THE KALOKO TRUST UK

TRUSTEES' ANNUAL REPORT & ACCOUNTS
For the year ended 31 December 2012

The Kaloko Trust UK – Trustees' Annual Report & Accounts 2012

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Legal and Administrative Information

Registered Charity Name:	Kaloko Trust UK
Charity Registration Number:	1047622
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Governing Document:	Trust Deed dated 26 June 1995

Structure, Governance and Management

Trustees and Organisational Structure

The Kaloko Trust UK (KTUK) is governed by a Trust Deed, dated 26 June 1995.

Kaloko had seven Trustees at the end of 2012. It is current practice for Kaloko to recruit Trustees in the same manner it would employees. When a Trustee leaves and/or the existing Trustees identify a need for a further member of the Trustee Board, a person specification is drawn up and adverts inviting applications are placed on our website and in the local and national press. Suitable applicants are shortlisted and then interviewed, with the most appropriate applicant being asked to join the Trustees.

The Trustees serve indefinitely and from time-to-time visit Zambia on familiarisation and monitoring trips. New Trustees are provided with an induction both on the purpose and activities of the Kaloko Trust, and on the roles and responsibilities of a Trustee. New Trustees are also required to visit Zambia to familiarise themselves with our programme as soon as practically possible.

Kaloko's day-to-day business is managed by the Director who reports directly to the Trustees. The Trustees meet at least quarterly with the UK Administrator and Director to make medium to long-term decisions.

Risk Management

As with any organisation, Kaloko's work involves some risks. It is one of the Trustees' roles to ensure that these risks are managed, minimised and mitigated. To achieve this, the Trustees have worked to identify and review the major strategic, business and operational risks that the charity faces. These are assessed against their possible likelihood of occurring and their possible impact on the organisation.

The major risks have been identified as:

- Our finances: there is a continuing increase in competition for funds and supporters.
- Our partners: Kaloko works at a grassroots level with rural community organisations that often have a weak organisational capacity, and is very dependent on the leadership of the Kaloko Trust Zambia Director.
- HIV/Aids: Zambia is deeply affected by the HIV/Aids pandemic and it is negatively impacting on all aspects of rural livelihoods and Kaloko's programmes.

Given the nature of Kaloko's work the Trustees recognise that some areas of our work require the acceptance and management of risk if our key objectives are to be achieved. The Trustees have adopted, or are working to adopt, policies and frameworks to mitigate these risks. These include:

- Regular monitoring and assessment of the identified risks, through regular reports and personal visits from KTUK staff and Trustees;
- Developing a strong fundraising strategy and annual action plan;
- Working to improve our management of knowledge and information;
- Working to ensure succession planning is in place and being led by the Kaloko Trust Zambia Executive Committee (KTZ EC);
- Working to mainstream HIV/Aids awareness across all areas of our work.

Objectives and Activities

The Kaloko Trust UK is a non-governmental, non-political, non-religious organisation established in 1995 and constituted under a Trust Deed dated 26 June 1995.

The Trust Deed defines the charity's objectives as being:

1. To relieve poverty in Zambia and other Third World countries, in particular by promoting sustainable self-help projects, advancing agriculture and other locally appropriate commerce and industry, and promoting the environmentally sustainable use of natural resources.
2. To advance the education of people living in Zambia and other Third World Countries by the provision of educational facilities.
3. To relieve sickness and protect and preserve the health of people living in Zambia and other Third World countries by the provision of health centres and medical support.

Kaloko believes that long-term sustainable development can only occur where the issues that cause poverty are addressed in an integrated approach, working in partnership with beneficiaries. Thus to date we have concentrated our resources in a single geographical area – Luansobe, Zambia - working with local communities to improve access to sufficient food, water, health, education and income.

Our current activities are categorised under the following headings:

- **Agricultural Support and Development**, which aims to raise household food security and agricultural production.
- **Natural Resource Management**, which aims to develop the sustainable use and management of local natural resources such as water and forests.
- **Community Social Development**, which aims to develop and improve access to education and health services.
- **Enterprise Development**, which aims to develop and improve appropriate local income generation opportunities, both for Kaloko and local communities.
- **Capacity Building**, which aims to help develop the capacity of our local partners in Zambia.

In order to achieve our aims during 2012 we have worked in two ways:

1. Through direct support given to programmes in Zambia, using our own staff and, where appropriate, volunteers; and
2. Through working in partnership with the Kaloko Trust Zambia (KTZ), which is an independent non-governmental organisation, established and registered in Zambia, and also with other Zambia-based community organisations.

Our partner organisation in Zambia, KTZ, has considerable local and programme experience. They have been working since 1989 to support rural development in the Luansobe area, through a wide range of initiatives. We have worked in partnership with KTZ since we started in 1995, and their experience and local knowledge is a vital contributor to programme success. As a separately registered and independent Zambian charity, with its own Executive Committee, the accounts of KTZ are not consolidated into Kaloko UK's accounts.

Programmes of work are decided in close consultation with both beneficiaries and KTZ staff in Zambia, and also in partnership with local communities.

Where KTZ implements programmes on our behalf, we provide them with direct support through our visiting staff and volunteers placed in Zambia. This takes the form of financial, management and administration support, programme advice and management, technical advice and the procurement of equipment. We also closely monitor the progress of programmes implemented on our behalf.

Kaloko continues to regularly consult with both partners and beneficiaries, and based on this, and the present poor state of the Zambian economy and local infrastructure, we believe that our support is still needed and no significant changes in our activities are currently envisaged.

In recent years Kaloko Trust Zambia (KTZ) has steadily extended its area of operation to include Kashitu, a neighbouring district to the east of Luansobe. Here, rural communities confront many of the same difficulties and challenges as those identified in Luansobe over the past two decades.

Kashitu, a large district with severe deforestation from years of charcoal production, has little in the way of social infrastructure, having only one school with permanent buildings and a single health centre serving the widely-spread population of 25,000. Safe drinking water is scarce, health is poor, school places fall far short of demand and economic opportunities are few.

Over the past two years, KTZ has worked in partnership with a local Kashitu charity, The New Renato Community Organisation (named after Father Renato Kizito Sesana, an Italian Catholic parish priest in Kashitu in the 1970s).

Public Benefit

The Trustees have considered the Charity Commission's guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. We have, in the view of the Trustees, met the public benefit requirement by the provision of support to development projects in Africa, thus enabling Kaloko Trust to transform the lives of disadvantaged people. The achievements and performance of the charity are set out in this report.

Activities, Achievements and Performance

In 2011, following a survey to determine which past activities have had the most impact and what were the current community needs, Kaloko Trust reviewed its activities and decided to expand its area of operation to include the nearby area of Kashitu. So as to better communicate to donors and other interested parties Kaloko Trust UK has sought to bring focus to its operations by summarising its activities as follows;

Goals

1. Improved access to education
2. Improved access to health services
3. Improved access to clean water
4. Improved household food security

Key Indicators of Success

1. 95% of eligible children attend basic (primary) school <30 minutes walk from home
2. 95% of families receive regular health consultations
3. 85% of families can access clean water <15 minutes from home
4. 85% of families access income > value of Basic Needs Basket

The Basic Needs Basket is a monthly survey done in the nearby city of Ndola by the Jesuit Centre for Theological Reflection of the cost of essential food and non-food items that comprise the bare-minimum basket of goods and services needed for a family of six to survive with a decent and healthy standard of living (Dec 2012 = £305/month)

Key Concerns
1. Quality of education
2. Quality of health services and frequency
3. Water systems community maintained
4. Agricultural production and income generation opportunities diversified

Cross cutting issues
1. Community ownership/sustainability
2. Gender
3. Environment
4. Youth
5. HIV/Aids

AGRICULTURAL SUPPORT & DEVELOPMENT

1) Food Security Soya Extension Project

Small-scale farmers in the Luansobe area of Copperbelt Province constantly struggle to grow enough maize to feed their families. With erratic rainfall, poor sandy soils and rapidly declining soil fertility they have increasingly turned to using chemical fertilisers to maintain yields. However, with limited funds available and ever increasing fertiliser prices the harvests often do not justify the costs. Farmers desperately need an alternative crop to maize that will earn them a reasonable income (so they can use the money generated by selling their surplus to buy food) and also a crop which will serve to build up nitrogen and so improve soil fertility, so that they can continue to grow other crops in a healthy rotation. Dry bean cultivation offers such an opportunity.

The 2012 calendar year covered in this report includes the end of the 2011/12 agricultural season and the start of the 2012/13 season in Zambia.

In late 2011, 94 farmers who had participated in the on-farm training project in the 2010/11 season, were assisted to plant legumes on their own farms. Enough dry bean seed and fertiliser was bought to enable the farming families to each plant a block of 0.5ha. The steering committee of the group met fortnightly and was active in drawing up the final lists of participants. The committee also decided to include soya-bean seed grown under the previous year's project into the distribution. The distribution of the seeds and fertiliser took place in December 2011 and Kaloko Trust's project supervisor visited the participating farmers by motorcycle to monitor progress and to provide advice where needed. A general meeting was held in June 2012, and 52 farmers attended to report back on the harvest, arrange the date for weighing the beans and to select people to be involved in the marketing of the product. The date to bring in the harvested beans and to weigh them was agreed and that the product would be stored at Kaloko's storeroom until the time for selling. The total bean harvest eventually brought for sale was almost two tonnes, with many farmers holding back some of their crop for home consumption and use as seed in the next season.

In late 2012, 16 of the best farmers (those who had achieved the highest harvest) were selected as trainers from the farmers who had benefited from the 2011/2012 farming season inputs distribution. The 16 were given the task to each recruit 15 interested new farmers to be trained in dry beans production. By the year end the bean seed had been given out and nearly 5ha of beans had been planted To the 114 new farmers were participating in the training. Fertiliser was to be distributed in early 2013.

Future Plans

In 2013 Kaloko Trust will:

- Continue efforts to encourage the diversification of local agriculture away from the mono-cropping of maize towards a rotation system incorporating legumes and including the use of small stock.
- Encourage the community, many of whom have been trained in Kaloko projects, to utilise the established infrastructure on the Kaloko campus for developing their own agri-businesses.

NATURAL RESOURCE MANAGEMENT

Over the last 20 years there has been, and continues to be, a considerable increase in the local population at Luansobe. This has meant growing pressure on the fragile local eco-system. Water remains a major issue: rains are often erratic and unpredictable and, as the population increases, water-tables fall and wells dry up.

The forests around Luansobe play a vital role in people's lives: they provide fuel for cooking, construction materials, food (such as mushrooms and fruit), medicines, and a source of income through charcoal production. Population pressures and indiscriminate charcoal production have resulted in a significant loss of local forest.

Kaloko's work aims to address these challenges by demonstrating and promoting sustainable approaches to Natural Resource Management, which will improve livelihoods for both current and forthcoming generations.

1) Water Resource Development: Safe Water Borehole Project

This project was a continuation of that implemented in recent years, and in 2012 Kaloko Trust drilled a further seven boreholes and fitted them with hand-pumps, thus providing 1,400 people with access to safe and adequate water. The target communities previously had to travel long distances to fetch safe water or used closer unclean sources. The project has the combined benefits of boosting health status and reducing the time spent by women and girls in fetching water. Communities contributed resources such as labour and local materials and sited the boreholes in locations that are most appropriate. To ensure that water will be available into the future, community-elected women and men were trained and equipped to work together as a committee to maintain, repair and manage the water systems.

2) Beekeeping: Beekeeper Training and Honey Marketing Project

Subsistence farmers in rural areas of Zambia, like Luansobe have very few opportunities to generate income for their families. The opportunities that do exist are primarily in rain-fed agriculture and charcoal production, which are respectively precarious due to irregular rainfall and being environmentally damaging. Beekeeping offers a sustainable alternative that is relatively easy to undertake, is low in risk and supports the preservation of forests.

Building on the success of an earlier training programme, the Beekeeping Project trained 15 new beekeepers in the Kashitu area in 2012. Each of the new beekeepers trained by the project was provided with a starter kit of equipment to help them establish their own apiaries. The kit provided also included moulds to allow the beekeepers to manufacture mud hives, allowing them to expand their apiaries as quickly as they want. The project also continued work to develop the marketing capacity of the LBCS through improving processing and packaging, exchange visits to other beekeeping groups and developing contacts with potential markets.

3) Agro-forestry: Charcoal Survey

A UK volunteer spent two months out in Zambia looking into local charcoal production, which is a major source of income but being carried out in an unsustainable manner. His report will serve to guide Kaloko Trust as it looks at alternative and sustainable methods of production.

Future Plans

In 2013 Kaloko Trust will:

- Raise funds and continue with the drilling and equipping of a further seven boreholes which will be fitted with hand-pumps, thus providing a further 1,400 people with access to safe and adequate water. At least four more Water and Sanitation Committees will be trained in borehole maintenance and assisted to set up user funds to pay for future repairs.
- Raise funds and continue the training for new beekeepers and support for the Beekeepers' Co-operative to develop external markets for local honey. Continue to train and support the Co-op to provide extension services to beekeepers and to implement their business plan.
- Using the report on charcoal production Kaloko Trust will be looking at ways in which it can either encourage the adoption of sustainable extraction methodologies or promote alternative and less environmentally damaging income-generation activities.
- Develop an agro-forestry project assisting local groups to grow and plant fruit trees.

ENTERPRISE DEVELOPMENT

1) INCOME GENERATION

Bicycle Programme

In partnership with the UK charity Re~Cycle, a fourth container with 412 donated second-hand bicycles collected in the UK was shipped to Zambia. These were checked, repaired and sold locally at an affordable price; demand continues to be very strong. This ongoing programme enables rural families to carry their farm produce to market as well as more easily access important health, education and other community services. Proceeds from the sale of bicycles were used to support the projects in Zambia and will fund the delivery costs of another two containers planned for 2013.

Luansobe Carpentry and Metalworking Skills Training Project

In past years many of the young people have moved away from the farms in Luansobe to the main Copperbelt towns to receive skills training and apprenticeships, and have then remained there to look for work. In 2010 mains electricity supply[1] finally reached the community located in Masaiti District, Copperbelt Province, Zambia and the nearby main road has recently been tarred. These important infrastructural developments have opened up a range of new economic opportunities for the population of this primarily subsistence farming area. People are investing in building brick houses, opening shops, putting in doors and windows and other infrastructure improvements. There are more bicycles, water hand-pumps and furniture. There now exists a real demand in the area for young people to be trained in appropriate practical skills like carpentry and metalworking and to set up their own small local businesses to service the local community, but they need the opportunities and support to do so.

In 2012 Kaloko Trust started a new skills development project and organised a practical training course in carpentry for 10 students from Luansobe Upper Basic School (LUBS). The Zambian students worked alongside the Varndean College student volunteers who came out from the UK and

[1] 99.5% of Zambia's electricity is generated by hydro-electric schemes (CIA World Fact Book).

made school furniture for Mwaitwa School. In 2013, using Kaloko Trust infrastructure projects such as the construction of schools and health outposts, Kaloko Trust will arrange with local skilled artisans for them to take on more ex-students for a period of six months each, providing appropriate on-the-job training. Using tools donated by the UK charities Tools for Self Reliance, WORKAID and Tools with a Mission each student will receive a starter kit to enable them to work and then set up their own business. The artisans will also be paid with a tools-kit and Kaloko Trust will provide the students with appropriate small business training.

In late 2011, 17 start-up kits were dispatched by Tools for Self Reliance in a container to Zambia for the Kaloko Trust. These arrived in early 2012 and Kaloko Trust Zambia organised for the collection and transport of the tools and the payment of the clearing costs for their part of the container. One large carpentry/building tool-kit and one large metalwork training tool-kit were supplied to be given to the trainers as an encouragement for them to take on student apprentices. Ten small carpentry/building tool-kits and five metalworking tool-kits were provided for apprentices. A total of 33 boxes with 912 different tools were received. Later in the year an additional 42 boxes containing tools for carpentry, engineering, metalwork and horticulture were sent out by WORKAID and will also be used in the skills development project.

Small Business Training Project

A UK volunteer spent three months out in Zambia looking at local small businesses. He produced a survey and report which is being used to guide Kaloko Trust as it develops its small business support programme.

The survey investigated the income-generating activities in the small business environment within the catchment area of the Kaloko Trust. The data was collected during September and October 2012 with 91 non-agricultural businesses being interviewed. The survey aimed to: identify profitable and replicable non-agricultural income-generation activities, outline the challenges that faced small and medium sized enterprises (SMEs) and provide insights into the local business environment. Through support for small enterprises the report suggested that there exists an opportunity to develop skills training, economic opportunity and sustainable livelihoods for the local community. The main areas of questioning were focused on marketing, sales, finance, training, challenges and apprenticeship interest. The most common business activity was selling groceries, with over a third of enterprises involved in the retail of grocery goods. When bar activities are included, the cumulative total is 45% of all the business activities. Given this significance, retailers were dependant on rural consumers, rarely drawing custom from the wider and urban economies, and with a growing displacement effect from over-competition. Service activities such as carpentry, printing and tailoring had the opportunity to draw on a wider customer base or market their products elsewhere. However, these key activities only amounted to 7%, possibly indicating that there exists room for expansion in this sector for greater income-generation opportunities. The sale of fresh produce, dry fish and fritters was evident but these necessity products are low in value and with a short shelf-life, resulting in very little profit being made from sales. During the fieldwork the main problems encountered included several businesses being closed at the time of visit and the respondents not fully understanding some questions, affecting accuracy. These issues were addressed through repeat visits and taking more time to help interviewees to understand the questions. There was a 100% success rate with no refusals to be interviewed. However, due to poor record-keeping of the businesses, exact quantitative data collected may not have been completely reliable. The results do provide useful information on income and the rural economic environment. In summary, retail enterprises were found to be the most common economic activity, but the lack of access to capital and training limited the development of entrepreneurship. High interest was shown in training and apprenticeship opportunities.

Production Units

The KTZ Farm Training Centre hosts a number of small-scale production units. These have demonstrated potential, provided employment and training, added value to local agricultural products and helped to diversify opportunities for local people and generate economic activity. This in turn underpins the development and support of basic social services for the wider community.

All the enterprises aim to be self-financing and so direct financial input from Kaloko was minimal in 2012. However, Kaloko has continued to provide technical, business and management support to all the enterprises and a number have played a significant role in programmes that we do directly support.

Examples of such enterprises include:

Sawmill and carpentry workshop	The Luansobe Carpenters' Co-op makes use of sustainable timber processing to make furniture for schools and other purposes and to generate income.
Honey processing	Both Kaloko staff and the Beekeepers' Co-op utilise the equipment to process honey.
Printer's workshop	A private individual rents the equipment and has developed a private printing business.
Poultry rearing shed	A local businesswoman has been rearing chickens for meat.
Bicycle workshop	A group of young men were trained by a UK volunteer and have established a commercial workshop repairing bicycles.
Piggery	An individual is renting the building and rearing pigs.

2) GUEST ACCOMMODATION AND VOLUNTEERS

Near their offices at Luansobe, Kaloko has built guest accommodation to better support the wide range of visitors to the projects, which include UK staff and Trustees, volunteers, consultants, donors and representatives of other NGOs. The accommodation was upgraded in 2008 so that Kaloko can offer good quality accommodation to up to 10 visitors at a time. This allows Kaloko to accept more volunteers and visitors in support of its projects; thus helping to increase awareness, improve outcomes and build local capacity.

Our volunteer programme continues to expand, and a group of 13 students studying World Development A-level and three teachers from Varndean College in Brighton went out to Zambia in mid-July to build a school toilet block and classroom furniture for Mwaitwa Community School. Two medical students from Cambridge University gathered research data and worked at the Rural Health Clinic, and two more UK students spent three months doing an evaluation of the Peer Education Project, looking into successful small local enterprises, and conducting a survey to provide baseline data for a new Natural Resource Management Project (charcoal) which KTZ is working on.

3) STAFFING STRUCTURE

In 2012 Kaloko Trust Zambia had a total of 12 full time staff, of whom half were directly involved in managing projects and the other half were support staff. This core group have been effective in administering and managing the programme and have significantly reduced the administrative overheads to allow more funding to be directed towards project activities.

Future Plans

In 2013 Kaloko Trust will:

- Organise two containers with bicycles to be sent out to Zambia and sold at affordable prices to enable local transport and encourage the establishment of small enterprises.
- Continue raising funds for the up-grade of two existing workshops to provide locations for the establishment of a carpentry and metalworking apprenticeship scheme.
- Continue to support KTZ to further develop their new organisational structure and adapt it to meet present demands.
- Continue to train and support KTZ staff in the research and implementation of projects and in reporting to donors.
- Recruit and send out two more Cambridge medical students to train RHC staff and Community Health Workers, and to continue with the research project on the increasing incidence of "modern" diseases such as diabetes, hypertension and heart disease.
- Recruit and send out a volunteer to look into the appropriateness of a goat restocking project.

COMMUNITY SOCIAL DEVELOPMENT

Fundamental to the long-term stability of a community is the provision of basic social services such as healthcare and education. However, Zambia is one of the poorest countries in the world, ranked 150 out of 169 countries in the 2010 Human Development Index; very little is spent on education and healthcare, and many people in rural areas have little access to medical facilities.

During 2012, Kaloko Trust UK has continued to support a Community Social Development Programme, which aims to develop and support access to education and health services for the Luansobe community.

1) Sponsorship Programme

In 2012 the Sponsorship Scheme helped over 1,400 children, providing scholarships to 80 middle school students, contributing classroom equipment, teaching materials and improved school buildings at three local schools. Termly cash grants were provided to Luansobe Upper Basic School, Kandulwe Community School and the Crèche. 34 children also received High School scholarships and the Rural Health Centre (RHC) was assisted with a termly maintenance grant. The RHC is located next door to LUBS and the nursing staff providing important health services to the over 1,000 pupils, the teaching staff and their families living at or near the school.

2) Kamabaya Community School Construction Project

Too many primary school children in rural Zambia have no local school to attend or have to take their classes in temporary buildings or outside, taught by willing but unqualified volunteer teachers. Kaloko Trust together with the local communities is working to improve the provision of community schools in the Luansobe area.

In 2011 Kaloko Trust built a new two-classroom block (including office, stationery store and strong-room) at Kamabaya Community School and in 2012 three teachers' houses were completed. From having 20 pupils in 2008 taught in the local health outpost building by one unqualified teacher, the school now has a total enrolment of 615 in nine classes using five classrooms and being taught by 11 teachers.

3) Health Outpost Construction Project

Most health outreach clinics held in the rural communities in the Luansobe area of northern Zambia are being conducted in temporary shelters, derelict buildings or under trees. Since 2006 Kaloko Trust has been improving the situation by implementing a programme of building simple multi-purpose Health Outposts. The Outposts enable the staff from the local Rural Health Centre to run routine clinics and provide more accessible and comprehensive healthcare facilities to the inhabitants of many remote villages. Each basic building has a waiting room, a consultation room and a storeroom. When not being used for health clinics the buildings are used as classrooms for the nearby schools, for adult training and as general community meeting rooms.

In 2012 two more Health Outposts were constructed, in Kasamwa and Lumombwe villages, allowing Rural Health Centre staff to hold regular outreach clinics for 2,000 local people. In the past six years a total of eight Health Outposts have been constructed.

4) Peer Education Project

A significant proportion of young people in the Copperbelt Province do not have a comprehensive knowledge of HIV/Aids transmission, have sexual intercourse before they attain 18 years and engage in high-risk sex. Luansobe Upper Basic School (LUBS) and the three Community Schools in the area supported by Kaloko Trust have nearly 2,000 students. Many young people do not recognise the potential consequences of ignoring this threat, nor how they might adapt their behaviour to improve their life chances. Kaloko Trust sought to reach out to the emerging generation by implementing a tailored Peer Education Project to inform and influence their attitudes to this risk. Peer education is based on the reality that many people make changes not only based on what they know, but on the opinions and actions of their close, trusted peers. Using a highly interactive approach, the project focused on life skills training specifically for teen pregnancy reduction, HIV/Aids prevention, substance abuse, and rape. This programme is being delivered to children over 14 years of age for two years at the four schools in the Luansobe area.

The five ex-students who worked on the project in 2011 continued with the project in 2012 with 450 pupils attending 60 training sessions delivered between May and September. The Peer Educators were allowed flexibility and encouraged to adapt the sessions to what the participants needed. The interactive sessions encouraged openness and the educators responded to the issues raised. The impact was measured through a Knowledge Attitudes and Practices (KAP) survey conducted by a volunteer from the UK and the Kaloko Trust Sponsorship Coordinator. The key findings of the survey were:

- The information provided by Peer Education was 'mostly' or 'all' new for 80% of attendants.
- Over 90% believed HIV testing is a good thing and people should be tested before they get married.
- There was disparity between recognition of unprotected sex as a means of contracting HIV and using a condom as a means to avoid contraction.
- Over 80% would choose health clinics as a place to get condoms.
- Only 11% thought condoms were available to young people (age 12-17).

The results present a mixed picture. The students expressed their interest in the sessions and the majority of the information provided was new to them. This underlines the importance of Peer Education in informing young people in the community about HIV/Aids. Attitudes towards testing for HIV were also very positive, suggesting potential for a new culture of testing among this generation. However, the knowledge surrounding contraction and avoiding contraction of HIV was less than convincing. Additionally the fact that only 11% thought condoms were available to young people is a cause for concern. The sessions hopefully opened up discussion about the topic among young people which may include those who had not received formal education about it and so the positive impacts travel beyond those immediately taught. The Peer Education project has been a crucial and significant advance in informing students about HIV/Aids but the message should still be given greater prominence within the schools through a more visible, everyday presence. The importance of the programme is indisputable and the author strongly recommend that it continues so that it can consolidate the benefits it provides. Ensuring the information reaches as wide an audience as possible should be a key priority of the programme.

5) Third Age Programme

In sub-Saharan Africa, 40-60 percent of the estimated 13 million Aids orphans live with their grandparents. Instead of enjoying a restful retirement, these elderly people are now struggling to care for Aids-afflicted family members and their grandchildren on meagre incomes, often with little or no external support. At a time in life when perhaps they were expecting their own children to be taking care of them, sadly, many of those adult children have died leaving behind grandchildren too young to look after themselves. With limited means and little or no understanding of the disease, grandparents are now having to act as guardians, providing shelter and food, as well as clothing the grandchildren and sending them to school. In so many cases life for both grandparent and grandchildren can be very, very difficult.

Launched in 2009 the Granny Sponsorship scheme has been steadily growing and in 2012 assisted eight grandparents looking after 26 orphaned school-going grandchildren who received uniforms and educational materials. To help the grandparents provide food for the family each also received maize seed and fertiliser in late 2011 with which they each cultivated 0.25ha. The local Agriculture Extension Assistant based at KTZ visited each farm twice to offer extension advice and in July 2012 the eight families harvested a total of over four tonnes of maize, which significantly reduced the amount of extra food they would have to buy in the year. In November 2012 Kaloko Trust Zambia bought 40kg of maize seed, 8 x 50kg of Compound D fertiliser and 8 x 50kg of urea fertiliser. The distribution was done at the end of November 2012. The grandparents were requested to prepare their fields early in readiness for sowing. Each family received the inputs for 0.25 ha which was 5kg maize seed, a 50kg bag of Compound D and a 50kg bag of urea fertilizer.

Future Plans

In 2013 Kaloko will:

- Continue the programme of termly cash grants and material gifts from individual donors for LUBS, Kandulwe and the Crèche, whilst recruiting more sponsors to support the new community schools such as Kwesha and Kamabaya which have recently been expanded.
- Support 80 middle-school pupils at LUBS and another 20 children who will receive High School scholarships.
- Construct two more Health Outposts in Kuboko and Luesanga villages which will be used by staff from the Luansobe Rural Health Centre for regular outreach clinics.
- Raise funds to build a two-classroom block (including office, stationery store and strong-room) plus two teachers' houses in Mwaitwa village.
- Continue the programme to train and equip further HIV/Aids infected people who live out in surrounding villages and cannot travel to work in the central chicken-rearing house. The programme will enable them to rear small batches of chickens at their own homes and thus take produce to their nearby markets, generate household income and develop self-reliance and a sense of self-worth.
- Continue to provide and expand support to the various projects within the Community Social Development Programme including the Third Age sponsorship programme, to assist grandparents who are looking after their grandchildren orphaned by HIV/Aids. Expand the Third Age project to assist 12 grandparents and their orphan charges in 2013.
- Complete the rehabilitation of the Rural Health Centre.
- Assist the Kandulwe PTA to complete the construction of a second two-classroom block.

CAPACITY BUILDING

A major part of Kaloko Trust UK's work continues to be building the capacity and capability of our local partner in Zambia, KTZ. This has included all areas of work and aims to help KTZ to develop as an organisation, and its staff to develop as employees. Specific ways in which we have supported capacity building in 2012 included:

- One field visit to Zambia by the KTUK Administrator to monitor the projects, meet the beneficiaries and support the development of KTZ's capacity to manage and report on activities.
- Regular training for KTZ staff on project design, implementation and reporting.
- Recruiting and supporting volunteers with technical skills in support of specific projects or capacity building needs.

Future Plans

In 2013 KTUK will:

- Continue to support the development of KTZ's overall management capacity, including specific support to help develop local governance, financial management and programme and project management.
- Support KTZ to implement its Strategic Plan.
- Look into other potential partners in Zambia to deliver projects in which they have expertise and can complement KTZ's skills base.

Financial Review

For the fifth year running, and despite the difficult economic climate, overall income increased, this time by 6% on the previous year. Overall expenditure was up by 10% with most of the funding going straight out to Zambia to support projects. Project implementation has continued to expand with a rise in total charitable expenditure of 10% and it now stands at 94% of total expenditure. By year end, income exceeded expenditure by £11,241. Debtors and creditors remain minimal with most of the accounts settled by year end. The Gift Aid claim for 2012 which will only be received in mid-2013 was the only significant debtor.

1) Reserves Policy

In November 2009 the Trustees reviewed the reserves policy and a target of £35K was agreed. At the end of 2012 general unrestricted funds stood at £68K (up £10K on 2011) However, unrestricted income dropped to £53K (£58K in 2011). In 2011 a provision of £1,331 of unrestricted funds was made to cover the potential deficit in the Natural Resource Management funds which Kaloko Trust Zambia, having overspent on an earlier project, are due to refund to Kaloko Trust UK. In 2012 this was reduced by £31 to £1,300 as there was some unused income during the year. In addition a provision of £3,000 of unrestricted funds was designated to cover the projected costs of appointing a Sponsorship Fundraising Intern for a trial period of six months in 2013.

2) Grant Making Policy

The Trustees consider that grant making to local partners is an effective means of achieving Kaloko's objectives. Support for our partner in Zambia, KTZ, is made according to an annual plan and budget drawn up by the partner and agreed by Kaloko UK. The agreed budget forms the basis for the schedule of grants for the year. Progress against the plan and budget is reviewed during the course of the year and the grant schedule may be adjusted if the Trustees feel this is necessary, subject to the availability of funds.

3) Investment Policy

KTUK has minimal surplus funds, most of which are required in the short term for on-going operations. Trustees have agreed a policy of investing any surplus funds in a safe charities' deposit fund earning reasonable interest, which also allows rapid access.

Funding

Without the help of our donors Kaloko's work would not be possible. We would like to thank everyone who has supported us with donations and assistance during 2012. Major donors and supporters include:

Accrington Inner Wheel Club
Ammco Trust
Beatrice Laing Trust
Boscombe & Southbourne Rotary Club
Bottom Line Technologies
Bridlington School
Cambridge University
Cambuslang Rotary Club
CB & HH Taylor 1984 Trust
Christadelphian Samaritan Fund
Christchurch, Hitchin
Cottingham WVS Darby & Joan Club
Cwmbran United Reformed Church Ladies Guild
Edith M Ellis 1985 Charitable Trust
Farnborough Hill School
Gibbs Charitable Trust
Glastonbury & Street Rotary Club
Green, Mr Mike and Mrs Lisa
Harrogate Lions Club
Hendon Rotary Club
Hopper, Mr Alan
Humberside Rotary Club

Just Trust
Knightswood Trust
Lamberth, Mrs Jo
Langney Primary School
Littlefair, Mrs Shirley
Lockley, Mr Andrew and Mrs Caryl
Lytham St Annes Lions Club
Maclean, Mrs J H
Market Bosworth Rotary Club
Marr-Munning Trust
McDowall, Ms Sharon
William Grant & Sons Ltd
Wilmslow Wells
Mercury Phoenix Charitable Trust
Miss K M Harbinson's Charitable Trust
Morel Trust
Mrs H R Greene Charitable Settlement
New Forest C of E Primary School
Newport Rotary Club
Oundle Inner Wheel Club
Paget Trust
Poulton-le-Fylde Rotary Club
Priory Primary School
Rass, Mr Robert
Re~cycle
Penrith Rotary Club
Peruzzi, Miss E L M
Rhododendron Trust
Rowan Charitable Trust
Saffron Walden Rotary Club
Saltash Inner Wheel Club
Scalby School
Scarborough Inner Wheel Club
Scunthorpe Pentagon Rotary Club
Semley School
Sidcup Rotary Club
South Hampstead High School
Stamford Burghley Inner Wheel Club
Sydney E Franklin Trust
Temple, Mr Christopher
Three Oaks Trust
Trusthouse Charitable Foundation
Ulverston Rotary Club
WA Cadbury Trust
Watford Rotary International Students Trust
Whitchurch Rotary Club
Willerby Afternoon TWG
Willerby Methodist Church Men's Breakfast Fellowship

Statement of Trustees' responsibilities for an unincorporated charity

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations and the provisions of the Trust Deed. 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.

We confirm the Annual Report and Accounts here produced comply with the requirements listed above, are approved by the Trustees, and are signed on behalf of the Trustees on:

2 June 2013 (Date)

Jim Smyllie
Chair and Trustee

Independent Examiner's Report to the Trustees of the Kaloko Trust UK

I report on the accounts of the Trust for the year ended 31 December 2012, which are set out on pages 19-23.

Respective Responsibilities of Trustees and Examiner

The charity's Trustees are responsible for the preparation of the accounts. The charity's Trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

It is my responsibility to:

- Examine the accounts under section 43(3)(a) of the 1993 Act;
- Follow the procedures laid down in the general Directions given by the Charity Commissioners under section 43(7)(b) of the 1993 Act; and
- State whether particular matters have come to my attention.

Basis of Independent Examiner's Report

My examination was carried out in accordance with the general Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from you as Trustees concerning such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

(1) Which gives me reasonable cause to believe that in any material respect the requirements to:

- Keep proper accounting records in accordance with section 41 of the 1993 Act; and
- Prepare accounts which accord with the accounting records and to comply with the accounting requirements of the 1993 Act

have not been met; or

(2) To which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Amy Fox   9 May 13

Details: Amy Fox FCA CTA
67 Wedgwood House
Lambeth Walk
London SE11 6LN

KALOKO TRUST UK
ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

1) Statement of Financial Activities

	Notes	Unrestricted Funds £	Restricted Funds £	2012 Total Funds £	2011 Total Funds £
Incoming resources					
Voluntary income	2	49,222	165,665	214,887	202,211
Investment income	3	1,746	-	1,746	1,288
Total incoming resources		**50,968**	**165,665**	**216,633**	**203,499**
Resources expended					
Cost of generating funds					
Fundraising costs	4	10,149	-	10,149	9,668
Charitable activities	5				
Agricultural Support & Development		279	1,150	1,429	5,735
Natural Resource Management		185	2,254	2,439	6,527
Enterprise Development		14,000	99,839	113,839	83,669
Community Social Development		13,622	61,341	74,963	79,446
		28,086	164,584	192,670	175,377
Governance costs	6	2,573	-	2,573	2,432
Total resources expended		**40,808**	**164,584**	**205,392**	**187,477**
Net incoming / (outgoing) resources before transfers		10,160	1,081	11,241	16,022
Gross transfers between funds	12	-	-	-	-
Net incoming / (outgoing) resources	12	10,160	1,081	11,241	16,022
Total funds brought forward		59,606	41,257	100,863	84,841
Total funds carried forward		**69,766**	**42,338**	**112,104**	**100,863**

2) Balance Sheet

	Notes	2012 £	2011 £
Fixed assets	9	-	-
Current assets			
Debtors	10	8,825	8,345
Cash at bank and in hand		103,482	92,720
		112,307	101,065
Creditors: amounts falling due within one year	11	203	202
Net current assets		**112,104**	**100,863**
Total assets less current liabilities		**112,104**	**100,863**
Net assets		**112,104**	**100,863**
Funds		**2011 £**	**2011 £**
Unrestricted income funds			
Designated		4,331	1,362
General	12	67,763	58,244
		72,094	59,606
Restricted income funds	12	40,010	41,257
Total funds	12	**112,104**	**100,863**

Approved by the Trustees on 23/7/13

Signed on behalf of the Trustees

Chris Clarkson

Chris Clarkson
Treasurer and Trustee

3) Notes to the accounts

1. Accounting policies

a) The accounts of the charity are prepared in accordance with Trust Law and with the Statement of Recommended Practice "Accounting & Reporting by Charities" issued in March 2005 and with applicable accounting standards. The accounts are drawn up on the historical cost accounting basis.

b) Income from trusts, charitable institutions and investment income (including bank interest) is accounted for on a receivable basis. Income from individuals is included when received. Gifts in kind (GIK), where donated for distribution, are included at the value to the charity and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold at the price at which they were sold. All income is shown gross of taxation recoverable.

c) Unrestricted funds are general funds that are available for use at the Trustees' discretion in furtherance of the objects of the charity. Unrestricted funds are further subdivided into designated and general. Designated funds are those which the Trustees have earmarked for a particular purpose. Restricted funds are are those donated for a particular project or activity, the use of which is restricted to that project or activity. Income for projects includes a percentage for UK management and office costs, where permitted by the donor. This is shown as unrestricted income in the accounts.

d) Expenditure is included when incurred. Grants to our partner organisation, Kaloko Trust Zambia, are also included when incurred. The majority of costs are attributable to specific activities. Costs of generating funds are those costs incurred in attracting voluntary income. Governance costs are those costs incurred in the governance of the charity's assets and are primarily associated with constitutional and statutory requirements.

e) Management and office costs are included in support costs. Support costs are apportioned to charitable activities, to costs of generating funds and to governance costs in the accounts on the basis of time spent on each activity as estimated by management.

f) Transactions in foreign currency are translated at rates prevailing on the day of the transaction. There were no balances held in foreign currency at the year end.

g) Fixed assets consist of office equipment which is depreciated on a straight line basis over three years. Only assets costing in excess of £100 per item are capitalised.

2. Voluntary income

Donation and grant income for the year is analysed by source and fund as follows, with charitable trusts grants in exces of £2,500 identified separately. Re~cycle donated bicycles which were sent out to Zambia and booked at a fixed GIK value fo £15,000. Kaloko Trust UK received from Kaloko Trust Zambia funds raised from the bicycle sales which were then either retained to cover the costs of future bicycle shipments or allocated for use in projects for support costs.

	Unrestricted funds £	Restricted funds £	2012 Total £	2011 Total £
Three Oaks Trust	11,500	-	11,500	15,300
Trusthouse Charitable Foundation	-	7,364	7,364	15,000
Peruzzi, E.L.M.	12,826	-	12,826	-
Evan Cornish Foundation	-	-	-	7,505
Kaloko Trust Zambia	-	20,380	20,380	14,800
Greendale Trust	-	-	-	7,500
Farquhar-Oliver Trust	-	-	-	6,000
Mercury Phoenix Trust	-	5,000	5,000	-
Re~Cycle	-	15,000	15,000	13,000
Rowan Charitable Trust	-	20,000	20,000	5,000
Wilmslow Wells for Africa	-	7,364	7,364	-
Marr-Munning Trust	-	5,204	5,204	-
Anonymous	812	28,345	29,157	49,645
Other trusts	5,900	6,050	11,950	10,375
Clubs, societies and groups	1,293	8,090	9,383	11,021
Individuals	16,891	42,868	59,759	47,065
	49,222	165,665	214,887	202,211

3. Investment income

Investment income is wholly comprised of interest earned on deposit accounts.

4. Cost of generating funds

As a small charity the Kaloko Trust UK has no direct fundraising costs and the analysis below represents an allocation to fundraising of our overall support costs as set out in Note 7.

	Unrestricted funds £	Restricted funds £	2012 Total £	2011 Total £
Support costs allocated	10,149	-	10,149	9,668

5. Resources expended on charitable activities

The amount spent on charitable activities, including support costs, is analysed by programme activity in the table below.
All grants are to our partner organisation, Kaloko Trust Zambia. Project costs are those costs incurred by Kaloko Trust UK that directly relate to programme activity.

	Grants	Project costs	Support costs	2012 Total	2011 Total
	£	£	£	£	£
Agricultural Support & Development	1,114	188	127	1,429	5,736
Natural Resource Management	1,979	333	127	2,439	6,528
Enterprise Development	71,399	37,746	4,694	113,839	83,668
Community Social Development	57,398	9,827	7,738	74,963	79,446
	131,890	**48,094**	**12,686**	**192,670**	**175,378**

6. Governance costs

Governance costs for the year relate to the direct costs of Trustees' meetings (refreshments) and an allocation of overall support costs as set out in Note 7. No fees were paid to Trustees in 2011 (nil in 2010) for the examination of the 2011 Annual Report & Accounts which was done on a voluntary basis by the external examiner.

	2012	2011
	£	£
Trustees' meetings expenses	36	15
Support costs allocated	2,537	2,417
	2,573	**2,432**

7. Support costs

As a small charity our support costs consist of only two elements: management (principally salaries) and general office costs. These costs have been apportioned across the work of the charity on the basis disclosed in note 1(e) as set out in the table below.

	Management	Office costs	2012 Total	2011 Total
	£	£	£	£
Basis of apportionment	(Time)	(Time)		
Income generation	7,529	2,620	10,149	9,668
Charitable activities				
Agricultural Support & Development	94	33	127	395
Natural Resource Management	94	33	127	450
Enterprise Development	3,482	1,212	4,694	5,766
Community Social Development	5,741	1,997	7,738	5,475
	9,411	3,275	12,686	12,086
Governance	1,882	655	2,537	2,417
Total costs allocated	**18,822**	**6,550**	**25,372**	**24,171**

8. Employees and staff costs

The charity had two part-time employees during the period. The Administrator was based in Brighton, UK and the Director's time was divided between the UK and Zambia.

		2012	2011
		£	£
Salary costs	Gross salaries	41,100	39,150
	Employer's National Insurance	3,634	3,476
		44,734	**42,626**

9. Fixed assets - equipment

	Cost	Depreciation	Net value
	£	£	£
As at 1st January 2011	1,962	(1,962)	-
Additions	-	-	-
Depreciation for the year	-	-	-
As at 31st December 2010	**1,962**	**(1,962)**	**-**

10. Debtors

	2012	2011
	£	£
Income tax recoverable	8,447	8,030
Accrued Income	378	315
Total	**8,825**	**8,345**

11. Creditors falling due within one year

	2012	2011
	£	£
Accrued expenditure	203	202
Total	**203**	**202**

12. Fund movements

Transfers of funds between projects and/or unrestricted funds has been made according to agreements with donors:

Transfers:

	Opening balance	Income	Expenditure	Transfers	Closing balance
	£	£	£	£	£
Agricultural Support & Development	850	300	1,150	-	0
Natural Resource Management	(1,362)	2,285	2,254	-	(1,331)
Enterprise Development	14,371	108,401	99,839	-	22,933
Community Social Development	27,398	52,351	61,341	-	18,408
Restricted funds	41,257	163,337	164,584	-	40,010
Designated funds	1,362	0	0	2,969	4,331
General unrestricted funds	58,245	53,295	40,808	(2,969)	67,763
Total funds	**100,864**	**216,632**	**205,392**	**-**	**112,104**

13. Analysis of net assets between funds

	Unrestricted	Designated	Restricted	Total
	£	£	£	£
Tangible fixed assets	-	-	-	-
Cash at bank and in hand	59,141	4,331	40,010	103,482
Net current assets (excluding cash)	8,622	-	-	8,622
Total	**67,763**	**4,331**	**40,010**	**112,104**