within its board of trustees and is looking to expand this number to eight by the end 2016. PEAS board members can serve for up-to two three-year terms.

New trustees are recruited through the networks of existing trustees and are selected on basis of experience, personal/professional networks and their ability to support organisational governance.

Prior to joining the board, trustees are interviewed by the Chair and CEO before joining a trial first board meeting. Induction and training of trustees is carried out through a series of meetings with the CEO and other senior management staff.

#### **Statement of public benefit**

The trustees, having regard to the Public benefit guidance published by the Charity Commission in accordance with section 17 of the Charities Act 2011, consider that that purpose and activities of the charity satisfy the requirements of the public benefit test set out in section 4 of the same act.

#### **Statement of risk review**

The trustees are confident that the charity has assessed organisational and regulatory risks and that there are mitigating strategies in place which are regularly monitored.

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Report of the Trustees

Year ended 31 January 2014

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### Partnerships

#### **The UK Government Department for International Development (DfID)**

The UK Government supports PEAS through GEC and UK Aid Match. The GEC will help up to a million of the world's poorest girls improve their lives through education and provides restricted funds to projects which help achieve the overarching GEC objectives. DfID also supports PEAS via UK Aid Match, the British Government's scheme to give the public a say in how a portion of the existing aid budget is spent by matching public donations to charity appeals for projects to reduce poverty in developing countries. This support will enable PEAS to improve the quality of our schools even further.

#### **Ministry of Education and Sports, Government of Uganda**

PEAS signed a Memorandum of Understanding with the Government in 2010, entering into a secondary education public-private partnership. Through this, PEAS receives a per pupil per term capitation grant (Universal Secondary Education, or USE, grant), enabling PEAS to eliminate tuition fees for eligible students. We meet quarterly with the Minister, Hon. Lt. Jessica Alupo, who also opened the Nangonde ARK-PEAS High School in March 2012, and the Government has expressed a hope of applying learnings from the PEAS network to other secondary schools in Uganda.

#### **Ministry of Education, Government of Zambia**

Teacher salaries at the PEAS school in Zambia are paid for by the Government through a special agreement with PEAS. As teacher salaries are one of the biggest expenses for a school, this cost-saving allows PEAS to keep costs to students low. We are working with the Government to develop new models of public support for private schools such as PEAS.

#### **ARK (Absolute Return for Kids)**

In the UK, ARK runs a network of high-achieving, non-selective schools for public benefit in some of the country's most disadvantaged areas. We are working with ARK through our Partnership for Public Education to launch up to 10 secondary schools, and to raise education quality across the PEAS network. PEAS' experience with ARK's rigorous focus on quality and measuring results; we will radically improve the life chances of every one of our students.

#### **Build IT International**

Built It International works to provide young people with practical construction experience alongside on-site training by construction specialists so that trainees are able to gain a TEVETA (Technical Education, Vocational and Entrepreneurship Training Authority) construction qualification. Having already built one school together in Zambia, George Secondary School, PEAS and Build It International are working together on expanding facilities at George as well as building a new school in planned for 2014.

#### **The Costa Foundation**

The Costa Foundation supports coffee-growing communities around the world. A highly successful and collaborative partnership has developed between PEAS and the Costa Foundation and the Foundation has already funded four PEAS schools in Uganda since 2011 and supported those schools with expansion construction. A further two opened at the beginning of 2013. It is a partnership we hope that will continue to provide secondary education to coffee growing communities in Uganda.

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

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### **The COINS Foundation**

COINS is a company that works in the construction industry, supplying construction and house-building software. The COINS Foundation aims to fund projects that offer relief to vulnerable and disadvantaged people and communities both in the UK and internationally. We are hugely grateful to the COINS foundation for their support in expanding our schools and operations in Zambia. COINS Foundation continue to support PEAS through donations and introductions.

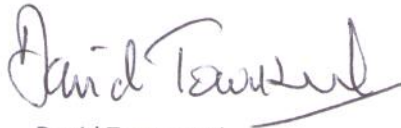
### **Teach First**

Teach First is a not-for-profit organisation that selects outstanding graduates from Britain's top universities and places them as teachers in 'challenging schools' for a period of at least two years. John Rendel, PEAS CEO, is a Teach First alumnus himself and qualified as a maths teachers through the programme. Teach First supports PEAS by providing subsidised office space in London.

### **Oliver Wyman**

Oliver Wyman is a global leader in management consulting and provides PEAS with ongoing pro-bono consultancy work and advice. Oliver Wyman was instrumental in the development of ongoing strategy.

Signed on behalf of the Board



David Townsend  
Trustee

24<sup>th</sup> October 2014

# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Independent auditors' report

Year ended 31 January 2014

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)**

We have audited the financial statements of Promoting Equality in African Schools (PEAS) for the year ended 31 January 2014 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Company Balance Sheets, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company'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 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 trustees and auditors**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees 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 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 group's and the parent 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.



# PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

## Independent auditors' report

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### **Basis for qualified opinion on financial statements**

PEAS has not consolidated the financial statements of individual schools in Uganda and Zambia in the PEAS network, as PEAS schools manage their finances separately and so have been accounted for as separate entities. Consequently PEAS school accounts did not form part of the PEAS Uganda financial statements and audit. Therefore it has not been able to ascertain the income and expenditure of the schools for the year ended 31 January 2014 to a standard required under UK GAAP. Under United Kingdom Generally Accepted Accounting Practice, the schools should have been consolidated because they are under the control of PEAS Uganda and PEAS Zambia, which are in turn under the control of PEAS. We were unable to ascertain the impact of the undisclosed balances to the financial statements of PEAS. Such disclosure is required by the Companies Act 2006.

### **Qualified opinion on financial statements**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 2014 and of the group's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Suzanne Rose (Senior statutory auditor)  
For and on behalf of Dixon Wilson, Statutory Auditor  
22 Chancery Lane, London WC2A 1LS

2014

# Promoting Equality in African Schools (PEAS)

## Consolidated Statement of Financial Activities (incorporating the Income and Expenditure Account) for the year to 31 January 2014

	Notes	2014 Unrestricted £	2014 Restricted £	2014 Total £	2013 Total £
<b>Incoming Resources</b>					
Incoming Resources from generated funds					
Voluntary income		556,991	2,450,920	3,007,911	2,650,676
Investment income		75	3,837	3,912	4,931
Other income		-	6,170	6,170	3,179
<b>Total Incoming Resources</b>		<b>557,066</b>	<b>2,460,927</b>	<b>3,017,993</b>	<b>2,658,786</b>
<b>Resources Expended</b>					
Cost of generating funds:					
Charitable activities		104,868	-	104,868	96,304
Governance costs		348,240	1,561,244	1,909,484	1,392,361
		42,942	-	42,942	29,069
<b>Total resources expended</b>	2	<b>496,050</b>	<b>1,561,244</b>	<b>2,057,294</b>	<b>1,517,734</b>
<b>Net movement in funds before exchange differences and transfers</b>		<b>61,016</b>	<b>899,683</b>	<b>960,699</b>	<b>1,141,052</b>
Exchange differences	3	-	57,433	57,433	(263,433)
Transfers between funds		(66,070)	66,070	-	-
<b>Net movement in funds</b>		<b>(5,054)</b>	<b>1,023,186</b>	<b>1,018,132</b>	<b>877,619</b>
<b>Total funds brought forward</b>		<b>262,308</b>	<b>2,092,297</b>	<b>2,354,605</b>	<b>1,476,986</b>
<b>Total funds carried forward</b>	9	<b>257,254</b>	<b>3,115,483</b>	<b>3,372,737</b>	<b>2,354,605</b>

# Promoting Equality in African Schools (PEAS)

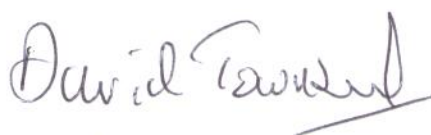
## Consolidated Balance Sheet

as at 31 January 2014

	Notes	Group 2014 £	Group 2013 £	Charity 2014 £	Charity 2013 £
<b>Fixed assets</b>					
Tangible assets	4, 5	2,879,668	1,794,550	2,558	1,259
Intangible assets	6	12,065	12,310	-	-
		<u>2,891,733</u>	<u>1,806,860</u>	<u>2,558</u>	<u>1,259</u>
<b>Current assets</b>					
Debtors	7	116,235	186,181	3,542	120,133
Cash at bank and in hand		562,461	785,769	334,970	453,996
		<u>678,696</u>	<u>971,950</u>	<u>338,512</u>	<u>574,129</u>
<b>Creditors:</b> amounts falling due within one year	8	(197,692)	(424,205)	(34,459)	(227,833)
<b>Net current assets</b>		<u>481,004</u>	<u>547,745</u>	<u>304,053</u>	<u>346,296</u>
<b>Net assets</b>		<u>3,372,737</u>	<u>2,354,605</u>	<u>306,611</u>	<u>347,555</u>
<b>Funds</b>					
Unrestricted funds:		257,254	262,308	257,254	262,308
Restricted funds		3,115,483	2,092,297	49,357	85,247
<b>Total funds</b>	8	<u>3,372,737</u>	<u>2,354,605</u>	<u>306,611</u>	<u>347,555</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime in Part 15 of the Companies Act 2006.

Signed on behalf of the Board



David Townsend  
Trustee

24<sup>th</sup> October

2014

# Promoting Equality in African Schools (PEAS)

## Consolidated Statement of Total Recognised Gains and Losses for the year to 31 January 2014

	<i>Note</i>	<i>2014 Total</i> £	<i>Restated 2013</i> <i>Total</i> £
Surplus for the financial year		1,018,132	877,619
Prior year adjustment	17	346,927	-
Total recognised gains and losses since last annual report		<u>1,365,059</u>	<u>877,619</u>

# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### 1 Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards including the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005, and the Financial Reporting Standard for Smaller Entities (effective April

#### (b) Group financial statements

The financial statements consolidate the results of the charity and its partner organisations PEAS Uganda and PEAS Zambia, which are under the common control of PEAS UK, on a line by line basis. A separate Statement of Financial Activities, and income and expenditure account, for the charity itself are not presented in accordance with the applicable exemptions afforded.

#### (c) Fund accounting

- (i) Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
- (ii) Restricted funds are subject to specific conditions imposed by the donor as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

#### (d) Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income.

- (i) Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when the charity is entitled to the income.
- (ii) Incoming resources from tax reclaims (Gift Aid) are recognised at the same time as the gift to which they relate.
- (iii) Donated services and facilities (gifts in kind) are included at the price the charity would pay in the open market where this can be quantified.
- (iv) The value of services provided by volunteers has not been included as income in these accounts.
- (v) Investment income is included when receivable.

#### (e) Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred, and includes any VAT which cannot be fully recovered.

- (i) Resources expended on charitable activities comprises expenditure related to the direct furtherance of the charity's objectives. Grants payable are included under charitable expenditure when a contract is signed with the grantee. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources.
- (ii) Governance costs are those incurred in connection with the management of the charity's assets, organisational administration and compliance with constitutional and statutory requirements.
- (iii) The value of services provided by volunteers has not been included as expenditure in these accounts.

#### (f) Tangible fixed assets and depreciation

Tangible fixed assets costing over £500 (including any incidental expenses of acquisition) are capitalized. Provision for depreciation is made so as to write off the cost or valuation of tangible fixed assets, less any residual value, on a straight line basis over the expected useful economic lives of the assets concerned. Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Buildings	25 years
Furniture and fittings	4 years
Motor vehicles	4 years
Computer equipment (Uganda)	3 years
Computer equipment (UK)	4 years
Machinery	5 years

#### (g) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Exchange differences arising on transactions in the year are taken to the profit and loss account. Exchange differences arising on consolidation are taken to reserves. The net investment translation method is used when translating the accounts of the partner organisation.

# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### 2 Resources expended

	Unrestricted funds	Restricted funds	2014 Total	2013 Total
	£	£	£	£
<b>Cost of generating funds:</b>				
Direct costs	13,840	-	13,840	38,167
Support costs	91,028	-	91,028	58,137
	<u>104,868</u>	<u>-</u>	<u>104,868</u>	<u>96,304</u>
<b>Charitable activities</b>				
Construction & operation of schools in Uganda & Zambia	54,467	1,510,247	1,564,714	1,239,829
Project management	-	21,251	21,251	16,998
Volunteer programme	-	29,746	29,746	24,755
Support costs	293,773	-	293,773	203,480
	<u>348,240</u>	<u>1,561,244</u>	<u>1,909,484</u>	<u>1,485,062</u>
<b>Governance</b>				
Professional fees	6,479	-	6,479	-
Audit fee	7,500	-	7,500	6,620
Support costs	28,963	-	28,963	22,449
	<u>42,942</u>	<u>-</u>	<u>42,942</u>	<u>29,069</u>
<b>Total expenditure</b>	<u><b>496,050</b></u>	<u><b>1,561,244</b></u>	<u><b>2,057,294</b></u>	<u><b>1,610,435</b></u>

Support costs relate to the staff and running costs of the charity's London office and are allocated on a basis consistent with the use of resources. Included in support costs is an amount of £33,600 representing the estimated value of the rent free office space the charity received during the year, and an amount of £30,000 representing the estimated value of the pro bono legal support provided to the charity by Hogan Lovells International LLP.

### 3 Exchange differences

	2014	2013
Exchange gain / (loss) on consolidation of opening balances	45,013	(149,917)
Realised exchange differences	-	(410)
Exchange gain / (loss) on consolidation of closing balances	12,420	(113,106)
	<u><b>57,433</b></u>	<u><b>(263,433)</b></u>

The consolidated accounts include the value of the school land and buildings owned by PEAS Uganda. The book value of these assets in the accounts of PEAS Uganda is stated in Ugandan Shillings (UGX) and converted to GBP as part of the consolidation process. The combined value of this estate is over £2m at the balance sheet date, and this large value means that a relatively small shift in the UGX:GBP exchange rate over the course of a year can produce a significant exchange difference on consolidation as happened in 2012-13. However as it relates to the GBP valuation of a category of fixed assets that the charity intends to hold beyond the 25 year depreciation period to the point when their book value will be zero, any exchange difference represents a book entry rather than what might be considered a "real" exchange gain or loss on an investment or a saleable asset.

# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### 4 Tangible fixed assets - Group

	Buildings	Freehold land	Work in progress	Motor vehicles & cycles	Computers & office equipment	Total
<b>Cost</b>						
At 1 February 2013	1,007,352	107,742	716,133	33,486	28,679	1,893,392
Additions	731,380	1,963	381,236	6,066	7,143	1,127,788
Transfers/disposals	-	-	-	-	-	-
Exchange differences	24,959	2,669	9,148	830	385	37,991
<b>At 31 January 2014</b>	<b>1,763,691</b>	<b>112,374</b>	<b>1,106,517</b>	<b>40,382</b>	<b>36,207</b>	<b>3,059,171</b>
<b>Depreciation</b>						
At 1 February 2013	73,638	-	-	12,993	12,211	98,842
Charge for year	62,101	-	-	7,729	8,457	78,287
Exchange differences	1,824	-	-	322	228	2,374
<b>At 31 January 2014</b>	<b>137,563</b>	<b>-</b>	<b>-</b>	<b>21,044</b>	<b>20,896</b>	<b>179,503</b>
<b>Net book value</b>						
At 31 January 2014	1,626,128	112,374	1,106,517	19,338	15,311	2,879,668
At 1 February 2013	933,714	107,742	716,133	20,493	16,468	1,794,550

# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### 5 Tangible fixed assets - Charity

	Computers & office equipment
<b>Cost</b>	
At 1 February 2013	2,184
Additions	2,461
Transfers/disposals	-
<b>At 31 January 2014</b>	<u>4,645</u>
<b>Depreciation</b>	
At 1 February 2013	925
Charge for year	1,161
<b>At 31 January 2014</b>	<u>2,086</u>
<b>Net book value</b>	
At 31 January 2014	<u>2,559</u>
At 1 February 2013	<u>1,259</u>

### 6 Intangible fixed assets - Group

	Prepaid Operating lease rentals
<b>Cost</b>	
At 1 February 2013	15,260
Additions	-
Transfers/disposals	-
Exchange differences	378
<b>At 31 January 2014</b>	<u>15,638</u>
<b>Depreciation</b>	
At 1 February 2013	2,950
Charge for year	550
Exchange differences	73
<b>At 31 January 2014</b>	<u>3,573</u>
<b>Net book value</b>	
At 31 January 2014	<u>12,065</u>
At 1 February 2013	<u>12,310</u>



# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### 7 Debtors: amounts falling due within one year

	Group 2014 £	Group 2013 £	Charity 2014 £	Charity 2013 £
Gift Aid receivable	3,542	20,732	3,542	20,732
PAYE	-	1,298	-	1,298
Donations receivable	-	98,990	-	98,103
Prepayments	111,789	65,161	-	-
Other	904	-	-	-
<b>Total</b>	<b>116,235</b>	<b>186,181</b>	<b>3,542</b>	<b>120,133</b>

### 8 Creditors: amounts falling due within one year

	Group 2014 £	Group 2013 £	Charity 2014 £	Charity 2013 £
Trade creditors	127,731	8,194	-	-
Grant creditors	-	129,456	-	-
Taxation and social security	34,340	32,100	9,359	-
Deferred income	-	216,093	-	216,093
Accruals	25,100	-	25,100	11,740
Sundry creditors and provisions	10,521	38,362	-	-
<b>Total</b>	<b>197,692</b>	<b>424,205</b>	<b>34,459</b>	<b>227,833</b>

# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### 9 Movements in funds

	<i>Balance at 31-Jan-13</i>	<i>Incoming</i>	<i>Outgoing</i>	<i>Transfers between funds</i>	<i>Balance at 31-Jan-14</i>
	£	£	£	£	£
<b>Restricted Funds</b>					
UGANDA - General	-	1,154,656	(1,109,722)	-	44,934
UGANDA - Construction	5,339	477,763	(483,102)	-	-
UGANDA - Girls Education Campaign	-	211,321	(211,321)	-	-
UGANDA - Programmes	-	367,728	(367,728)	-	-
ZAMBIA - Construction	73,929	81,450	(221,449)	66,070	-
ZAMBIA - Programmes	-	15,538	(15,538)	-	-
KENYA	5,979	10,070	(11,626)	-	4,423
	<u>85,247</u>	<u>2,318,526</u>	<u>(2,420,486)</u>	<u>66,070</u>	<u>49,357</u>
<b>Unrestricted funds</b>	262,308	557,066	(496,050)	(66,070)	257,254
<b>Total funds</b>	<u><b>347,555</b></u>	<u><b>2,875,592</b></u>	<u><b>(2,916,536)</b></u>	<u><b>-</b></u>	<u><b>306,611</b></u>

Fund	Purpose
UGANDA - General	Funding received from donors for PEAS Uganda but not restricted to specific activity.
UGANDA - Construction	Funds to cover the design and building of our schools in Uganda
UGANDA - Girls Education Campaign	DfID funded programme aiming to reach about 10,000 marginalised girls in Uganda and improve their learning outcomes. The project will take place in all PEAS schools in Uganda between October 2013 and February 2016.
UGANDA - Programmes	Funds to cover running our schools and educational programmes in Uganda
ZAMBIA - Construction	Funds to cover the design and building of our schools in Zambia
ZAMBIA - Programmes	Funds to cover running our schools and educational programmes in Zambia
KENYA	Funds received to support our Kenyan partner the Got Matar Community Development Group in running a Secondary School in the Got Matar district.

# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### 10 Staff costs and numbers

	2014 £	2013 £
Salaries and wages	494,595	323,355
Pension	6,600	-
Social security costs	60,534	41,790
	<u>561,729</u>	<u>365,145</u>

The average number of staff employed during the period was 37 28

The number of staff whose emoluments were in excess of £60,000 during the year were as follows;

£60,001 - £70,000	1	-
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### 11 Trustees' remuneration and expenses

The charity did not pay to its trustees any remuneration during the year (2013, £nil), but did incur a total of £705 in expenses relating to a trip made by 1 trustee to visit PEAS schools in Uganda. (2013, nil).

### 12 Related parties

The charity has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

### 13 Analysis of net assets between funds

	<i>Unrestricted funds</i> £	<i>Restricted funds</i> £	<i>Total funds</i> £
Fixed assets	2,559	2,889,174	2,891,733
Current assets	289,154	389,542	678,696
Current liabilities	(34,459)	(163,233)	(197,692)
<b>Net assets at 31 January 2014</b>	<u><b>257,254</b></u>	<u><b>3,115,483</b></u>	<u><b>3,372,737</b></u>

### 14 Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of PEAS UK.

The summary financial performance of the charity alone is;

	2014 £	2013 £
Incoming resources	2,875,592	2,499,662
Cost of generating funds:		
Charitable activities	(104,868)	(96,305)
Governance costs	(2,768,726)	(2,194,804)
	(42,942)	(29,069)
<b>Net incoming resources</b>	<u><b>(40,944)</b></u>	<u><b>179,484</b></u>
Total funds brought forward	347,555	168,071
<b>Total funds carried forward</b>	<u><b>306,611</b></u>	<u><b>347,555</b></u>
Represented by		
Unrestricted funds	257,254	262,308
Restricted funds	49,357	85,247
	<u><b>306,611</b></u>	<u><b>347,555</b></u>

# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### 15 Financial performance of PEAS Uganda

The Consolidated Statement of Financial Activities includes the results of PEAS Uganda Limited.

The summary financial performance of the company alone is;

	2014 £	2013 £
<b>Income</b>		
Grant income	2,166,360	1,711,693
Private donations	-	166
Other income	4,195	6,571
	<u>2,170,555</u>	<u>1,718,430</u>
<b>Expenditure</b>		
Construction and project expenses	(1,362,832)	(1,214,372)
Supplies and other costs	(4,656)	(6,440)
Consultancies and training	(60,438)	(39,557)
<b>Net profit</b>	742,629	458,061
Reserves brought forward	1,629,696	1,171,635
Reserves carried forward	<u>2,372,325</u>	<u>1,629,696</u>
<b>The assets and liabilities of the subsidiary were:</b>		
Fixed assets – including school land and buildings	2,204,765	1,456,725
Current assets	328,743	368,397
Current liabilities	(161,183)	(195,426)
Net assets	<u>2,372,325</u>	<u>1,629,696</u>

### 16 Financial performance of PEAS Zambia

The Consolidated Statement of Financial Activities includes the results of PEAS Zambia

The summary financial performance of the company alone is;

	2014 £	2013 £
<b>Income</b>		
Grant income	235,705	134,774
Other income	106,121	152,387
	<u>341,826</u>	<u>287,161</u>
<b>Expenditure</b>		
Operating expenses	(73,068)	(49,144)
<b>Net profit</b>	268,758	238,017
Reserves brought forward	377,354	139,337
Reserves carried forward	<u>646,112</u>	<u>377,354</u>
<b>The assets and liabilities of the subsidiary were:</b>		
Fixed assets – including school land and buildings	636,720	348,876
Current assets	11,442	29,424
Current liabilities	(2,050)	(946)
Net assets	<u>646,112</u>	<u>377,354</u>

# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### 17 Reconciliation of Balance Sheet at 31 January 2013.

In 2011 the charity entered into a partnership with Build It International (BII) which resulted in BII constructing 2 schools in Zambia on behalf of the charity. PEAS made regular payments to BII over the period to 2011-14 toward the cost of construction and BII contributed a similar amount from its own resources. These schools were formally gifted to PEAS Zambia in 2014 after the balance sheet date.

The money paid to BII by PEAS toward the cost of construction was treated as expenditure on Zambia operations in the year the payments were made. This treatment is correct at the level of the charity. However at the group level, in line with the policy followed for the equivalent expenditure on PEAS Uganda schools, the expenditure should have been capitalised and added to the work in progress category of fixed assets.

The total value of the charity's own expenditure in question in previous financial years was as follows:

Financial year ending 31 January 2012 £ 103,375  
Financial year ending 31 January 2013 £ 92,701

The total value of the BII's expenditure and gift in previous financial years was as follows:  
Financial year ending 31 January 2013 £ 150,851

The effect of this change in treatment on the Group financial statements is shown below.

#### Group Statement of Financial Activities

	<i>Previously reported 31 January 2013</i>	<i>Effect of change in treatment</i>	<i>Restated 31 January 2013</i>
<b>Incoming Resources</b>			
Incoming Resources from generated funds			
Voluntary income	2,499,825	150,851	2,650,676
Investment income	4,931		4,931
Other income	3,179		3,179
<b>Total Incoming Resources</b>	<u>2,507,935</u>	<u>150,851</u>	<u>2,658,786</u>
<b>Resources Expended</b>			
Cost of generating funds:			
Charitable activities	96,304		96,304
Governance costs	1,485,062	(92,701)	1,392,361
	29,069		29,069
<b>Total resources expended</b>	<u>1,610,435</u>	<u>(92,701)</u>	<u>1,517,734</u>
<b>Net movement in funds before exchange differences and transfers</b>	897,500	243,552	1,141,052
Exchange differences			
Transfers between funds	(263,433)		(263,433)
	-		-
<b>Net movement in funds</b>	<u>634,067</u>	<u>243,552</u>	<u>877,619</u>
<b>Total funds brought forward</b>	1,373,611	103,375	1,476,986
<b>Total funds carried forward</b>	<u>2,007,678</u>	<u>346,927</u>	<u>2,354,605</u>

# Promoting Equality in African Schools (PEAS)

## Notes to the accounts for the year to 31 January 2014

### Group Balance Sheet

	<i>Previously reported 31 January 2013</i>	<i>Effect of change in treatment</i>	<i>Restated 31 January 2013</i>
	£		£
<b>Fixed assets</b>			
Tangible assets	1,447,623	346,927	1,794,550
Intangible assets	12,310		12,310
	<u>1,459,933</u>	<u>346,927</u>	<u>1,806,860</u>
<b>Current assets</b>			
Debtors	186,181		186,181
Cash at bank and in hand	785,769		785,769
<b>Net Assets</b>	<u>971,950</u>	<u>-</u>	<u>971,950</u>
<b>Creditors:</b> amounts falling due within one year	(424,205)		(424,205)
<b>Net current assets</b>	<u>547,745</u>	<u>-</u>	<u>547,745</u>
<b>Net assets</b>	<u>2,007,678</u>	<u>346,927</u>	<u>2,354,605</u>
<b>Funds</b>			
Unrestricted funds:	262,308		262,308
Restricted funds	1,745,370	346,927	2,092,297
<b>Total funds</b>	<u>2,007,678</u>	<u>346,927</u>	<u>2,354,605</u>

### 18 Post Balance Sheet events

In August 2014 the internal audit department of PEAS Uganda reported that a number of PEAS Uganda school buildings did not conform to the originally specified Bills of Quantity agreed with the contractors that built them. The primary reason for this was due to variations to the contractual specification (and therefore Bills of Quantity) being agreed verbally on construction inspection visits. Therefore there is an inadequate audit trail between the original contract and the actual work completed, and in some cases additional construction work may be required. The value of the work being queried is £400k. There were variations made to the construction contracts which both increase and decrease the value of the work, and we are investigating the extent to which these variations impact both the building specification and corresponding asset valuations.

There is therefore a risk that the fixed assets may need to be reduced in value, although it could be no adjustment, or an immaterial adjustment, is required. At the time of producing these accounts our investigations into these issues are ongoing and it is not yet possible to say what, if any, adjustment to the value of fixed assets will eventually be required. If necessary, any adjustment will be made in the PEAS 2014-15 accounts.

Upon conclusion of the construction review, if we find net negative variances do exist we will initially cover those by withheld contract retention fees. Our policy of holding a retention of 5% of the contract value against each completed building will mitigate against any financial loss to the charity and provide funds to cover any necessary making good.

We are making this disclosure, in line with PEAS' value of transparency. We have also informed the donors who funded the schools in question. We will produce a report to document the lessons learned through this process – particularly around documenting variations to construction contracts and the supervision and management of PEAS' construction work.

### 19 Taxation

Promoting Equality in African Schools is a registered charity and as such is exempt from tax on its income to the extent this is applied for charitable purposes.