

EXCELLENT DEVELOPMENT LIMITED

**Annual Report and Financial Statements
For the year ended 31 March 2012**



**Excellent Development Limited is a company limited by guarantee
Registered in England and Wales:
Company Number: 4432166. Charity Number: 1094478**

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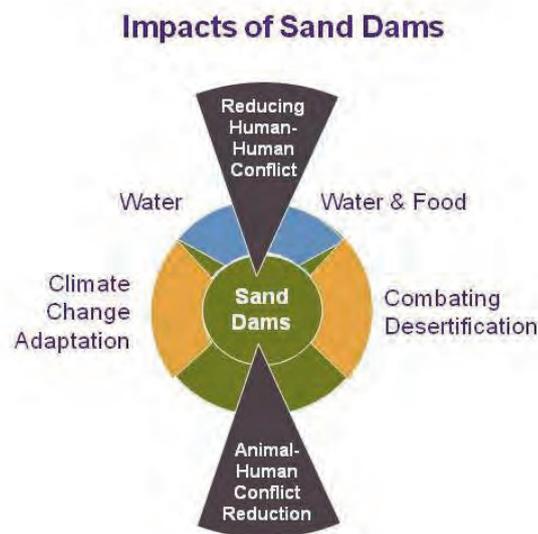
Chairman's message

I am very pleased to present Excellent Development's Annual Report and Financial Statements for the year ending March 2012.

This has been a landmark year for Excellent Development. As we enter our tenth year we have achieved our original goal of supporting the construction of over 300 sand dams in Africa and, for the first time, reached £1M expenditure. In the light of continuing economic uncertainty, it has been particularly pleasing that our income generation has held firm, with a rise in income of 11% to £964K.

As part of our vision that "Sand dams will transform millions of lives", we have now worked with five organisations, in four more countries, to pilot and implement sand dams. During the last year we have presented at four international events to promote sand dam technology – most notably at the World Water Forum in Marseilles.

It is clear that sand dams have much wider potential than is currently recognised. Sand dams provide water for rural dryland communities, giving both the time and water needed to increase food production. However, we also believe that sand dams are a key tool for combating desertification and mitigating the impacts of climate change. We will be promoting these wider impacts of sand dams as part of our growing advocacy activities.



I would like to sincerely thank all of our trustees, staff, partners, supporters and donors who enable us to support thousands of people in rural drylands to bring about a significant increase to their quality of life.

Most importantly, I pay tribute to the work of our strategic partner, the Africa Sand Dam Foundation (ASDF), and the communities they support. The communities that ASDF work with initiate the projects themselves and, with that commitment, they provide 40% of the total resources required to complete the work: truly "helping themselves".

We hope this Annual Report reflects the impacts of our work and that we will continue to receive your invaluable support.

Stephen Owen
Chairman

Objects, vision and purpose

What we do

Excellent Development supports rural communities to gain access to clean water and grow more food to eat, store and sell. We support communities to build sand dams, which provide local clean water supplies and the potential to invest time in sustainable agriculture.

Our objects

The objects of Excellent Development are:

- To promote the conservation, protection, and improvement of the physical and natural environment for the public benefit.
- To relieve poverty, in particular but not exclusively, by supporting sustainable development projects.*
- To advance the education of the public in the subjects of sustainable development, conservation and the relief of poverty, in particular but not exclusively by the undertaking and dissemination of research.

* Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Our vision

Sand dams will transform millions of lives

Our purpose

- To support rural communities in dryland areas to gain access to clean water and grow enough food to eat and sell.
- To promote sand dam technology as a means of enabling sustainable development.
- To support organisations to apply and implement sand dam technology.

Strategic objectives

- Support communities in drylands worldwide to achieve water and food security through soil and water conservation and improved farming techniques, as enabled by sand dams.
- Promote community self-help as the critical factor in creating sustainable development.
- Establish sand dams as a key water supply option alongside the more water common solutions.
- Engage with organisations at the local, national and international level to influence and support wider adoption of sand dam technology.
- Promote sand dams and soil & water conservation as a means of combating desertification, mitigating the impacts of climate change and enabling green economic growth.
- Promote the use of sand dam technology as an alternate method of road crossings for seasonal rivers – both for public works and in wildlife reserves.
- Enhance development education and awareness worldwide.

Executive Director's summary

2011-12 was a year epitomised by challenges, change and transition. The funding environment particularly remains competitive and so it is therefore very pleasing to have seen an 11% growth in income in this difficult arena.

I was especially delighted that we appointed Louise Storey as our Head of Operations in July 2011 and I look forward to the additional benefits we will gain from her contribution over the coming years.

Louise's new role has enabled me to have a greater focus on communications and advocacy. As you will see from this report, we have made great strides forward with exciting progress and plans in both areas - including the launch of a new website, planned for July 2012, and greater exposure for sand dams throughout the year.

Reflecting on our vision that sand dams will transform millions of lives, one idea especially has come into sharp focus for me. When asked what Excellent does, our answer is very specific: "We support communities to gain access to clean water and grow enough food to eat and sell". This is indeed what we do - but is in fact only a part of it.

In January, I visited the Kwa Mukonza self-help group with Musila Silu, the Development Director of ASDF. We had not seen them for over five years, and at the time we were working with Utooni Development Organisation (formerly Excellent Development Kenya).

The welcome was as fantastic as ever, but the message we received was greater still. I remembered the last time I visited: dried up shallow wells with hand pumps; a battlefield landscape with a dozen water holes 20 feet deep.

What I now saw was a recently extended sand dam and a green landscape surrounded by crops and vegetable nurseries - the landscape of my memory transformed. Over 400 cattle per day get water from these dams; the three hand pumps, fortified by the sand dam, now work 12 months a year.

What a change! But I hadn't heard them speak yet, and this is where the real impacts of our work were demonstrated to me.

The group spoke eloquently and confidently about their plans. There were no requests for hand-outs - the future was firmly in their own hands. They impressed me greatly and it was clear that they would, without doubt, realise their plans and aspirations.

I had the same experience in June when visiting another self help group: Wumisyo wa Kiumoni. I had visited them five times over the last two years already, but this time they looked different: unburdened by the drudgery of water collection and buoyed by the income from vegetable nurseries. They were bright and alive; confident and assured in their plans for a goat project and a fish farm.

Sand dams create potential. These communities are living it and grasping it at every available opportunity. They are the very embodiment of strength, pride and independence.

This is what transforming lives is all about. I am very grateful to all of our donors and supporters who help us provide that kick start. It is what we all need sometimes.

Thank you



Simon Maddrell
Executive Director



Benefits & impacts of our work

The challenges faced by people living in drylands are great and many: Water and food insecurity; erosion and land degradation; climate change and disaster. All are connected. All result in poverty.

Drylands cover 40% of the Earth's surface and support 80% of the world's poorest people. Most of these people depend directly on the health of soil and the availability of water for survival.

According to the United Nations Convention to Combat Desertification (UNCCD), each year drought and desertification causes 12 million hectares of land to transform into desert. In food terms, that is the equivalent of losing 20 million tonnes of grain from hungry families every year.

Sand dams are a key solution to these problems and, at Excellent Development, soil and water conservation is at the heart of what we do. We believe that sustainable environmental development and human well-being go hand in hand.

Sand dams are the most cost-effective method of rainwater harvesting in drylands. They conserve up to 20 million litres of water within sand; replenishing valuable groundwater reserves in parched environments and transforming drylands into places where people, plants and animals can thrive.

By replenishing groundwater reservoirs, sand dams enable vegetation to flourish and create the potential for farmers to plant crops and trees. In 2011-12, Excellent supported communities with the planting of 14,709 trees. Trees are essential for producing food, fodder, fuel, wood and medicine, as well as improving the quality and stability of soil. This in turn reduces erosion and increases the absorption of water when the next rains come; feeding back into a virtuous cycle of soil and water conservation.

All of which helps to mitigate desertification and create opportunities for poverty alleviation.



"I know there is something good in the soil. It has wealth. Others are not aware that there is much they can get from the soil if they treat it right."

Josephine Kavita, Nzaaya Muisyo SHG member, Kenya.

Sand dams transform drylands into productive, green environments.

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In 2011-12 Excellent supported ASDF with the construction of 30 sand dam bringing their total to 62 dams. The impact of which was to increase access to water for domestic and agricultural use for 34 communities. We have now constructed 336 sand dams, exceeding our original goal of 300 and increasing access to water close to people's homes for 101 communities in total.

The UN reports that by 2030, the world will need at least 50% more food, 45% more energy, and 30% more water. To meet that demand, global food production will need to increase by 70%. With 44% of global food production taking place in the world's drylands, our work in partnership with rural communities has never been more urgent. Together we are reversing the trend for desertification, land degradation and drought and creating opportunities for increased food production and poverty alleviation.

2.3 billion people live in drylands. The potential of sand dams to transform lives is enormous.

Saving time

In Kenya, women and girls spend an average of six hours each day collecting water; walking long distances and/or waiting in long lines at water points.

During periods of drought, water sources become ever more difficult to find. The time taken to collect water can increase to as much as twelve hours each day: impacting on health; keeping women from homes, farms and families; and keeping young girls from school.

"Walking 25km with a 20l jerrycan is quite hectic. It took us around 8 hours if we had a donkey. With the sand dam it will take 10 minutes so we will be saving quite some time."

**Rebecca,
Secretary of the Vimya
wa Kyanguasi SHG,
Kenya.**



Women carrying water in Kenya. Each jerrycan weighs 20kg.

In 2011-12 sand dams supported by Excellent Development brought clean water within short distances of peoples' homes for 34 communities in Kenya. Evaluations from ASDF show that, for the communities they have supported, the distance travelled and the time taken to collect water has hugely reduced.

The Impact of Sand Dams on the Time and Distance Required to Collect Water.		
	Before Sand Dams	After Sand Dams
Time (Hours)	2 - 11	0.5 - 3
Distance (Km)	2 - 36	1 - 4

Because less time is now needed to find and collect water, hours of unpaid work are saved by these communities every day. This is valuable time which can be invested more productively on farming, income generation, looking after families and attending school.

"At least now I am resting. I have been fetching water from very far. It was as if my backbone was about to break. But now maybe I am going to take some time."

Kakewa Kaindi, Grandmother, Wumiisyo wa Kiumoni SHG member, Kenya.

Conserving water

Sand dams provide clean water within short distances of people's homes. By storing water within sand, sand dams protect water from contamination by animal faeces and filter it clean for abstraction. In this way, sand dams increase access to an improved, high quality water source: one of the key measures for reducing incidences of diarrhoea and improving health. People who use sand dams as their main source of drinking water report a reduction in the symptoms of water-borne disease.

Unlike open water sources, sand dams do not provide a breeding habitat for disease vectors, such as mosquitoes. It is estimated that 42% of Malaria could be eliminated by the control of mosquito breeding habitat alone.



"The water was very dirty because all the industries in Nairobi have disposed the chemicals there, so we used to become sick - most of all from water-borne diseases like vomiting. We wanted to improve our water security because we learned that if we work with ASDF, we are going to construct sand dams."

**Jane Wambua,
Ithime SHG member,
Kenya.**

Sand dams provide a clean source of water close to people's homes

"After constructing the sand dams there is a very big difference. There is a shallow well which had been dug near the first sand dam and the well used to be dry but after construction of the sand dam the water is plenty and we fetch as much water as we want. Now we are just scooping the sand and we get water. That is the biggest benefit we got from the first sand dam"

Esther Mwolo, Wumiisyo wa Kiumoni SHG, Kenya.

"Before [the sand dam] we used to bathe with the water which was very much salty. We were not becoming clean due to the saltiness of the water. But, by this time, we are all clean, us and our children. And when their mothers wash their clothes they are all clean also."

Philip, Ndethye Ngutethye SHG member, Kenya.

Subsistence to surplus

Unpredictable rains and drought in drylands make it difficult to time the planting or harvest of crops. This is becoming ever more problematic as climate change serves to increase the intensity and unreliability of the rainy seasons.

Sand dams capture rainwater and store it within sand, providing a reliable, year-round water source for small-scale farm irrigation. A mature sand dam can store up to 20 million litres of water: enough for 1,000 people for life. Once water is available we can support farmers to complement their skills for improved farming techniques, such as: crop diversification, zero grazing, inter-cropping, seed banks and terracing.

"This season, even though the rains were unreliable, I harvested some pigeon peas from the terraced areas. Previously I would harvest five bags of maize. With good terracing the harvest has increased to 25 bags. During the planting season I prefer intercropping my crops because in case one crop fails I harvest from the other. In good rains if one crop is harvested the others remain growing."

Nduku Mutinda, Miamba Mitamboni SHG member, Kenya

"The children that will be growing up will have a good balanced diet. They are having vegetables, they are having a variety of food crops because of the use of the water and that will enable them to have good body, good health as they grow up."

**Regina Makao,
Malaika SHG
member,
Kenya.**



Selling surplus vegetables at a local market in Makueni, Kenya

Reliable water and improved farming activities facilitate the production of a year-round and more diverse supply of food, even during periods of drought. An increased, and diverse production of crops improves health and nutrition for families, while the surplus can be sold at local markets; enabling the transition from subsistence to surplus and poverty alleviation based on a green economy. This creates the opportunity for a future of health, pride and autonomy.

"I will sell [the tomatoes] to other people, to the markets around, because all this cannot be eaten locally here. I will take them to the near-by markets."

Charles, Malaika SHG member, Kenya.



Creating opportunity

In Kenya, like in many semi-arid zones, the lack of water in rural areas removes choice and control from people's lives.

Women and girls especially are confined by the necessary burden of collecting water, sometimes taking as much as 12 hours a day.

A lack of water means a lack of opportunity. The lack of opportunity means a lack of autonomy. This creates an unwanted dependence.

The impact of sand dams is not just to create water, but to provide opportunity: opportunity to grow food, to earn, to go to school. Opportunity to build a future of choice, independence and pride.

With Excellent Development and ASDF, community self help groups are the drivers of their own development. Self help groups approach ASDF to register an interest in support. If approved, they are intimately involved in the construction of their sand dam: investing their time, labour, skills and raw materials, all of which provide 40% of the resources needed to complete the project.

The self help group also registers their sand dam with the government, ensuring that true ownership and control begins and ends with the group.

Sand dams create autonomy, ownership and opportunity.

The Wumiisyo wa Kiumoni SHG is exemplary of the potential sand dams create. They have several sand dams and have now initiated several other projects, including a goat breeding programme, a poultry farm and a fish pond.

"We are going to transform our lives. We are going to transform our livelihoods from the water we are getting here. We want to start a fish pond using the water we will harvest from the sand dam. The fish will make me even happier than I am now."

Lois Masila, Wumiisyo wa Kiumoni SHG, Kenya

"The group is looking forward to see whether they can start to rear goats. We also terrace our farms and in the near future we are going to construct a water tank in the neighbouring school."

Ndethye Ngutethye SHG member, Kenya.

Sand dams are helping to create opportunities for communities like these in Kenya. Not only for this generation, but for future generations who will have the chance to pursue rewarding and productive activities such as farming and attending school; ultimately deciding their own futures.

Activities and performance

Relationships with other organisations

These are the organisations that we co-operated with during 2011-12 in pursuit of our charitable objectives, excluding those organisations that act solely as donors.

Overseas operational partners	Abbreviation	Country
Africa Sand Dam Foundation	ASDF	Kenya
Christian Council of Mozambique	CCM	Mozambique
Dabane Trust	Dabane	Zimbabwe
Mennonite Central Committee	MCC	Mozambique
SOS Sahel Sudan	-	Sudan
Ukamba Christian Community Services	UCCS	Kenya
WaterAid	-	UK and Uganda

Other partners	Activity	Country
Andrews Charitable Trust	Strategic supporter	UK
One World Centre	Development education	Isle of Man
Inspire Worldwide	Expeditions	UK and Kenya
Quest Overseas	Expeditions	UK and Kenya
Venture Partnership Foundation	Strategic supporter	UK

2011/12 highlights

Grant management

- **Communities supported:** 34
- **Sand dams built:** 30
- **Metres of terracing dug:** 60,752m
- **Trees planted:** 14,709
- **School water tanks built:** 9

Programme development

- **Initiated pilots in Uganda and Zimbabwe, completed a pilot in Kenya**
- **The sand dam manual is in progress and due for release in early August 2012**

Advocacy and research

- **Initiated research in to sand dam water quality and sediment testing**
- **Significantly grown advocacy – attended and presented at 4 major international events**
 - **Restoring Degraded Land Conference, Caux, Switzerland, July 2011**
 - **Rural Water Supply Network, Kampala, November 2011**
 - **WESCOORD Sand Dam Seminar, Nairobi, February 2012**
 - **World Water Forum (WWF6), Marseille, March 2012**

Grant management

Grant Management is the work we do supporting NGO partners overseas to manage established food and water programmes – our core offering to donors who wish to support rural communities to improve their lives. Our strategic partner since 2009 is the Africa Sand Dam Foundation (ASDF).

ASDF works in the semi-arid Makueni County, Kenya, which has suffered terribly from drought since 2009. It has therefore been very encouraging to see their progress despite these obstacles and see many communities flourish as a result of enabling a year round supply of water. Some communities even 'export' vegetables to hotels in Mombasa from the nurseries that they are able to set up because of sand dams.



Achievements in 2011-12:

- Communities supported: 34
- Sand dams built: 30
- Terracing dug: 60,752m
- Trees planted: 14,709
- School water tanks built: 9
- Seed bank programmes: 20
- Demonstration farms: 21
- Tree nurseries 21

To support this additional activity ASDF increased employees by 50% (from 22 to 33) by the end of March 2012.

We are also supporting ASDF to develop their in-country fundraising and donor management so that they are able to be more sustainable and less driven by Excellent and our own funding priorities. ASDF have already secured support from the US NGO, The Water Project as well as the Kenya Commercial Bank.

Programme development

Our programme development activity involves supporting organisations to pilot sand dam technology within their particular political, social and economic context. This involves three main activities:

- Opportunity identification.
- Learning visits and resources.
- Sand dam pilots.

Opportunity identification

During 2011-12, we have developed opportunities with WaterAid in Uganda and the Dabane Trust in Zimbabwe to support sand dam pilot projects.

Other opportunities have emerged during the year. We are hopeful that our relationship with WaterAid will develop. We are currently investigating whether we can work with WaterAid to promote sand dam technology via their regional technical support network as well as respond to initiatives from their country programmes - with interest already being shown from Ethiopia and Burkina Faso.

Due to the prolonged droughts, particularly in NE Kenya – many organisations are searching for long term sustainable solutions to the cyclical ravages of drought. We are currently in the early stages of engagement with DfID Kenya, the Swiss Agency for Development and Cooperation, USAID and International Rescue Committee (Kenya) to discuss proposals and/or support for sand dam pilots.

Learning visits and resources

WaterAid Uganda & Ethiopia completed a learning visit in February 2012, which received really positive feedback. They are hoping to arrange a learning visit for community members in summer 2012.

Programme Development Cycle



Excellent Development, WaterAid Ethiopia, WaterAid Tanzania and WaterAid Uganda on a learning visit hosted by ASDF

A sand dam manual is critical for unleashing the potential for exponential growth in the use of sand dam technology. Other 'sand dam manuals' we know only really talk about design in theoretical terms - using equations that require data which is either impossible or impractical to gather. The major focus is on construction but again only at a superficial level. The manual we are developing aims to provide a guide that can be utilised by NGO's to implement sand dams, complemented by technical support in the initial stages, including the key issue of 'technology application' rather than 'replication' of what has been done by our partners in Kenya. The manual is currently in the latter stages of editing and review and will be launched at World Water Week.

Sand dam pilot projects

CCM in Mozambique are progressing with their plans to expand sand dam programmes into six more provinces, funded by US/Canadian donors. Following our initial strategic and technical support for the work, we have been unable to raise specific funds to support them and have not been able to allocate reserves to the project. We hope that during 2012-13, we will be able to develop a proposition and funding to further support their development.

UCCS in Kenya have completed five pilot sand dams during the year, with the final dam having technical problems due, in part, to the exceptionally heavy rains. We will be supporting UCCS to repair this dam but do not feel that it is appropriate to expand our grant management funding in Kenya beyond our partnership with ASDF.



Scoop holes in Karamoja, Uganda. The presence of groundwater is one indicator that sand dams might be feasible.

Our work with the Dabane Trust in Zimbabwe is progressing well. Dabane completed two sand dam pilots in 2011-12 with support from ASDF in terms of design and construction. Plans are in place for further dams this coming year with the support of a further visit from ASDF.

We conducted a feasibility study to Karamoja in NE Uganda in December 2011. WaterAid Uganda also completed a learning visit to ASDF in February 2012. The pilot project will run for three years (2012 - 2014). Technical support visits from ASDF are in the process of being confirmed to support the siting, design and construction of pilot sand dams.

Advocacy and research

2011-12 has seen a significant increase in advocacy activity with Excellent Development presenting at four international events to promote sand dam technology.

The Executive Director attended the Restoring Degraded Lands Conference at the Caux Forum for Human Security, promoted by, among others, former UK overseas development secretary, Clare Short. We were able to promote sand dams at the event and engage with a number of key contacts, including the Executive Secretary of the UNCCD, Luc Gnacadja.

We were also invited to present at the Rural Water Supply Network (RWSN) conference in Kampala and presented a very successful seminar on sand dams that facilitated connections with the Ugandan government.

In February 2012, Excellent Development and ASDF co-ordinated with WESTCOORD, a network of NGOs in Kenya, for a seminar on water from sand rivers.

In March 2012, Excellent Development attended and presented at the largest international event of its kind: The 6th World Water Forum, whose theme in 2012 was "A Time for Solutions".

The World Water Forum brings together 25,000 participants from 190 countries to raise awareness on water issues, share visions and knowledge, and develop partnerships to contribute to improving access to water around the world.

At this year's forum, Excellent Development attended and presented to promote sand dams as the world's most cost-effective method of conserving rainwater. By raising awareness and establishing partnerships we will see many more organisations become champions of sand dams - helping to further our vision that sand dams will transform millions of lives.

Ministers from the departments of water from Kenya, Uganda and Mozambique all sought our exhibition to express a keen interest in sand dams and our pioneering work. We also engaged again with the United Nations Convention to Combat Desertification (UNCCD) to discuss how Excellent Development could support the promotion of sand dams as part of their programmes worldwide.

In addition, Excellent was able to establish several strong fundraising leads with US, German and French donors. The most immediate benefit of which was to initiate an introduction between Arche Nova, a German NGO, and ASDF. They are now in the final stages of agreeing direct funding for ASDF as well as looking at piloting sand dams with one of their partners in Ethiopia.

We are also continuing to develop our relationship with WaterAid UK to build on our work supporting a feasibility study for a sand dam programme in Karamoja, NE Uganda.

In terms of research, during 2011-12 the priority has been on tactical initiatives, which are critical to demonstrate the benefits of sand dams and the type of data required to better understand the conditions required to apply sand dam technology in other areas.

We have started initiatives to measure the impacts on:

- Measuring the sand content of river beds above and below existing sand dams to measure water yield;
- Water quality testing from different water sources and sand dam abstraction methods.



This research is a critical part of our advocacy strategy in terms of establishing sand dams as a clean water alternative to other technologies. The sediment testing will enable organisations in other areas to measure the sediment in their seasonal rivers to ascertain if sand dams will be effective in storing abstractable water.

Development education

Thanks to the support of the One World Centre in the Isle of Man we have launched Key Stage 2 resources for primary schools focussing on the citizenship aspects of the curriculum. As with our other resources this included a video, lesson plans and teacher resources. We formally launched this at the 2011 Geographical Association conference in April, where we also continued to promote our other resources and received fantastic feedback on their value to geography teachers. We have also distributed our Key Stage 2 geography resources to all UK development education centres having now distributed 173 in total (73 in 2011-12). A further 33 KS3 DVDs were distributed (total 305)



2011-12 Financial review

Highlights

- Total income has increased by 11% from £866K to £964K
- Increased our grant management support to ASDF by 42% from £286K to £405K
- Total charitable expenditure increased by 12% from £655K to £736K
- Unrestricted funds decreased by 20% from £238K to £190K

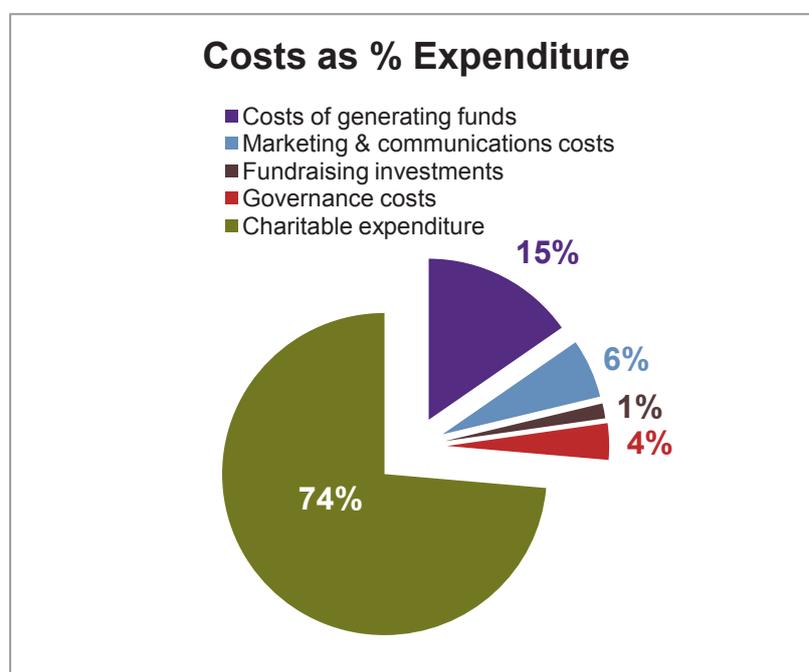
Summary

2011-12 has been another challenging year with pressures on fundraising meaning we were £200K short of our income target – although income still rose by 11% to £964K. Expenditure increased by £134K to £1M. The deficit for the year was £36K, showing a decrease in unrestricted funds of £47K. Unrestricted funds now stand at £190K, which are 3.7 months of 2012-13 budgeted core costs and 1.9 months of budgeted total expenditure.

Expenditure

Expenditure for the year increased by 15% with charitable expenditure standing at 74% of the total and voluntary income costs at 15%. The cost of generating funds increased by 23% due to investments we made in individual fundraising and the lower than planned income. Governance costs increased by 42% and charitable expenditure increased by 12%.

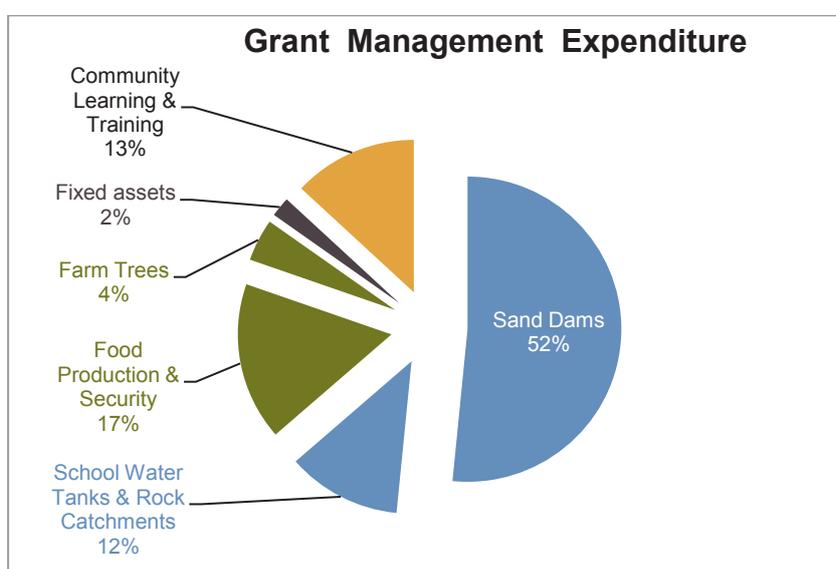
	2011-12	2010-11	Change	Change
	£	£	£	%
Total Expenditure	999,625	865,670	133,955	15%
Cost of generating funds	227,210	185,255	41,955	23%
Charitable expenditure	735,915	654,714	81,201	12%
Governance	36,500	25,701	10,799	42%



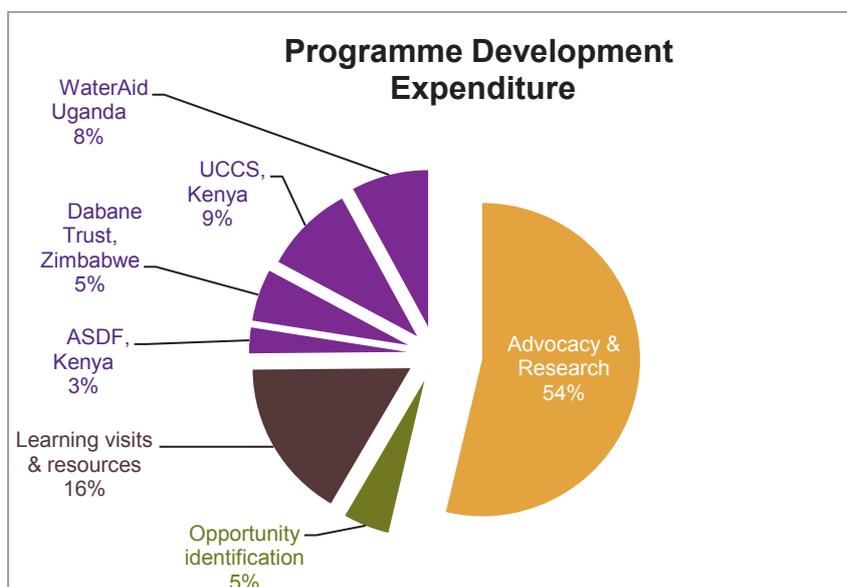
In terms of expenditure mix, our charitable expenditure has decreased from 77% to 74% of total expenditure. However, overall charitable expenditure has increased by 12% to £736K – driven by an increase in advocacy and research, in line with our strategy. Fundraising investments are restricted donations to fund expansion of individual giving fundraising.

	2011-12	2010-11	Change	Change
	£	£	£	%
Charitable expenditure	735,915	654,714	81,201	12%
Grant management	405,338	393,099	12,239	3%
Programme development	324,527	254,994	69,533	27%
Development education	6,050	6,621	(571)	(9)%

Excellent splits its charitable expenditure into two main parts: Grant management (where we work with organisations who are supporting farmers to address food and water) and Programme development (where we are supporting organisations to pilot sand dam technology or investing in advocacy and research). Grant management expenditure was invested in the provision of water (64%); food production and security, including trees (21%); and community learning and training, which is a key part of our approach to enable farmers to learn from each other and developing the skills of partners' staff (13%); with 2% invested in fixed assets.



Programme development expenditure showed an increase in advocacy and research expenditure of £102K with reductions in opportunity identification (£15K) and learning visits and resources (£11K).

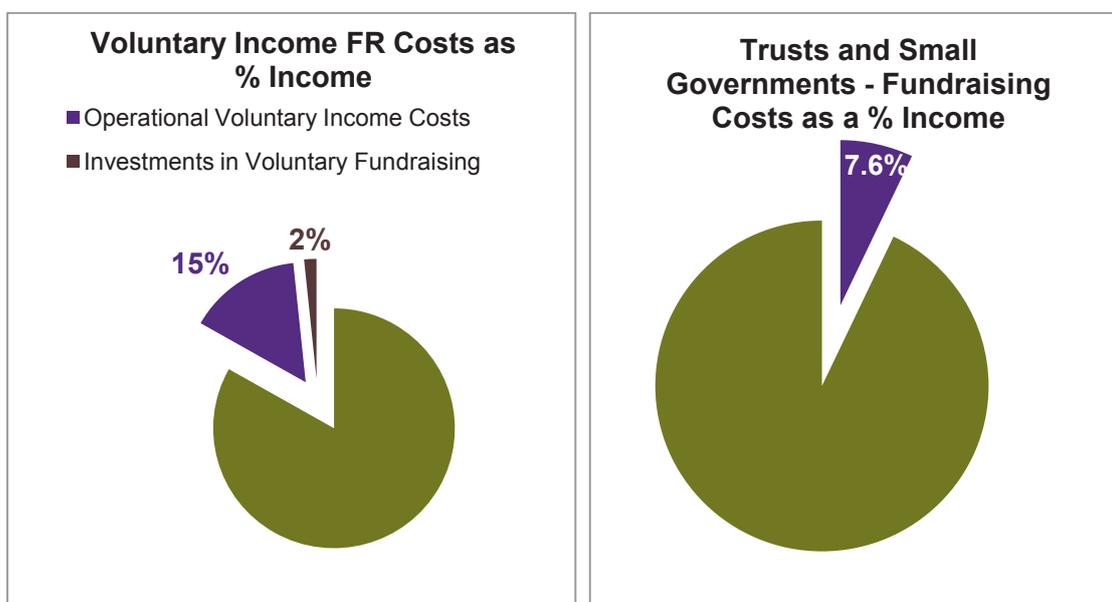


Income

Highlights

- Total income has increased by 11% from £866K to £964K
- Trust and small govt. fundraising costs reduced to 7.6% from 10.6%
- Small government income increased by 127% from £61K to £140K
- Individual giving income increased by 70% from £141K to £239K
- The Radio 4 Media Appeal brought in £62K
- The Big Give Christmas matched funding appeal brought in £19K

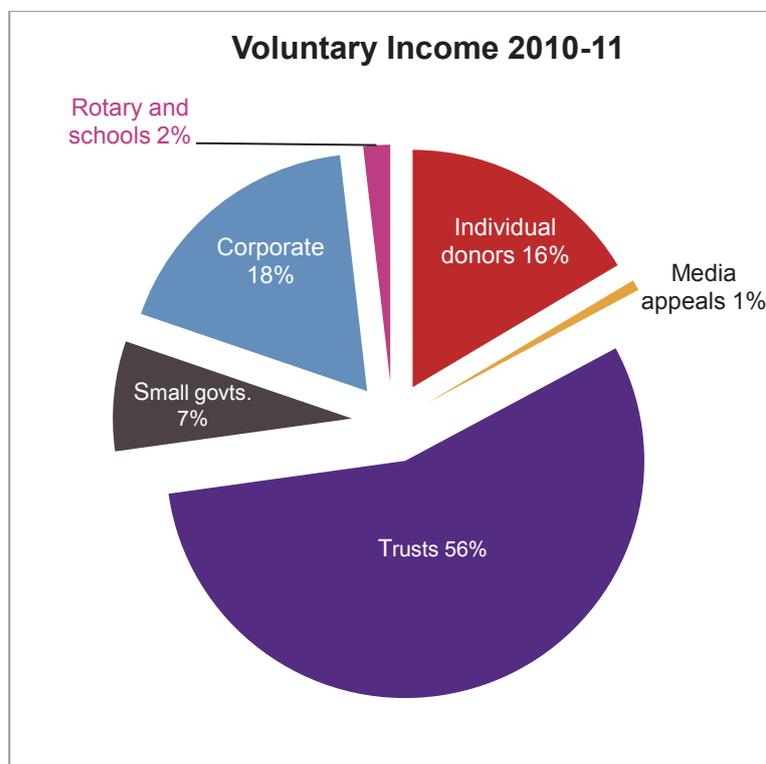
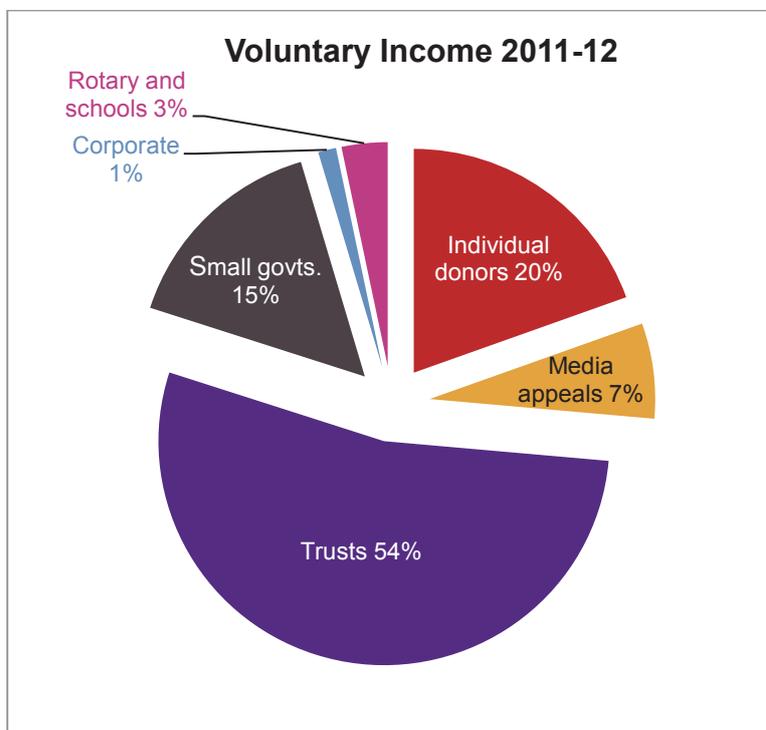
Total costs of raising voluntary income as a % of income this year stands at 17% with 2% being invested by strategic donors into individual fundraising. However, it is important to note that fundraising costs for our mature income streams of charitable trusts and small governments is much lower at 7.6% compared to 10.6% in 2010-11.



Increases in income were primarily driven by small governments (£78K) due to renewed support from the Guernsey government and continued support from the Isle of Man; £62K from the BBC Radio 4 Charity Appeal and a 31% increase in income from individual donors to £176K. This was offset by a £135K decrease in corporate income due to the exceptional SJ Berwin Charity of the Year initiative last year. Income received from Rotary and Runshaw College increased by 100% to £30K – with a pipeline of Rotary donations amounting to £100K for 2012-3.

	2011-12	2010-11	Increase	Increase
Total Income	£ 963,597	£ 865,581	£ 98,016	11%
Individual donors	£ 176,871	£ 134,870	£ 42,001	31%
Media appeals	£ 62,275	£ 5,974	£ 56,301	942%
Trusts and foundations	£ 485,142	£ 457,575	£ 27,567	6%
Small governments	£ 139,958	£ 61,536	£ 78,422	127%
Corporate	£ 11,666	£ 147,314	£ (135,648)	(92)%
Rotary and schools	£ 29,824	£ 14,900	£ 14,924	100%
Expeditions	£ 49,362	£ 41,880	£ 7,483	18%
Trading	£ -	£ 51	£ (51)	-
Income from Charitable Activities	£ 7,212	£ -	£ 7,212	-
Bank interest	£ 1,287	£ 1,381	£ (94)	(7)%

This diversification of our income streams has been a strategic priority for Excellent to reduce our reliance on charitable trust income, and we have gained investment funding to support change in this area. The charts below show the progress we have made in particular with growth in individual donors. Whilst the charitable trust income still represents 54% of income, this has reduced from 71% 2008-9.



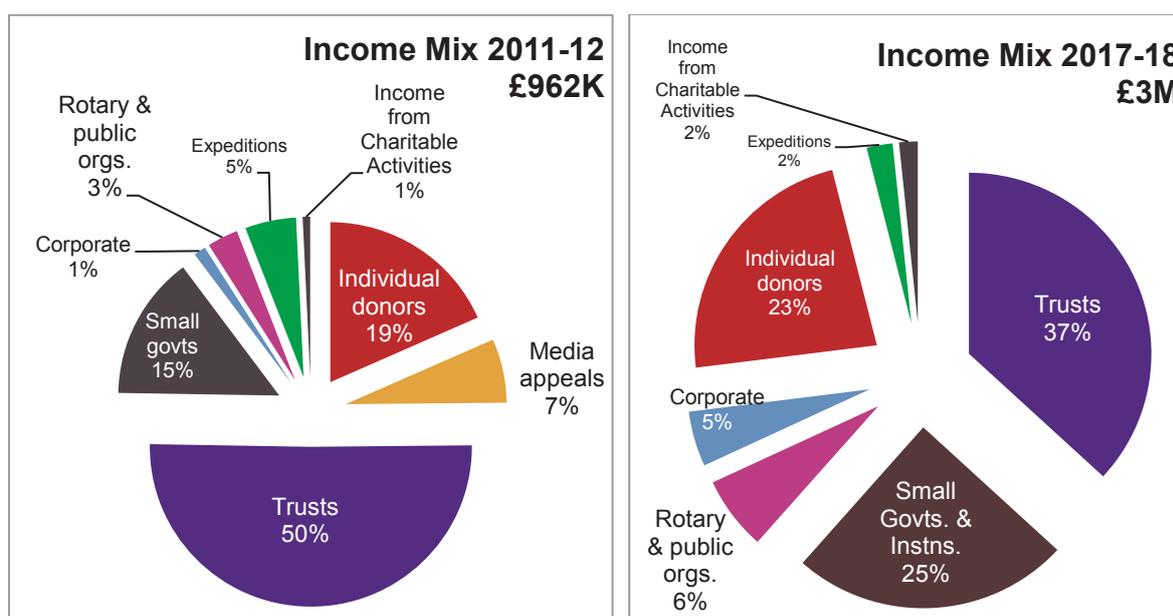
Future plans - The next five years

Income growth

Over the next two years we plan to diversify our income stream further reducing our dependence on charitable trusts and accessing funds to treble income over that time period to £3M per annum.

Highlights of income diversification outlooks:

- 500% growth in small government and institutional funding to £750K per annum
- 350% growth in individual giving to £700K per annum
- 600% growth in public organisation funding e.g. Rotary, schools, etc. to £180K per annum
- 600% growth in income from charitable activities (income for sand dam consultancy services)
- Establishment of corporate funding to £150K per annum



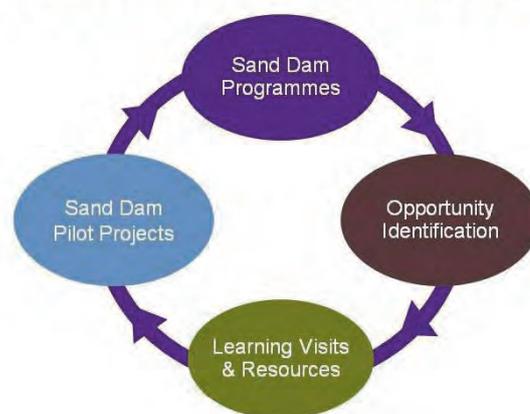
Strategically we also want to encourage or enable fundraising functions from other markets. We have struggled to establish a foothold in the USA but will continue to see how this could work. We have definite plans to establish a charity in the Isle of Man, which would enable us to strengthen our connection to the Manx government as well as provide a focussed constituency for individual fundraising. The Isle of Man also enables us to 'hot house' ideas and initiatives for individual giving prior to making larger investments in the UK. We also have interest from Australia, which would enable access to funds from the whole Asia Pacific region.

Fundraising is of course not restricted to 'developed nations' and we aim to continue to support our strategic partners to gain funds from other organisations and in-country to reduce dependence. We will also continue to support our partners to build their capacity to demonstrate the impacts and benefits required by donors. This will also reduce Excellent's support costs necessary to meet those donors' needs and increase employment and capacity in partner countries.

Operational growth

Whilst our strategic intent is to promote and enable other organisations to implement sand dam technology, and to continue to implement their programmes through their own funding, our intention is to aid the scaling up of sand dams in drylands worldwide through supporting the establishment of sand dam ‘centres of excellence’ in the semi-arid zones of the African Sahel and the Indian subcontinent (and possibly South America). We intend to be supporting around nine sand dam pilots per year and facilitating a similar number of learning visits to ASDF and other ‘centres of excellence’ having directly supported pilots in at least ten countries. We hope to be supporting organisations to build around 200 sand dams per year – funding around 80 ourselves. To enable this we see a big increase in advocacy activity and facilitating research into sand dams to prove the benefits that sand dams will provide in an increasingly fragile world due to climate change and desertification.

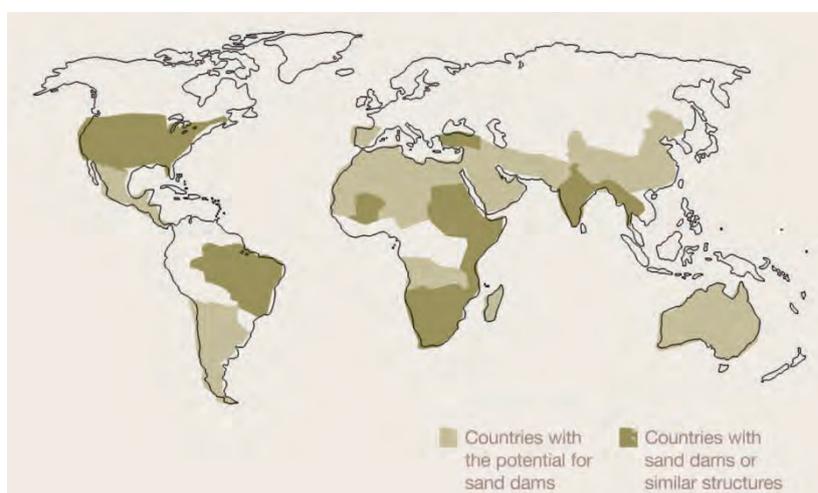
Programme Development Cycle



Strategic context

The potential for sand dams – where?

The map below shows the potential for the greater utilisation of sand dams. Currently, only around 150 are built in the world each year. Sand dams have the potential to be utilised in vast areas of drylands in the world - they can be built anywhere where there are seasonal rivers with sandy sediments and accessible bedrock – conditions that are found across the world’s drylands.



The potential for sand dams – so what?

Whilst sand dams are suited to vast areas of drylands; it is more critical to note that drylands are the home to 80% of the world’s poorest people – all 2.3 billion of them. People living in drylands will be some of the worst affected by climate change and desertification. With 44% of the world’s food produced there, the risks are high – not just for those living there but those dependent on the resources they provide.

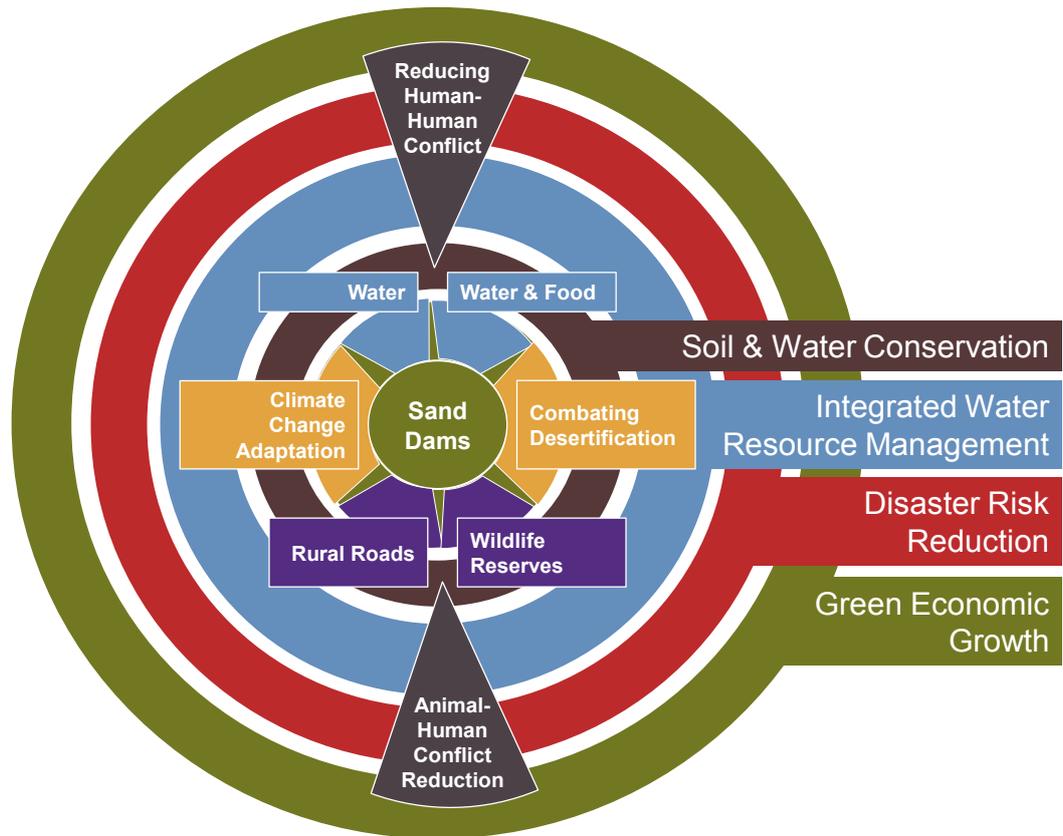
- 40% of the world’s land is classified as drylands
- 2.3 billion people live in drylands
- 80% of the world’s poor rely on dryland resources
- 44% of the world’s food is produced in drylands
- Drylands support 50% of the world’s livestock

Source: UNCCD and UNDP

The potential for sand dams to change the world’s drylands – how?

Sand dams, in all their applications, but especially as part of a wider programme of soil and water conservation and Integrated Water Resource Management (IWRM), have the potential of, not only mitigating the impacts of climate change and the desertification of drylands, but also of creating sustainable development – or green economic growth in dryland countries. Improved access to water creates time to protect land and grow more food – even for other local markets. Transportation links can be protected whilst also enhancing the environment, inter-cultural conflicts between agricultural communities and pastoral communities - and even human-animal conflicts - can be reduced. Wildlife reserves can become more sustainable for wildlife, maintaining both bio-diversity and income from tourists.

How sand dams can transform the world’s drylands



Scaling up sand dams

In order for sand dams to be scaled up from their existing base of around 150 being built per year – mainly in Kenya – a significant amount of work is required to promote the technology to relevant agencies. Research is required to be extended far beyond its current scope into measuring the Normalized Difference Vegetation Index (NDVI), impacts of sand dams and their impacts on wider water catchment areas. Policy makers need to be engaged and funding and skill resources need to be employed to take advantage of the potential that sand dams create, not only as a method of community self supply, but as a key solution to the many and diverse challenges facing people living in drylands globally.

Scaling Up Sand Dams & The Cycle of Growth



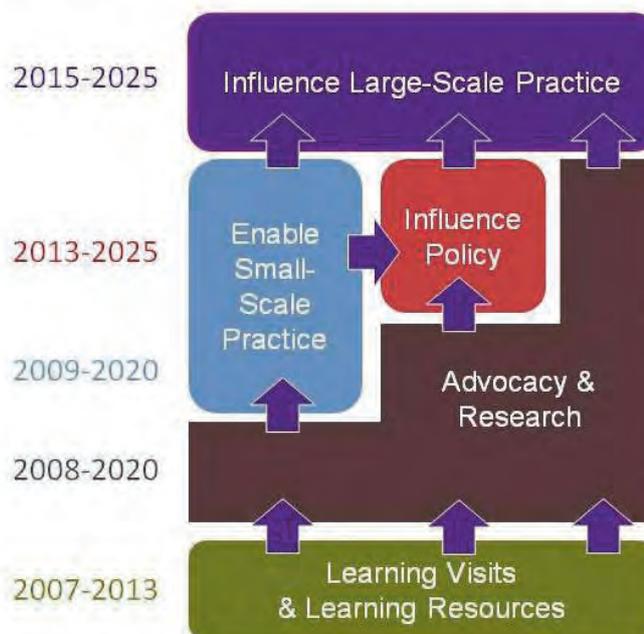
Model for scaling up sand dams

Promoting sand dams – a technology with a 2,000 year history – to the mainstream of development practice is no easy task. We have therefore developed a strategic model that takes a step-by-step approach to first of all influencing small-scale practice whilst all along increasing the amount of evidence (proof of benefits and impacts) to a level that will be able to influence policy and large-scale practice.

Critically, this process isn't about inappropriately promoting one technology over another – or even being technology-led. Sand dams are not widespread because they aren't even considered as 'one of the technologies in the tool bag' when working with communities to identify solutions to water issues. There are places where they aren't appropriate – you need sufficient sand content in the seasonal riverbeds and the river gradient cannot be too steep or too shallow. Equally critical is to understand that this is not about replication. Any technology that aims to make a sustainable difference to the lives of the world's disadvantaged needs to be appropriate to that political, economic, social and technical environment; therefore the process needs to be seen as the application of a technology so that it both works efficiently and effectively and addresses community needs. In this way it is vital that a proper and thorough process of 'piloting' the technology takes place prior to any attempts to implement a full programme.

Over the next five years, Excellent Development will seek investment funding to enable us to enact this model of scaling up sand dams. We aim to influence development/environmental organisations and institutions to utilise sand dam technology in order to realise our vision that sand dams will transform millions of lives.

Model for scaling sand dams



The applications of sand dams

Sand dams have the potential to create an enormous impact on drylands – and because their benefits are so wide-ranging, they have the ability to help address the key challenges facing dryland areas across the world.

Community self-supply of water

Sand dams can provide a clean, local source of water for rural communities. Each dam holds between 2-20 million litres of water, protected under sand from evaporation and many water-borne diseases. Sand dams require virtually zero operation and maintenance cost, unless fitted with a hand-pumped well, and last over 50 years. They are the most cost-effective form of rainwater harvesting in drylands. Communities not only gain a year-round supply of water, but also save between 2 and 8 hours a day in water collection duties – leaving time for other activities.

Improved farming – water and food

With water and time reliably available, communities are now able to invest more in farming. This is particularly beneficial for women and girls who traditionally shoulder the greatest burden of collecting water.

First of all communities are able to invest in terracing land keeping soil and water on their farms and increasing crop production. This is enhanced with promoting techniques such as inter-cropping, crop diversification, zero grazing and seed banks, sand dams enable the production of a year-round and diverse supply of food, even during periods of drought. Sand dams therefore provide security to rain-fed agriculture: something of a miracle for many people who would otherwise be dependent on the unpredictable rainy seasons associated with drylands.

Combating desertification

Desertification is land degradation resulting from climatic variations and human activities. It affects a third of the Earth's land, resulting in poverty and hunger for millions of people in dryland environments.

Sand dams are a highly effective method of rainwater storage and groundwater recharge. Increased groundwater levels in turn increases soil moisture and enables further water retention. According to the UNCCD: "Soils are the most significant non-renewable geo-resource that we have for ensuring water, food and energy security."

By replenishing groundwater reservoirs, sand dams enable vegetation to flourish and create the potential for farmers to plant trees. Trees reduce the breakdown of soil. This reduces erosion and increases water absorption when the next rains come, feeding back into a cycle of soil and water conservation that mitigates desertification and transforms drylands into productive green environments.

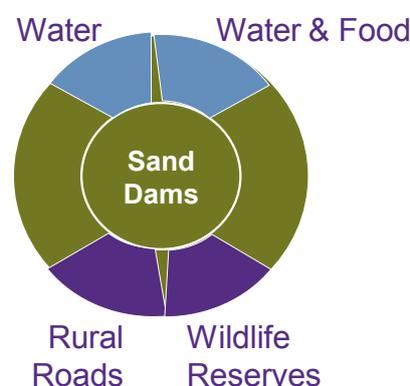
Mitigating the impacts of climate change

By recharging groundwater, sand dams conserve soil and facilitate the growth of trees. Trees are vital for improving the quality and stability of soil. But, not only are soils vital for improving land and growing food, they also contain 75% of the total carbon on land.

The loss of this carbon through land degradation and erosion has enormous global implications for climate change. And, because climate change is itself a driver of land degradation, this creates a self-perpetuating cycle of increased climate change and land degradation; further increasing the occurrence of severe weather events such as floods and drought.

When integrated in a wider strategy of soil and water conservation sand dams therefore represent a key tool for mitigating the effects of climate change.

Applications of Sand Dams



Rural road crossings

In many dryland regions, culvert bridges are traditionally built under smaller rural roads to allow water to flow underneath during rainy seasons. Culverts, however, are both vulnerable to being washed away and a cause of soil erosion upstream and downstream of them.

Often they are insufficient in size to accommodate water flow or become clogged up with sediment and debris during intense rainy seasons. In this way they cause erosion either by intensifying water velocity through restricted space, and/or forcing the river to break its banks and erode the surrounding land. This also often causes the crossing to be washed away – sometimes making it impassable.

Not only does this erosion of soil degrade lands, it also undermines the stability of rural road systems. Sand dams are a viable alternative to traditional culverts by building a sand dam either side of the crossing and filling with hard core and then putting a tarmac or concrete crossing – creating what is effectively a river ford and a weir at the same time. Whilst the initial investment is much more than a culvert enabled crossing, they are a more sustainable and cost-effective solution in the long run. Sand dams last at least 30-50 years and require virtually zero operation and maintenance cost – if not connected to pumping systems.

Sand dams used as rural road crossings are not applicable to all crossings. For the lower parts of river catchments where rivers flow for weeks rather than days or hours after each seasonal rain, of course traditional bridges are required to maintain transportation links for frequently used roads. However there are thousands of road crossings over which rivers flow for only a short period and sand dam crossings will still enable access when the river is flowing low. Therefore in the mid to higher catchments of seasonal rivers sand dams are an ideal solution, which in fact will act to significantly reduce the flooding of roads and bridges in the lower catchment by reducing the impacts of the flood rains which do so much damage to drylands including access to markets and services such as health and education. Linking isolated rural communities to markets and services is key to enabling economic growth and improved livelihoods.

Sand dams have the key additional advantage of also providing an important source of water. By retaining rain water and permanently increasing the water table, sand dams increase soil water retention, enabling trees and vegetation to grow, improving soil quality and stability and reducing land degradation.

Poverty is one of the drivers of desertification. Not only do sand dams address the direct causes and effects of desertification, they also create opportunities for poverty alleviation. In drylands, rural roads are vulnerable to erosion and flood damage where they cross seasonal rivers, especially in the face of increasingly extreme weather events. Sand dams offer an improved alternative.

Wildlife reserves

Wildlife reserves represent large dryland areas in many African countries. Kenya, Tanzania, Namibia, Botswana and South Africa all have significant areas of land reserved for the protection of wildlife and the tourism industry. The adoption of sand dams as an improved alternative to culvert bridges for rural road crossings over seasonal rivers would enable the restoration of vast areas of land in these dryland regions.

Sand dams transform the local ecology, recharging the aquifer above and below the dam, creating a permanent increase in the water table. This in turn allows trees and other vegetation to grow naturally along seasonal riverbanks. The recharged groundwater, improved soil and increased vegetation reduces the loss of biodiversity and the overall degradation of ecosystems.

In this context, they may also offer a mutually beneficial solution for large mammal conservation and the improvement of human livelihoods; acting as a solution for the relief of human-wildlife conflict.

Human-wildlife conflict, in particular the damage that elephants cause to smallholder crops, water supplies, grain stores and houses, undermines rural livelihoods and represents a major challenge to the conservation of elephants in Africa. Because elephants are a keystone species, conserving them also preserves the ecosystem and protects local biodiversity, which forms the foundation of ecosystem services necessary for all human development and well-being.

In addition to representing a significant preserve of biodiversity, wildlife reserves are also a vital economic resource for many countries with dryland regions. Drought and desertification diminishes the ability of the land to support key species and impacts on individual, local and national revenue from tourism.

Sand dams, built as rural road crossings in wildlife reserves, would permanently increase the water table, enable the growth of the vegetation necessary to support the survival of large mammals during periods of drought. In this way, they would reduce human-wildlife conflict and support the conservation of biodiversity and the sustainability of a valuable economic resource.

Future plans - 2012-13

Income & expenditure

- Targeting a 45% rise in income to £1.4M.
- Increasing growth in expenditure by 20% to £1.2M.

Grant Management

- Funding ASDF to build 30 of their planned 45 sand dams.
- Continue investment in ASDF's communication and fundraising capacity, including the development of a website.
- Strengthening the finance and monitoring/evaluation functions of ASDF.

Programme development

- Continue the Dabane Trust pilot, including technical support from ASDF.
- Support WaterAid Uganda with their sand dam pilot, including a community learning visit to ASDF.
- Launch the sand dam manual in August 2012 with a second revision in March 2013.
- Conduct a pre-feasibility study for sand dam pilots in India, including identifying potential partners.

Research

- Continue research into water quality from sand dams, school water tanks and rock catchments.
- Develop a three year research strategy.

Advocacy

- Attend 'Restoring Land Restoring Lives' conference at the Caux Forum for Human Security.
- Launch SandDams.com in Jan 2013 to promote the potential and applications of sand dams.
- Further develop the five year advocacy strategy.

Communications

- Launch the new Excellent website in July 2012.
- Develop new Excellent marketing materials by October 2012.

Fundraising

- Continue growth in individual giving.
- Further develop our relationship and income with Rotary.
- Focus on achieving Big Lottery and DfID funding before June 2013.

Legal and administrative information

Excellent Development Limited (Excellent) is governed by its Memorandum and Articles of Association as a company limited by guarantee.

The Trustees and Members during the year were as follows:

Trustees & Members:	Stephen Owen Darren John Worsley Mark Murphy Christopher Ian Pockett	
Trustees:	Jenine Ruth Langrish (Resigned 12 th July 2011) Nigel Edward Melville (Resigned 8 th September 2011) Dr Daleep Mukarji OBE (Resigned 5 th January 2012) Tim Wood (Appointed 21 st March 2012) Richard Alan Barnes (Appointed 30 th May 2012) Alison Jayne Bell (Appointed 30 th May 2012)	
Additional Members:	Simon Richard Maddrell Jenine Ruth Langrish Fiona Charlotte Moore Richard Pearce-Thomas Richard Alan Barnes Nigel Edward Melville (Resigned 8 th September 2011) Sir Edward Clay (Appointed 30 th May 2012)	
Patrons:	Lord Joel Joffe CBE Sir Edward Clay	
Executive Director:	Simon Richard Maddrell	
Head of Operations:	Louise Frances Storey	
Operational address:	Studio 59 The Market Building 195 High Street Brentford TW8 8LB Telephone: 020 8232 9050 Website: www.excellent.org.uk Email: team@excellent.org.uk	
Registered office address:	2 Water Court Water Street Birmingham B3 1HP	
Bankers:	The Co-operative Bank plc Kings Valley Yew Street Stockport SK4 2JU	CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling, Kent ME19 4JQ
Auditors:	Michael Kay & Company 2 Water Court Water Street Birmingham B3 1HP	

Trustees

Trustees responsibilities

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for the charity for each financial year. Charity law requires the Trustees to prepare financial statements for the charity and its subsidiary undertakings. The financial statements must be prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and are required to give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for the year. In preparing the financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business;
- Observe the methods and principles in the The Charities Statement of Recommended Practices (SORP);
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities Act 2011 and regulations made there under. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees have confirmed that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Trustee policy

As defined by the Memorandum and Articles of Association, Trustees retire annually and are elected by Board resolution at each Annual General Meeting. The Chairman and the Board review whether each Trustee will stand for re-election prior to each Annual General Meeting.

Trustee recruitment is currently managed by the Governance Committee which identifies gaps in skills and/or experience in the Board and then proposes recruitment and election.

Trustee induction is carried out through a checklist of documents and specific conversations required to understand the charity. Responsibilities of Trustees are covered by using Charity Commission documentation and other organisations' induction courses.

Trustee training is offered through third sector conferences and courses provided by a number of organisations.

Public benefit statement

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

Excellent Development's charitable purpose is enshrined in its objects:

- To promote the conservation, protection, and improvement of the physical and natural environment for the public benefit;

- To relieve poverty, in particular but not exclusively, by supporting sustainable development projects;
- To advance the education of the public in the subjects of sustainable development, conservation and the relief of poverty, in particular but not exclusively by the undertaking and dissemination of research

The Trustees ensure that this purpose is carried out for the public benefit by ensuring our operational activity, both in the UK and overseas, directly supports the charity's objects. This is reviewed both through direct management control, our evaluation and monitoring reporting, and by our financial control regime.

Excellent Development's philosophy is community driven, in that the work we facilitate is based on the needs of the communities we work with, as identified by the members of those communities.

The structure of the Trustees' Annual Report allows us to report on our strategic objectives, activities and achievements as well as future plans. We have included extracts from the evaluations carried out with communities on pages 4-8. Communities have described the benefits and impacts of the work they do supported by Excellent – clearly demonstrating the linkage to our charitable objects.

Risk assessment

The Trustees have a structured approach to fulfil their responsibilities as regards to Risk Management. This involves a quarterly review of these risks at Board Meetings, which:

- Seek to identify the major risks facing the charity
- Assess the likelihood and severity of the risks identified
- Review the existing controls and actions that the charity has in place to mitigate the risks
- Identify and implement any further actions required to limit risk

The Trustees confirm that they have systems in place to mitigate the major risks facing the charity which they have identified.

Grant management policy

The majority of Excellent's charitable work is carried out by making grants to other organisations. Grants may be financial or in kind. Grants are only usually made to legally recognised and constituted charitable organisations, unless approved by the Board. A thorough assessment process will be conducted prior to any decision being made and grants will only be given once it has been established that:

- The proposed organisation and opportunity have successfully proceeded through the Engagement Process.
- The proposed project fits with Excellent's charitable objects.
- The proposed project fits with the current strategic direction and priorities set out in Excellent's strategy.
- The organisation has the necessary skills, knowledge, experience and capacity to carry out the proposed activities (technical, operational, managerial, financial and logistical) or demonstrates the willingness and capability to develop these capacities with our support.
- The organisation has developed clear plans and budgets for the project and is able to demonstrate sufficient operational and financial processes to manage the plans and budgets efficiently and effectively.
- Excellent believes that the organisation and the project will efficiently and effectively support the mission and vision of Excellent.
- The organisation is both willing and able to provide sufficient information and evidence to enable fundraising applications and fund raising reporting to meet the needs of donors.
- The organisation is both willing and able to provide regular reporting in accordance with Excellent's monitoring and evaluation (M&E) process.

All grants are subject to Excellent having sufficient funds and management capacity. All grants follow an approval process involving the Head of Operations, the Executive Director, and/or the Board, depending on the grant value.

Excellent does not accept applications for funding but does respond to those organisations who wish to engage with Excellent with a view to future funding.

Reserves policy

According to SORP, reserves are the sum of unrestricted and designated funds. The Trustees consider reserves of the greater of 6 months of ongoing core costs or 3 months of planned total expenditure as the ideal minimum level of reserves.

Reserves to policy	£	%	Months
Reserves at 31st March 2012	190,294		
Budgeted Ongoing Core Costs 2012/13	619,950	31	3.7
Budgeted Total Expenditure 2012/13	1,212,946	16	1.9

The current level of reserves is below the ideal level due to significant increases in expenditure and a tough fundraising environment. The Trustees will focus on increasing reserves to above the ideal minimum policy level during the next year.

Investment policy

The Trustees consider that at this stage of the charity's development all funds should be held in short-term bank deposits. Currently they are on deposit with CAF Bank and Co-operative Bank in the UK.

Appointment of auditors

The auditors, Michael Kay & Company, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the board on 11th July 2012



Stephen Owen, CHAIRMAN

Independent auditors report to the Members of Excellent Development Ltd

We have audited the financial statements of Excellent Development Limited for the year ended 31 March 2012 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and 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 charity's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees responsibilities set out on page 25, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


Michael Kay
Senior Statutory Auditor
For and on behalf of:

Michael Kay & Company Ltd
2 Water Court
Water Street
Birmingham
B3 1HP

Date:

13th July 2012

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 Unrestricted £	2012 Restricted £	2012 Total £	2011 Total £
INCOMING RESOURCES					
Voluntary income	2	324,832	580,904	905,736	822,269
Income from generating funds	3	268	49,094	49,362	41,931
Income from charitable activities	4	70	7,142	7,212	-
Investment management and interest	5	1,055	232	1,287	1,381
Total incoming resources		326,225	637,372	963,597	865,581
RESOURCES EXPENDED					
Cost of generating funds					
Marketing and communications costs	6	35,703	23,485	59,188	55,971
Voluntary income costs	7	88,715	59,050	147,765	115,458
Activities for generating funds costs	8	4,638	14,558	19,196	13,826
Costs of income from charitable activities	9	1,061	-	1,061	-
Total cost of generating funds		130,117	97,093	227,210	185,255
Charitable activities					
Grant management	10	69,882	335,456	405,338	393,099
Programme development	11	157,902	166,625	324,527	254,994
Development education		6,050	-	6,050	6,621
Total charitable expenditure	12	233,834	502,081	735,915	654,714
Governance costs	13	8,820	27,680	36,500	25,701
TOTAL RESOURCES EXPENDED		372,771	626,854	999,625	865,670
Exchange rate gain/(losses)		(3)	-	(3)	4
NET INCOMING /(OUTGOING) RESOURCES		(46,549)	10,518	(36,031)	(85)

The Statement of Financial Activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All of the above results are derived from continuing activities. There are no other recognised gains or losses other than those stated above.

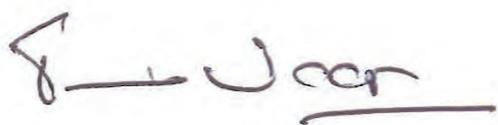
BALANCE SHEET

AS AT 31 MARCH 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible fixed assets	14	5,473	4,594
Investment in subsidiaries	15	1	1
Total fixed assets		5,474	4,595
Current assets			
Debtors	16	93,606	27,078
Cash at bank and in hand	17	340,949	424,161
Total current assets		434,555	451,239
Current liabilities			
Creditors falling due within one year	18	(69,176)	(48,950)
Net current assets		365,379	402,289
Net assets less current liabilities		370,853	406,884
Financed by:			
Unrestricted funds	19	190,294	237,722
Restricted funds		175,086	164,568
Property and equipment fund		5,473	4,594
Total funds		370,853	406,884

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The accounts were approved by the Board on 11th July 2012.



Tim Wood
Treasurer

1 Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention. Excellent Development Limited ("the Charity") has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities" (March 2005) and the Companies Act 2006

1.2 Group Entities

The Charity has a wholly-owned subsidiary company, Excellent Development Trading Limited (EDTL), registered company no. 5105411. EDTL became dormant on 31 March 2010 and all trading activities of the company were transferred to the Charity from that date. The results of EDTL have not been consolidated within the financial statements as they are considered to be immaterial.

1.3 Incoming resources

Any materials (tools, equipment, etc.) received are included in the Financial Statements at market value. Properties, investments, and other fixed assets donated to the charity are included as donation income at market value at the time of receipt. Items donated for resale are included in trading income when sold and no value is placed on stock at the year end.

Grants from governments and other agencies have been included as income from activities in furtherance of the Charity's objects where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use.

Income is recognised in the period in which the Charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the Charity has to fulfill conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

1.4 Expenditure

Fundraising costs include the salaries, direct expenditure and overhead costs associated with the time staff carried out fundraising, including events. Expenditure is included when incurred.

Grants payable to other organisations for relief and development projects are included in the Statement of Financial Activities (SOFA) when approved by the trustees and agreed with the other organisation. The value of such grants unpaid at the year end is accrued. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued but are noted as financial commitments.

Expenditure on operational programmes is recognised in the period in which it is incurred. A designated fund is established for expenditure which has been committed to projects, but remains unspent at the year end.

In kind grants are donations of materials, equipment or staff time that are not recognised in the grant recipient accounts but represent expenditure on direct charitable activity by Excellent.

Core Costs Summary

	%	2012 £	%	2011 £
Breakdown of Total Core Costs				
Employment costs	87.8	477,436	87.4	402,519
Administration costs	5.7	31,184	4.7	21,750
Accommodation costs	6.5	35,307	7.9	36,547
	<u>100.0</u>	<u>543,927</u>	<u>100.0</u>	<u>460,816</u>

Core cost allocation:

Core costs have been allocated on the basis of staff time attributable to each activity, as follows:

	%	2012 £	%	2011 £
Cost of generating funds				
Marketing and communications costs	7.6	41,398	9.4	43,371
Voluntary income costs	20.6	112,246	21.0	96,643
Activities to generate funds costs	2.0	10,649	2.8	12,791
	<u>30.2</u>	<u>164,293</u>	<u>33.2</u>	<u>152,803</u>
Direct charitable expenditure				
Grant management	5.2	28,495	2.8	12,837
Programme development	29.2	158,569	30.0	138,495
	<u>34.4</u>	<u>187,064</u>	<u>32.8</u>	<u>151,332</u>
Governance	<u>5.2</u>	<u>28,386</u>	<u>3.6</u>	<u>16,959</u>
Support costs				
Grant management	15.2	82,539	16.8	77,299
Programme development	14.2	77,196	12.1	55,470
Development education	0.8	4,449	1.5	6,953
	<u>30.2</u>	<u>164,184</u>	<u>30.4</u>	<u>139,722</u>

Governance

Governance costs are costs incurred on the governance arrangements of the Charity. These costs are associated with the constitutional and statutory requirements and include any costs associated with the strategic management of the Charity activities.

Support costs

Support costs represent the costs incurred that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. This includes staff time (and direct costs such as flights and accommodation) providing support for charitable activities including management, monitoring, evaluation, policy work and technical support for programmes. This also includes the costs incurred by finance, human resources and information technology attributable to the management of the Charity assets and organisational administration. Total support costs of £187,098 (per Note 12) are represented by core costs (£164,184) and travel and accommodation (£22,914).

Support costs have been allocated to the charitable activities on the basis of staff time attributable to each activity, as follows:

Support cost allocation:	%
Grant management	41.6%
Programme development	56.4%
Development education	2.0%

1.5 Tangible fixed assets and depreciation

Fixed assets costing more than £500 are capitalised.

Depreciation:	%	Basis
Fixtures, fittings and equipment	20.0	Straight line
IT equipment	33.3	Straight line

1.6 Investment in subsidiaries

Investment in subsidiaries is stated at book value at the balance sheet date.

1.7 Foreign currency translation

Transactions denominated in foreign currencies are recorded in Sterling at the interbank rate ruling at the date of the transaction. Transactions in foreign currency cash are recorded in sterling at the rate ruling at conversion or the previous year end balance sheet value, whichever is the later.

Assets and liabilities denominated in foreign currencies are translated into sterling at the interbank rate ruling at the balance sheet date. All differences are included in net outgoing resources.

1.8 Accumulated funds

The Property and equipment fund represents funds invested in the net book value of tangible fixed assets, which are therefore not available for other uses. Restricted funds represent grants and donations received which are prescribed by the donor for specific purposes. Expenditure made in line with these purposes is charged to the accumulated restricted funds.

1.9 Irrecoverable VAT

The Charity is not registered for VAT and therefore expenditure included within the accounts includes VAT where incurred.

2. Voluntary income

	2012 Unrestricted £	2012 Restricted £	2012 Total £	2011 Total £
Individual donors	141,098	35,773	176,871	134,970
Media appeals	62,275	.	62,275	5,974
Trusts and foundations	118,077	367,065	485,142	457,575
Small governments	-	139,958	139,958	61,536
Corporate	1,908	9,758	11,666	147,314
Rotary & Schools	1,474	28,350	29,824	14,900
Total	<u>324,832</u>	<u>580,904</u>	<u>905,736</u>	<u>822,269</u>

3. Activities for generating funds

	2012 Unrestricted £	2012 Restricted £	2012 Total £	2011 Total £
Expeditions	268	49,094	49,362	41,880
Trading	-	-	-	51
Total	<u>268</u>	<u>49,094</u>	<u>49,362</u>	<u>41,931</u>

4. Income from charitable activities

	2012 Unrestricted	2012 Restricted	2012 Total	2011 Total
	£	£	£	£
Consultancy income	70	7,142	7,212	-
Total	70	7,142	7,212	-

5. Investment management and interest

	2012 Unrestricted	2012 Restricted	2012 Total	2011 Total
	£	£	£	£
Bank interest	1,055	232	1,287	1,381
Total	1,055	232	1,287	1,381

6. Marketing and communications costs

	2012 Unrestricted	2012 Restricted	2012 Total	2011 Total
	£	£	£	£
Design & print costs	8,078	5,314	13,392	10,589
Marketing services costs	1,676	1,102	2,778	1,106
Other marketing & communications costs	977	643	1,120	905
Core cost allocation (see note 1.4)	24,972	16,426	41,398	43,371
Total	35,703	23,485	59,188	55,971

7. Voluntary income costs

	2012 Unrestricted	2012 Restricted	2012 Total	2011 Total
	£	£	£	£
Individual donors costs	54,218	22,489	76,707	36,185
Media appeals costs	576	-	576	23
Trusts and foundations costs	9,898	27,388	37,286	50,635
Small governments costs	8,126	2,126	10,252	3,259
Corporate costs	1,884	3,097	4,981	24,885
Rotary & Schools costs	12,547	3,950	16,497	-
Award Costs	1,466	-	1,466	471
Total	88,715	59,050	147,765	115,458

* Core costs of £112,246 in 2012 have been allocated across the income stream activities (see Note 1.4).

8. Activities to generate funds costs

	2012 Unrestricted	2012 Restricted	2012 Total	2011 Total
	£	£	£	£
Expeditions costs	4,638	14,558	19,196	13,636
Trading costs	-	-	-	190
Total	4,638	14,558	19,196	13,826

* Core costs of £10,649 in 2012 have been allocated across the activities to generate funds (see Note 1.4).

9. Income from charitable activities costs

	2012 Unrestricted	2012 Restricted	2012 Total	2011 Total
	£	£	£	£
Consultancy Income costs	1,061	-	1,061	-
Total	1,061	-	1,061	-

10. Grant management

	2012 Unrestricted	2012 Restricted	2012 Total	2011 Total
	£	£	£	£
ASDF, Kenya	69,882	335,456	405,338	286,039
UDO, Kenya	-	-	-	107,060
Total	69,882	335,456	405,338	393,099

* Core costs of £28,495 in 2012 have been allocated to the charitable activity (see Note 1.4).

11. Programme development

	2012 Unrestricted	2012 Restricted	2012 Total	2011 Total
	£	£	£	£
Advocacy & Research	109,717	64,526	174,243	72,180
Opportunity identification & development	5,144	10,171	15,315	30,000
Visits, learning & resource support	3,940	49,422	53,362	64,316
Support and/or grants for programmes:				
ASDF, Kenya	-	8,604	8,604	5,477
UCCS, Kenya	24,402	5,545	29,947	21,716
Water Aid, Uganda	11,436	14,179	25,615	-
Dabane Trust, Zimbabwe	3,263	14,178	17,441	10,028
SOS Sahel, Sudan	-	-	-	1,338
CCM, Mozambique	-	-	-	49,939
Total	157,902	166,625	324,527	254,994

* Core costs of £158,569 in 2012 have been allocated to the charitable activity (see Note 1.4).

12. Analysis of charitable expenditure

	2012 Support costs	2012 In kind grants	2012 Direct grants	2012 Total	2011 Total
	£	£	£	£	£
Grant management	77,898	28,495	298,945	405,338	393,099
Programme development	105,443	158,569	60,515	324,527	254,994
Development education	3,757	-	2,293	6,050	6,621
Total	187,098	187,064	361,753	735,915	654,714

* Core costs of £164,184 have been allocated across support costs and in kind grants (see Note 1.4).

13. Governance

	2012	2012	2012	2011
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Audit fees	4,228		4,228	4,028
Trustee expenses	2,742		2,742	2,809
Other governance expenses	1,144		1,144	1,904
Allocation of core costs (see Note 1.4)	706	27,680	28,386	16,959
	<u>8,820</u>	<u>27,680</u>	<u>36,500</u>	<u>25,700</u>

None of the eight trustees who held office during the year (or any persons connected with them) received any remuneration during the year.

The eight trustees incurred expenses as follows:

	2012	2011
	£	£
Memberships	144	330
Trustee indemnity insurance	721	605
Travel	868	1,204
Communications	542	670
Meetings/Conferences	467	-
Total	<u>2,742</u>	<u>2,809</u>

14. Tangible fixed assets

	2012	2011
	£	£
<u>Cost or valuation:</u>		
Opening balance	29,011	28,451
Additions	4,428	1,066
Disposal	-	(506)
Balance as at year end	<u>33,439</u>	<u>29,011</u>
<u>Depreciation:</u>		
Opening balance	24,417	19,644
Charge for year	3,549	4,990
Disposal	-	(217)
Balance as at year end	<u>27,966</u>	<u>24,417</u>
Net Book Value as at year end	<u>5,473</u>	<u>4,594</u>

15. Investment in subsidiaries

	2012	2011
	£	£
Investment in Excellent Development Trading Limited	1	1
Total	<u>1</u>	<u>1</u>

16. Debtors

	2012	2011
	£	£
Debtors	48,081	14,278
Prepayments	27,726	7,573
Accrued income	14,707	3,317
Other debtors	3,092	1,910
Total	<u>93,606</u>	<u>27,078</u>

17. Cash at bank and in hand

	2012	2011
	£	£
Bank account	340,441	424,009
Petty cash	508	152
Total	<u>340,949</u>	<u>424,161</u>

18. Creditors: amounts falling due within one year

	2012	2011
	£	£
Creditors	43,467	11,686
Accruals	4,200	26,502
PAYE	14,617	10,305
Deferred Income	6,892	-
Business charge card account	-	456
Amount owed to Excellent Development Trading Limited	-	1
Total	<u>69,176</u>	<u>48,950</u>

19. Movement in funds

Fund types	As at 1 st April 2011 £	Incoming resources £	Outgoing resources £	Transfers £	Total Movements £	As at 31 st March 2012 £
Unrestricted	237,722	326,225	(372,774)	(879)	(47,428)	190,294
Restricted	164,568	637,372	(626,854)	-	10,518	175,086
Property & equipment	4,594	-	-	879	879	5,473
Total funds	<u>406,884</u>	<u>963,597</u>	<u>(999,628)</u>	<u>-</u>	<u>(36,031)</u>	<u>370,853</u>

As per accounting policy 1.8, the Property and equipment fund represents funds invested in the net book value of tangible fixed assets, which are therefore not available for other uses.

20. Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Property & equipment fund £	Total funds £
Fixed assets	1	-	5,473	5,474
Current assets	256,791	197,186	-	453,977
Current liabilities	(81,706)	(6,892)	-	(88,598)
Total assets less current liabilities	<u>175,086</u>	<u>190,294</u>	<u>5,473</u>	<u>370,853</u>

21. Financial commitments

As at 31st March 2012 the Charity is committed to a lease for its office until 19th September 2014 (£37,785).

22. Subsidiary undertakings

The Charity has a wholly-owned subsidiary company, Excellent Development Trading Limited (EDTL), registered company no. 5105411. EDTL became dormant on 31st March 2010 and all balances and trading activities of the company were transferred to the Charity from that date (see note 1.2).

23. Employees

	2012	2011
	£	£
Salaries and wages	405,793	356,564
Employer NIC	42,348	31,973
Total	448,141	388,537

Average number of employees (includes maternity leave cover)	10.7	10.9
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One employee earned £71,595 during the year.

24. Related parties

A total of £587 was paid to Oyster Luxury Travel and Diving Ltd (Oyster Ltd), a company in which Mr Mark Murphy, a Trustee and Director of Excellent Development Ltd, is a director. All purchase orders for flights and travel are raised on a three quote basis and any orders with Oyster Ltd must be approved by the Executive Director and another Trustee.

