

Excellent Development

Annual Report & Accounts 2013/14

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Our vision:

Millions of the poorest people's lives are transformed with sand dams.

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A note from our Chair	05
Objects, purpose & values	07
Investing in drylands	08
The Excellent approach	10
Excellent friends	11
What we do	12 - 17
Supporting rural communities	12
Creating sustainable futures	14
Pioneering sand dams	16
Financial review	18 - 20
2013/14 progress & 2014/15 priorities	21
Five-year strategy	23
Legal & administrative information	25
Trustees & governance	26 - 28
Independent auditor's report	29
Financial statements	30 - 40
Statement of financial activities	30
Balance sheet	31
Notes to the financial statements	32 - 40



After twelve years and humble beginnings, it is fantastic to be able to say that, with your support, we have made a positive impact on the lives of over 460,000 people in drylands – home to 74% of the world's poor.

The communities we work with achieved this through their own dedication to building 413 sand dams, digging over 1,500km of terracing and planting almost 900,000 trees. To put this in context, the arduous task of terracing land to maintain soil and water in fields has taken over 300,000 days of work to complete – an average of 65 days per self-help group member. This is a level of commitment that I find both humbling and motivating in our efforts to achieve more.

Running organisations in the current economic environment is not easy and the last year has been one of our most challenging. Due to a 1.6% reduction in income, and our decision to continue to support the number of communities we do, there was a deficit of £62k for the year, which has put pressure on our level of reserves and restricted funds. Consequently, we are conducting a restructure of the organisation to reduce our core employment costs and activities in order to redress the balance and make us stronger.

My confidence for the future is strengthened by our team's achievement in securing a grant of £554k, over 36 months, from the UK Government, which started in October 2013. This will underpin a significant proportion of our community water and food programmes with our strategic partners in Kenya, Africa Sand Dam Foundation, providing them with greater funding security.

Our work pioneering sand dams has involved two new exciting initiatives over the past year. We completed a pilot project of six sand dams in Rajasthan, India with the Jal Bhagirathi Foundation, who are committed to developing the programme long-term. This is especially exciting, as we have demonstrated different ways of applying sand dam technology, whilst also complimenting traditional rainwater harvesting techniques, in the water-scarce Thar Desert.

Equally exciting is our contract with the United Nations Development Programme in Swaziland. This is to conduct a pilot project and national feasibility study for sand dams as part of a larger climate change adaptation programme funded by the Global Environment Facility.

This is strategically significant in that it establishes a new consultancy income stream where we deliver services under a contract. For this, we are supporting government ministries, rather than NGOs, which has led to establishing interest in utilising sand dams as rural road crossings.

In terms of future service delivery, we have developed a model to utilise Geographic Information Systems in establishing technical suitability, and socio-economic prioritisation, of sand dams on a national scale.

There are more exciting initiatives planned for 2014/15 that, as donors or potential supporters, I hope you enjoy reading about.

Thank you again to all of our supporters who have helped us to improve access to water for half a million people. I hope you will continue to join us as we progress towards a million and beyond.



Stephen Owen
Chair



We have enabled over 460,000 people in rural drylands to have access to an improved source of water.

Objects, purpose & values

07

What we do

Excellent Development supports rural dryland communities to work their way out of poverty with dignity. We do this in two ways:

- By working with local partners, we support rural communities to gain access to clean water close to their homes and to invest in climate-smart agriculture.
- By pioneering sand dams, we promote and support the application of sand dam technology by key stakeholders in drylands.

Our charitable objects

- To promote the conservation, protection and improvement of the physical and natural environment for the public benefit; and
- To relieve poverty, in particular but not exclusively, by supporting sustainable development* projects; and
- 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 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 common water 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 and adapting to the impacts of climate change, conserving biodiversity and enabling green economic growth.
- Promote the use of sand dam technology as an alternative method of road crossings for seasonal rivers - both for public works and in wildlife reserves.
- Enhance development education and awareness worldwide.

Our philosophy and values define who we are, every action we take and how we behave towards others. They are our most profound convictions. Each of us is called to respect, experience, enact and promote them.

People and relationships: We respect all the people with whom we work and build mutually beneficial relationships. We believe that the best results are achieved through working together. We enable self-leadership, personal development and empowerment.

Environment and sustainability: We believe that sustainable poverty reduction can only be achieved through the conservation of the environment. We believe that people and wildlife can live in harmony with their environment.

Service: We exist to provide excellent service to the people we work with in order to deliver our vision. We ensure that the people we support enact their right to identify their own needs and priorities. We anticipate change and respond with speed, agility and flexibility to maintain our excellent service.

Nothing comes for free: We value our supporters, and we respect the dignity of the people we support, by not giving away things for free. The people we support make a significant contribution to every Excellent Development project.

Excellence: We strive to be excellent in all we do. We promote the improvement in the quality and benefit of our work through continuous learning and the sharing of knowledge.

Innovation & passion: We are passionate and inspirational about our work. We demonstrate creativity, ingenuity and energy. We are innovative and entrepreneurial, taking calculated risks in pursuit of our vision. We ensure decision making is made at the most efficient and appropriate level.

Integrity: We do things right and keep our promises. We are professional, honest, fair and transparent in all that we do. We are uncompromising about our ethical principles.

Business efficiency: We run Excellent Development like a business, bringing the best of corporate skills, principles and experience to achieve our charitable objects. We responsibly and efficiently manage our supporters' investments to achieve lasting positive impact for millions of the poorest people.

How we invest in drylands

We support rural communities to conserve soil and water - creating the opportunity to invest in climate-smart agriculture and education. These include cost-effective and sustainable rainwater harvesting techniques, planting trees on farms and diversifying crops, as well as exploring alternative livelihoods, such as dryland aquaculture.

Most importantly, our approach is to work with local partners and community-based organisations to enable land users to access knowledge, protect their ecosystems, build resilience to environmental challenges, and lift themselves out of poverty with dignity.

What are drylands and why do they matter?

About 41% of the Earth's land surface is drylands: places of water scarcity. Such regions are found on every continent, support one third of the world population, 74% of the world's poor, 50% of livestock and 44% of global food production. Crop production and livestock management are the most important economic activities. And the limiting factors for both are the availability of, and access to, water and land.

Most people in rural drylands are smallholder farmers who rely on rain-fed agriculture. They are already living with the impacts of land degradation and climate change: more extreme temperatures, soil erosion, loss of local biodiversity, less predictable rainfall, and more intense droughts and floods. Land is degrading at such a rate that 12 million hectares - an area greater than the size of Portugal - is lost due to desertification and drought every year. This is land that could grow 20 million tonnes of grain. It is a shameful injustice that nearly 1 billion people are hungry today.

Yet, while people in drylands are on the front line of critical environmental challenges, such as desertification and climate change, the effects reach, or will reach, us all: Land degradation limits the ability of soil to store carbon, exacerbating global climate change; declining food production increases world food prices; and droughts and loss of land productivity are major factors in the migration for people from rural areas to cities and to other countries, often resulting in conflict.

In 1994, the United Nations Convention to Combat Desertification was established as the sole legally binding international agreement linking the environment, poverty and development to sustainable land management in the drylands. Excellent Development was accredited to the UNCCD in October 2013.

Dryland trends

Water scarcity is an existing problem for dryland communities and groundwater reserves are in steady decline, mainly as a result of unregulated borehole drilling. More than 2.4 billion people may be living in areas subject to periods of intense water scarcity by 2025.

Globally, agriculture uses 70% of all water extracted from rivers, lakes and aquifers. Hence farmers are the hardest hit by water scarcity. As the most prevalent land managers, they are also the best placed to implement solutions.

Dryland people have learned, over thousands of years, to live with seasonal rainfall and water scarcity. But, climate change is making traditional coping mechanisms insufficient. Since 1951, global temperatures have risen by 0.6-0.7 degrees Celsius. The warming is not evenly spread: rural dryland people are among those experiencing the effects most keenly. If, as forecast by some models, temperatures rise by 4 degrees Celsius, growing seasons in many dryland regions could shorten by more than 20%. This increased stress would further limit the ability of rural dryland people to grow food. Crop yields are already in decline due to erratic and extreme weather events. Median crop yields are predicted to fall by 2% every 10 years for the rest of the Century. By 2020, an estimated 49 million more people could face hunger.

Many of the solutions are already known. They range from watershed management, to strategies for diversifying traditional crops. Smallholder farmers must have access to the best information on all of these so that they may choose the best approach for their own environment. There must also be support for new kinds of agricultural systems based on local needs and serving local people: systems that protect land, improve food production and adapt to - even mitigate - climate change.

Why invest in drylands?

In 2011, East Africa suffered one of its worst droughts. Conservative estimates report that 50,000 people died, and 13 million more suffered the destruction of livelihoods and livestock, including 4.5 million in Ethiopia and 4 million in Kenya. The economic cost to Kenya was estimated at about 17% of its Gross Domestic Product.

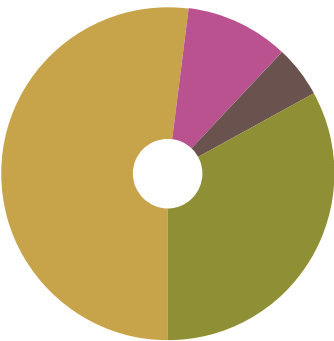
Drought is an expected event in drylands. Investment in building resilience would have saved thousands of lives and cost international donors far less than the bill for emergency aid provision. Yet, still only £0.62 was invested in disaster preparedness for every £100.00 of humanitarian assistance spent by the top 20 humanitarian recipients in the last five years.

Greater and sustained investment in soil and water conservation in rural drylands would transform lives and significantly increase the cost-effectiveness of development spending in these regions. The cost of inaction is further climate change, more food insecurity, rising food prices, and increased poverty, migration and conflict around the world.

Some 925 million people are going hungry, 80% of whom are either smallholder farmers or rural landless poor.



2014 community water & food programmes
expenditure: £537,237



Supporting rural communities	67%
Sand dams	52%
School water tanks	10%
Rock catchments	5%
Creating sustainable futures	33%

Our work supporting rural communities is about improving access to water for families in drylands. There are three ways in which we achieve this: sand dams, school water tanks, and rock catchments. Our investment in supporting rural communities increased by 10% from the previous year, significantly contributing to the 126 rural communities we have worked with to build 413 sand dams, 42 school water tanks and five rock catchments. These projects are providing access to an improved source of water for over 460,000 people in some of the world’s driest places.

Many dryland regions receive as much annual rainfall as the UK. However, it falls during short, intense rainy seasons. Much of it evaporates or simply runs off the dry land and into the sea. Catching and protecting this water when and where it falls is a vital first step for improving the lives of some of the world’s poorest people.

Sand dams
Sand dams are the most cost-effective method of rainwater harvesting in drylands. They store up to 40 million litres of water within sand, where it is protected from evaporation, contamination and disease vectors, such as mosquitoes and bilharzia-transmitting snails. The World Health Organisation classes malaria and bilharzia as the world’s two most devastating parasitic diseases.

In many rural dryland regions, people – especially women and girls - spend between four and six hours collecting water each day, often walking for more than 8km. In periods of drought, the time taken can be as much as 12 hours a day. With sand dams, we are bringing an improved water source within 30 minutes of their homes.

While many water solutions focus on either improving water and sanitation, supporting livestock, or providing irrigation for agriculture; sand dams are a multiple use solution: They provide year-round water for drinking, washing, cooking, livestock, farming, fisheries, and small scale enterprises; with the time saved positively impacting food production, health, income generation and education.

“My mother used to fetch water from the river Athi. She would trek [13km] to the river carrying a gourd on her back and another on her chest.

Now we have drinking water from the sand dams. Before we built sand dams, there was no water in the sand, but now when I scoop in the sand dams there is water. In the past I would not get even a single drop. My life has greatly changed.

Mary Ndulu
Kyenikya Mukononi self-help group, Kenya

School water tanks
School water tanks have a capacity of 104,000 litres and are situated within a school’s grounds. They harvest rainwater by collecting the run-off from the roof via pipes and guttering. The water is primarily used for drinking and cooking, but can also be used for cleaning. Our school water tanks are benefiting nearly 15,000 children by enabling improved school attendance and increasing access to an improved water source. This allows children to make the most of their school day.

WE HAVE SUPPORTED 12% RURAL COMMUNITIES TO BUILD:

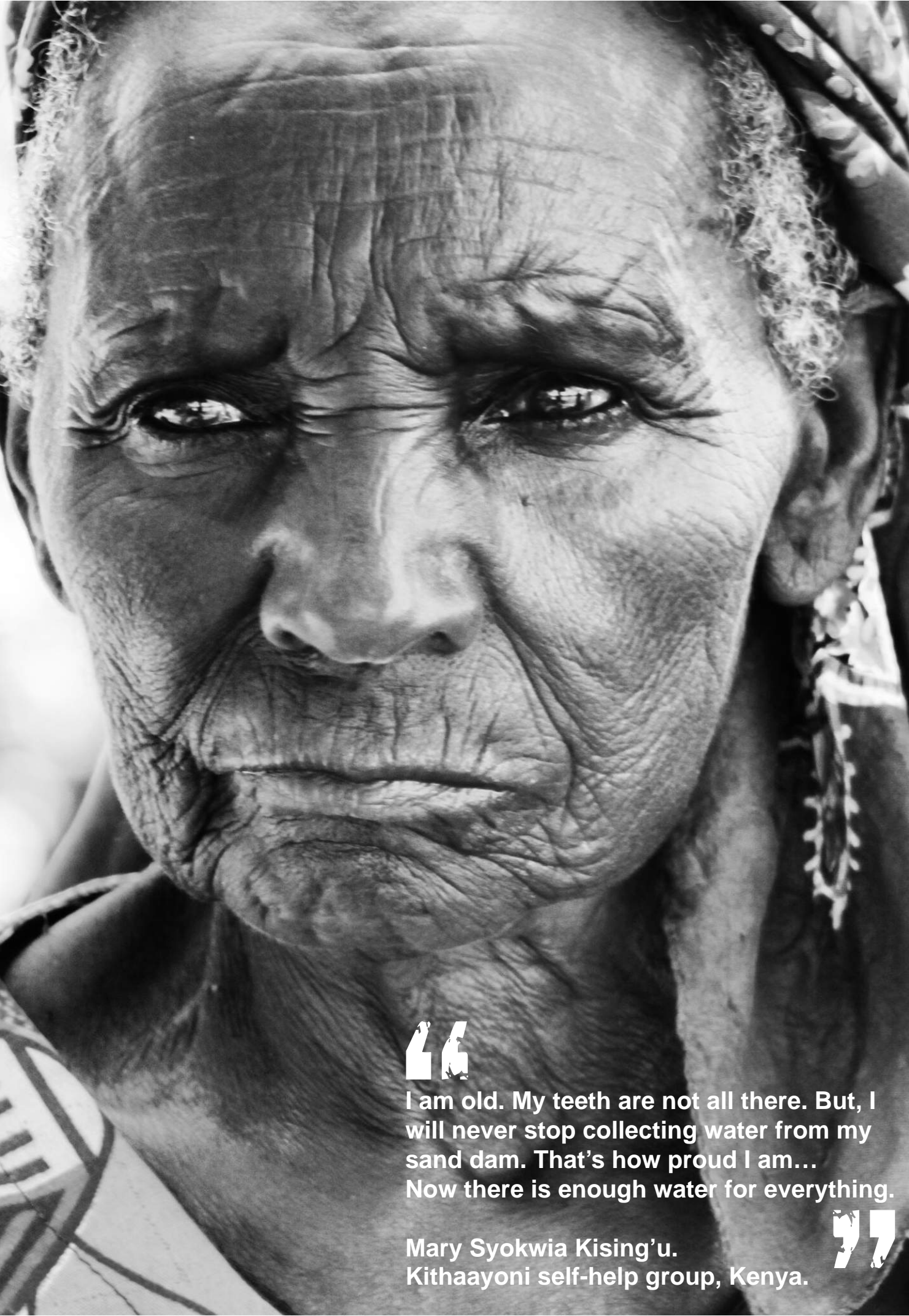
413 SAND DAMS

42 SCHOOL WATER TANKS

5 ROCK CATCHMENTS

Rock catchments
Rock catchments capture rainwater run-off from rocky outcrops on hilltops. Water is guided into a pipeline that supplies one or more water tanks. Rock catchments collect up to 190,000 litres per tank. However, because tanks are re-filled each time it rains, they provide much more water than the sum of their capacity. In one year, the Star ya Thange self-help group in southeast rural Kenya, collected 875,000 litres of water from their two 190,000 litre capacity tanks.

With reliable and improved sources of water close to home, the communities we support are seizing the opportunity to invest in sustainable futures for themselves and their children.



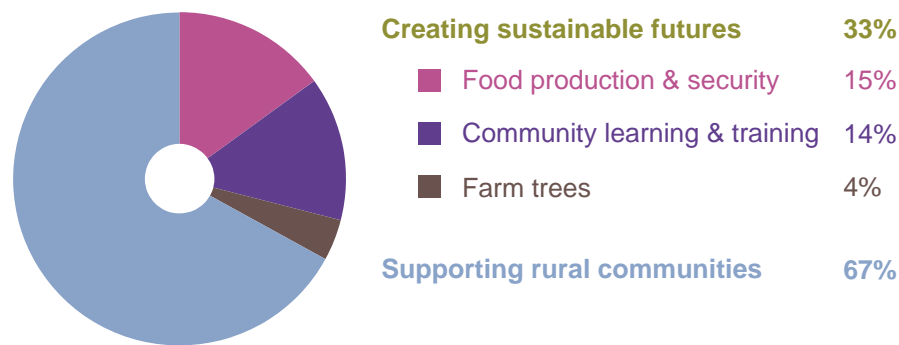
“

I am old. My teeth are not all there. But, I will never stop collecting water from my sand dam. That’s how proud I am... Now there is enough water for everything.

Mary Syokwia Kising’u.
Kithaayoni self-help group, Kenya.

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2014 community water & food programmes
expenditure: £537,237



The lack of water and time are critical constraints to improved agriculture, poverty alleviation, and enterprise in rural drylands. Building on our work supporting rural communities, the people we support are investing in improved agriculture and income generating activities – creating sustainable futures for themselves and their children.

Food production and security
We support families to adopt climate-smart agriculture as a means of increasing food production and resilience to the harsh climate. Climate smart farming techniques include: planting trees on farms, terracing land, intercropping, diversifying crops, improved livestock management, and building sustainable seed stocks.

Our investment in creating sustainable futures increased by 5% from the previous year. And, to date, we have supported communities to plant 900,000 trees; dig 1,500km of terraces; and set up 31 seed banks, 20 demonstration farms, 18 vegetable nurseries, 10 cattle projects and three fish farms. This is a significant step forward in adapting to the impacts of climate change, which are already affecting families in rural Kenya.

A success story from Kenya

In August 2013, the Star ya Thange self-help group in southeast rural Kenya were supported with 8kg of cow pea seeds and 4kg of green gram seeds. One season later, they had harvested 2,300kg of cow peas and 450kg of green grams – an astonishing 28,000% and 11,000% return respectively.

From this, they have earned KSh 194,000 (£1,370) by selling seeds to support other communities’ seed banks. And, they still have a further KSh 500,000 (£3,530) worth of stock that provides them with the security of their own seed supply - vital in rural dryland environments.

I have planted 150 mango trees and 300 Melia volkensii trees. For me this is investing in the future. I may not live long to see the benefits of the trees I am planting but my children and grandchildren will not drop out of school because of lack of fees. The trees will educate them.

Joyce Kilundo
Kakai self-help group, Kenya

Community learning and training
Through our local partners, we are providing training and support for communities to trial new crop varieties and learn climate-smart farming techniques.

Learning is experienced on communities’ own demonstration farms, which provide an environment for farmers to experiment with new crop species and varieties, and approaches that increase food production, without any risk to their families if the initiatives fail.

Successful techniques are being adopted on farmers’ own farms, increasing food production and diversity. Of the people we support, 94% grow more than seven varieties of drought resistant crops, compared with 50% of other farmers in the region who are planting one variety. Communities choose the crops they would like to grow. Typically these include highly nutritious cow peas, green grams, pearl millet and sorghum.

79% of farmers attribute their increased harvests to our support, of which, 43% to improved farming practices and 36% to better seed quality.

We are also supporting people to invest in non-traditional livelihood strategies, such as dryland fish farming, which is providing a new source of income and highly nutritious food for families.

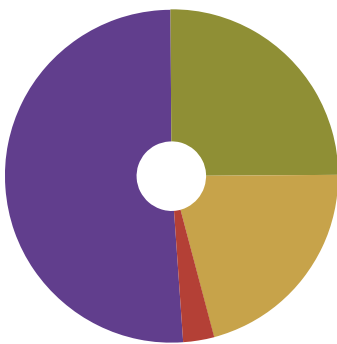
Farm trees
Planting trees on farms has a vast array of benefits for local environments and human wellbeing: increasing soil fertility, water absorption, food production and income generation; reducing soil erosion; conserving local biodiversity and enabling climate change adaptation and mitigation. However, growing trees is an enormous challenge in water-scarce rural drylands.

We are supporting communities to utilise the water from their sand dams to set up tree nurseries. With our support, there has been a 85% increase in the number of families planting trees on their farms.

We are supporting communities to invest in enterprises such as fish farming - something new in the rural drylands of Makueni County, Kenya. Each community fish farm supplies valuable food and supplements income.



2014 pioneering sand dams expenditure: £333,785



Programme development	51%
Knowledge sharing	25%
Promoting sand dams	21%
Evidence & research	3%

“Last year I was in Caux [at the Forum for Human Security] and made contact with Excellent Development. I found them very fascinating. I could see in them a programme that really benefits people at very little cost, and yet makes a very big impact.”

Joseph Karanja
Initiatives of Change, Kenya

The widespread application of sand dam technology, as part of other sustainable land management initiatives, will make a significant contribution to alleviating global hunger and poverty, and addressing critical environmental challenges, such as desertification and climate change.

We want to achieve our goal primarily through working with other organisations. We have a strategic partnership with Africa Sand Dam Foundation (ASDF) to support the delivery of learning visits and pilot programmes. And, we are supporting drylands-focused research, policy and implementing agencies to adopt sand dam technology for the benefit of some of the world’s poorest people.

Our pioneering sand dams activities are divided into four categories: promoting sand dams, evidence and research, knowledge sharing, and programme development. Our investment in these activities has increased by 20% overall, with the growth focused on programme development to pilot sand dams in different contexts.

Promoting sand dams

Raising awareness of the benefits and impacts of sand dams is key to achieving our vision. To this end, we co-sponsored and co-organised the first Caux Dialogue on Land and Security (CDLS) with the United Nations Convention to Combat Desertification (UNCCD) and Initiatives of Change. This was a key event for knowledge sharing and partnership development. It created two programme development opportunities: a sand dam pilot as part of a peace project in Baringo County Kenya, and an holistic livestock management pilot with the Africa Centre for Holistic Management in Zimbabwe. Following our participation at CDLS we gained accreditation from the UNCCD and were invited to promote the potential of sand dams as rural road crossings at the UNCCD’s Conference of the Parties 11 in Namibia.

Evidence and research

Sand dam implementation is most widespread in southeast rural Kenya where, since 2002, we have supported 413 of them to be built in a community self-supply context.

However, sand dam technology can also be applied to rural road crossings and provides strong potential for leveraging investment for their scaling up. The Institute of Civil Engineers published our research on this opportunity, funded by the African Community Access Programme, highlighting the potential to support a more efficient and cost-effective rural roads infrastructure. We are developing initiatives to pilot this application, in particular with the Swaziland and Kenyan Governments.

We are intensifying our efforts to increase water quality testing to further demonstrate the benefits and impacts of sand dams. We are also developing our processes to remotely establish the technical feasibility of sand dams in different places.

Knowledge sharing

The second edition of our sand dam manual is in final draft along with a French and Portuguese translation to support knowledge sharing in francophone and lusophone drylands. A Hindi translation is planned for 2014/15.

We have facilitated six learning visits with ASDF, supporting organisations such as the United Nations Development Programme (UNDP) in Swaziland, with the applications, siting, design, construction, and benefits and impacts of sand dams.

Programme development

In 2013, with ASDF, we demonstrated the applicability of sand dams to the drylands of Rajasthan, India – successfully introducing the technology to a new continent and developing opportunities for many more rural communities to benefit from sand dams.

We also generated interest from the Government of Swaziland and the UNDP in implementing sand dams as part of their national climate change adaptation strategy. Through a Global Environment Fund sponsored contract, we provided consultancy services to enable the successful implementation of sand dams in this new context.



Our pioneering work has enabled eight other organisations to construct 120 sand dams in seven countries.

- Summary:
- Charitable expenditure increased by 13% despite a 1.6% decrease in income.
 - Institutions funding grew by £101k to £137k, planned to achieve £236k in 2014/15.
 - Available funds reduced by 14% due to a £62k deficit for the year.
 - Organisational restructuring initiated to reduce core costs and unrestricted expenditure.

2013-14 has been another year of growth of investment in our charitable activity – growing by 13% to £875k. However, with income dropping by £19k and available (restricted and unrestricted) funds by £64k, we are implementing some significant restructuring to protect the long-term sustainability of our support to poor communities in drylands. We are reducing core costs during 2014/15 to achieve savings of £35k and ongoing annual savings of £90k by 2015/16. The restructure will create a greater focus on income generation and reduce the expenditure of unrestricted funds, in particular for pioneering sand dams activities. With 127% income growth to £490k forecast from institutions and Rotary in 2014/15, we are confident in continuing to make a significant and growing impact on the lives of the some of the world’s poorest people.

Income

- Key points:
- Income reduced slightly by £19k.
 - Achieved UK Government funding with a £554k grant over 36 months.
 - Pipeline of Rotary International Global Grants driving planned income of £232k for 2014/15.
 - Supported registration of Excellent Development as a charity in the Isle of Man.

	2014	2014	2013	Change	Change
	% split	£	£	£	%
Total Income	100.0	1,158,259	1,177,316	(19,103)	(1.6)
Trusts & foundations	32.6	377,153	455,987	(78,834)	(17)
Small governments	20.1	232,959	265,378	(32,419)	(12)
Individual donors	17.5	203,057	214,213	(11,156)	(5)
Institutions	11.9	137,369	36,057	101,312	281
Rotary	6.8	78,533	99,023	(20,490)	(21)
Awards	2.4	27,405	41,768	(14,363)	(34)
Corporate	1.7	20,040	23,238	(3,198)	(14)
Community fundraising	1.3	14,568	13,672	896	7
Expeditions	4.0	46,113	17,968	28,145	157
Consultancy	1.2	13,842	5,513	8,329	151
Learning visits	0.6	6,383	3,708	2,675	72
Bank interest	0.1	837	791	46	6

There have been some significant changes within the different income streams. The most positive development was a UK Government grant, which brought in £68k for the year and is forecast for £158k in 2014/15. While Rotary income dropped by £20k, we have developed a significant pipeline of Global Grants and club donations, which will increase income for 2014/15 by £153k to £232k. Awards income consisted of the final phase payment for the Nestlé Prize for Creating Shared Value.

Income from small governments dropped by £32k due to 2012/13 being an exceptional year with us receiving an additional grant from the Jersey Government. Income is planned to stay flat for 2014/15. 2013/14 income was achieved through grants from both the Guernsey and Jersey Overseas Aid Commissions, and the IOM Government, enabled by registering Excellent Development IOM Limited as a charity in the Isle of Man to meet their new requirements. This has cemented our long-term connection to the Isle of Man Government and its people, as well as providing a vehicle for further fundraising from individuals and community groups.

Individual giving showed a slight reduction of 5%. However, with this, there was an increase in digital and regular giving - reducing administration costs by £7k.

Also encouraging news is the growth in income from consultancy and learning visits, demonstrating the value of our services and reducing the cost burden of pioneering sand dams. This income is planned to grow from £20k to £47k in 2014/15. An area of focus is trusts and foundations fundraising, which saw a 17% (£79k) drop in income, entirely driven from the large trust income. While there are external factors influencing this income stream, we have taken significant steps to address this reduction. As part of our restructure we will employ a senior level fundraiser who will take hands-on responsibility for our largest income stream. In the meantime, we are carrying out a wholesale review of our trusts and foundations fundraising activity, including plans to take advantage of our geographical expansion, as well as new areas of impact such as peace, pastoralism and wildlife conservation.

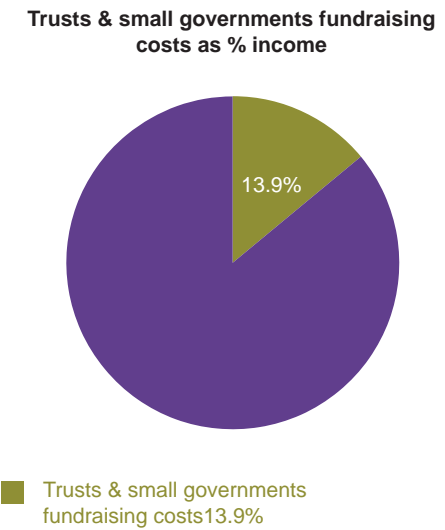
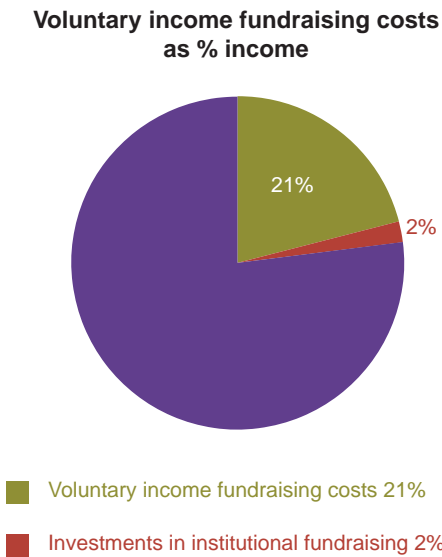
Voluntary income costs have increased by £6k for 2013/14 – a total increase of 3%. This is driven mainly by a £13k investment of unrestricted funds in achieving a £554k 36 month grant from the UK Government, which only started in October 2013. Being a specialist area, we utilised £3k of consultancy support and invested significant time in the due diligence process required by the UK Government. Our usual measure of trusts and small governments fundraising costs has shown a 0.5% increase. Following the restructure and income forecasts for 2014/15 we predict that these percentages will reduce significantly towards our goals of 15% and 10% respectively.

Expenditure

- Key points:
- Expenditure increased by 11% to £1.2M.
 - Expenditure mix was stable with charitable expenditure increasing by 13% to 72% of total.
 - Marketing and communications costs reduced by 14%.
 - Organisational restructure and reprioritisation of expenditure, both within pioneering sand dams activities and between these activities and other functions.

Expenditure increased by 11% with charitable expenditure increasing by 13%. Of this, £4k was a grant to establish and register Excellent Development IOM Limited as a charity in the Isle of Man. The total cost of generating funds increased by 10%, driven by a £23k investment in institutional fundraising. Marketing and communications costs decreased by 14% primarily due to the in-house design of documents and reduced volume of document printing. Governance costs increased by £9k, £6k since 2011/12, due to the temporary employee and recruitment costs associated with resolving a resource shortage.

	2014	2014	2013	Change	Change
	% split	£	£	£	%
Total expenditure	100.0	1,219,919	1,095,923	123,996	11
Charitable expenditure	71.7	875,354	773,973	101,381	13
Cost of generating funds	20.6	251,401	229,389	22,012	10
Marketing & communications	4.2	50,669	58,700	(8,031)	(14)
Governance	3.5	42,495	33,861	8,634	25

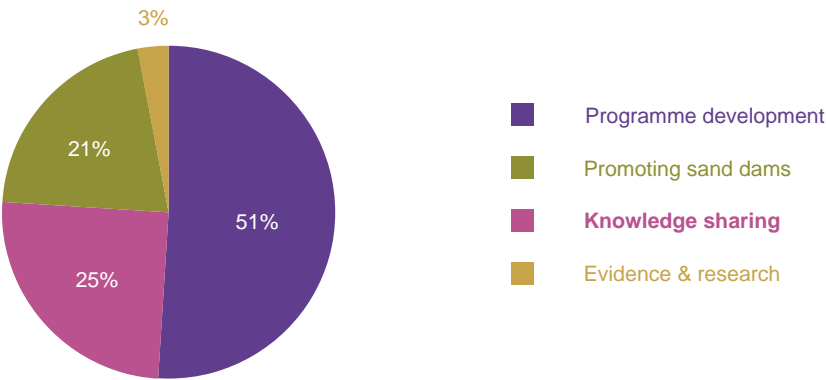


	2014	2014	2013	Change	Change
	% split	£	£	£	%
Charitable expenditure	100.0	875,354	773,973	101,3801	13
Community water & food programmes	61.4	537,237	496,379	40,858	8
Pioneering sand dams	38.1	333,785	277,594	56,191	20
Grants to other organisations	0.5	4,332	-	4,332	-

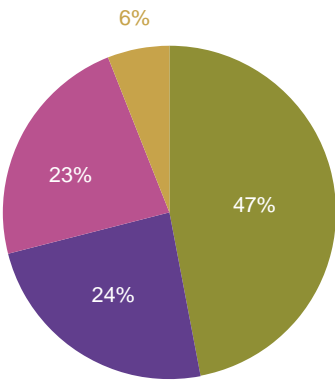
The 8% (£41k) increase in support to ASDF for their community water and food programmes has enabled them to support 51 communities compared to 39 in 2012/13. More specifically, we have funded 32 sand dams and 11 school water tanks compared to 28 and 7 in 2012/13 respectively. This has also enabled an increase in the number of seed banks, demonstration farms, terracing, and trees planted.

Expenditure on pioneering sand dams has increased by 20% but with considerable changes in the mix of activities. Expenditure on promoting sand dams and evidence & research has reduced by 37%, enabling us to reduce unrestricted expenditure by £34k. However, the winning of a strategically important contract with UNDP in Swaziland, and the implementation of our strategic plan to establish sand dams in India, has seen programme development expenditure on these pilot projects increase by £105k. Of this, £40k was unrestricted expenditure and, along with a £9k increase in knowledge sharing expenditure, total unrestricted expenditure increased by £16k.

2014 Pioneering sand dams expenditure: £333,785



2013 Pioneering sand dams expenditure: £277,594



	2014	2014	2013	Change	Change
	% split	£	£	£	%
Pioneering sand dams expenditure	100.0	333,785	277,594	56,191	20
Promoting sand dams	21.6	68,682	109,676	(40,994)	(37)
Evidence & research	3.1	10,332	16,434	(6,102)	(37)
Knowledge sharing	25.1	83,946	85,326	(1,380)	(2)
Programme development	51.2	170,825	66,158	104,667	158

A key priority will be to increase restricted income to support pioneering sand dam activities. For 2014/15 and beyond, we will ensure that sand dam pilots are funded primarily through restricted funding and plan implementation alongside a more integrated strategy with fundraising – so that programme development activities remain vision-led in their conception but income-led in their implementation. We believe this clearer focus will help us deliver even more impact from every pound invested by our supporters.

2013/14 progress

Community water & food programmes: We enabled our partners in Kenya, Africa Sand Dam Foundation (ASDF), to support communities build 32 sand dams - two more than planned. We also supported ASDF to increase resources in finance, communications and monitoring & evaluation, which are critical to sustainability. ASDF delayed launching their website due to resource constraints.

Pioneering sand dams: We completed a planned pilot project of six sand dams in Rajasthan with our partners in India, Jal Bhagirathi Foundation (JBF), as well as hosting learning visits for seven more organisations than planned. We delayed launching the second issue of the sand dam manual due to resource constraints. But, the final draft is complete in English, French and Portuguese. Due to a change of supplier and resource constraints, we delayed launching SandDams.com. We hope to achieve this by the end of the 2014/15. We successfully co-organised the first Caux Dialogue on Land and Security with Initiatives of Change and the United Nations Convention to Combat Desrtification (UNCCD), where we enabled our partners ASDF and JBF to showcase their work. Having gained UNCCD accreditation, we were invited to the UNCCD Conference of the Parties to promote sand dams as rural road crossings.

Evidence & research: Having incorporated water quality testing into ASDF’s monitoring and evaluation activities, we have made some progress on testing, which will be intensified during 2014/15. There is good progress on promoting sand dams as rural road crossings with interest from the Swaziland and Kenyan governments, and a paper published by the Institute of Civil Engineers.

Marketing & communications: We have successfully rebranded our Annual Report and created a new supporters brochure. Due to financial restrictions we have delayed other document rebrands until 2014/15. We have made significant progress in social media engagement, with a 203% and 13% increase in Facebook amd Twitter followers respectively.

Fundraising: Despite a 1.6% reduction in income for the year, we made some great progress: We won a 36 month grant of £554k from the UK Government, supported the registration of a charity in the Isle of Man and created a grants pipeline from Rotary, which should deliver £254k income in 2014/15. Individual & community giving income dropped by £10k, offset by an increase of £28k from expeditions. We will create more focus and efficiency in these areas by splitting the management under a Chief Fundraiser. We progressed by gaining funding from trusts for India and intensifying efforts for wider diversification this year.

2014/15 priorities

Finance & Operations: The immediate priority is completion of the organisational restructure, in particular the recruitment of a Chief Fundraiser to lead income growth plans. A key priority will be to increase restricted income to support pioneering sand dam activities. Our short-term target for increasing this income is from individual giving and trust fundraising. There is also scope to increase our historically stable unrestricted income. The longer term development of institutional fundraising, in particular to support pioneering sand dams, is another priority that will help increase the restricted funding of this area.

Community water & food programmes: We are supporting ASDF to build 30 sand dams in 2014/15. The other key priorities are: the implementation of monitoring & evaluation software, further water quality testing, and measurement of income generation activities.

Promoting sand dams: Our focus will be continued cost reduction by prioritising developing partnerships with organisations and networks, including joint funding bids for the wider promotion of soil and water conservation. Due to the enormous potential to leverage funds, and the interest generated from governments, we will prioritise the promotion of sand dams as rural road crossings as a key way to accelerate the journey to our vision.

Knowledge sharing: We have three priorities here: Publishing our updated sand dam manual with the addition of a Hindi translation; launching SandDams.com, re-marketing learning visits as a saleable service as well as developing a specific one for climate smart agriculture.

Programme development: The initial priorities are the completion of our United Nations Development Programme contract in Swaziland and planning a further pilot in Rajasthan with JBF. We also plan to pilot sand dams with pastoralists, which will widen the potential impact of sand dams in drylands. Furthermore, we will develop plans to demonstrate sand dams on a wider basis by progressing holistic projects that incorporate peace, livestock management and/or wildlife conservation.

Achieving our vision

In order to achieve our vision that ‘millions of the poorest people’s lives are transformed with sand dams’, we need to be focused on prioritising our opportunities and activities. We have long maintained that we do not want to achieve our vision alone. Establishing organisation-wide measures that reflect this is vital. Therefore, we measure the number of people impacted and the number of sand dams built as a result of our work - rather than the people benefiting, or number of dams built, from the grants we have made ourselves. In this way, we are motivated to enable other organisations to invest funds to build sand dams, rather than prioritising the growth of our own income and infrastructure for its own sake. The priority is to reduce our costs per dam built and person impacted year-on-year, revolutionising the way we think and act. We will continue to find the most efficient and effective ways to enable more sand dams to be built for the benefit of the world’s poorest people.

Pioneering sand dams

In line with our vision, the priority is to influence relevant policy-making and investment in solutions for rural drylands, including sand dams where best suited. This is dependent on evidence of the impact of sand dams and their relative effectiveness compared to other solutions - requiring us to leverage research activity, as well as enabling practical implementation in a sufficiently wide range of contexts. Adoption of sand dam technology is inhibited by a lack of awareness; understanding of where they are technically feasible; and the skills required to site, design and construct them. This makes the knowledge sharing resources of SandDams.com, our learning visits and sand dam manual increasingly important. In some cases, such as with Islamic World Relief in Chad, these knowledge resources are sufficient to enable a programme to be established. Otherwise, consultancy support is also necessary to establish feasibility, deliver pilot design and facilitate implementation. Evolving these consultancy services to ensure efficiency, effectiveness and scalability is crucial to achieving our vision.

Centres of Excellence

Rather than support a growing number of organisations dependent on us for the funding of their community water and food programmes, our intent is to limit ongoing funding to a small number of strategically important organisations that demonstrate the effectiveness of sand dams in different geographic and socio-economic circumstances. In addition, like the current Centre of Excellence in Kenya, these organisations need to have the strategic commitment, capacity and capability to offer regional learning visits and consultancy services to enable increased adoption.

Proof of impact priorities

Within five years, we plan to be supporting Centres of Excellence in East Africa, Southern Africa, the Sahel and India, covering the spectrum of agricultural and pastoral livelihoods in arid, semi-arid and dry sub-humid drylands, including regions suffering from human-human or human-wildlife conflict. In addition, we intend to demonstrate the effectiveness of sand dams as low-volume rural road crossings as this is a fantastic opportunity to leverage government infrastructure and/or social protection budgets to benefit rural communities with improved access to water.

Organisational approach

The skills and approach required to support mature community water and food programmes are markedly different than those needed to pioneer sand dams, due to the range of activities, stakeholders and decision-makers involved. While there is overlap and synergy, the roles and organisational structure need to continue to evolve to enable us to achieve our vision.

Income generation: Community water & food programmes

The funding of traditional charitable activities is increasingly competitive and discerning, as well as there being a more systemic change beginning to develop. In terms of competitiveness, value for money and impact demonstration are becoming key differentiators, which is making the measurement of water quality and the impacts on beneficiaries priority areas for us to improve upon. There are two systemic trends that could create less reliance on pure donations: payment for environmental services and market-based funding. Opportunities are arising for communities to be paid directly for the wider environmental benefits they create through activities such as soil and water conservation and tree planting. Also, more funding programmes are insisting on a market-based approach by creating consumer income to either sustain projects indefinitely, or even fully fund all future projects through a proven business model. In this light, we need to work with our strategic partners to further develop programme design, monitoring and evaluation to maximise these opportunities and enhance sustainability.

Income generation: Pioneering sand dams

Our income generation strategy for pioneering sand dams is more complex as the opportunities vary by type of activity. However, one factor is common: the activities are likely to be less dependent on traditional donations such as individuals and charitable trusts, and more reliant on philanthropic, institutional and collaborative projects. Research and knowledge sharing tend to be more dependent on institutional funding, almost always as part of programmes requiring partnerships between a variety of stakeholders. Consultancy services such as learning visits, feasibility studies and pilot planning are able to be funded on a fee basis, like our UNDP contract in Swaziland, which could also attract social investment funding depending on the business model we develop.

“

In the next five years, we will see an exponential growth in the number of people benefiting from sand dams.

”

Simon Maddrell
Executive Director
Excellent Development



In 2013, we won a
36 month grant of
£554k from the
UK Government.



Excellent Development Limited 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 Richard Alan Barnes
Trustees:	Tim James Wood Alison Jayne Bell
Additional Members:	Simon Richard Maddrell Jenine Ruth Langrish Fiona Charlotte Moore Richard Pearce-Thomas Sir Edward Clay
Patrons:	Lord Joel Joffe CBE Sir Edward Clay
Senior Management Team: Executive Director: Head of Finance & Operations: Chief Fundraiser:	Simon Richard Maddrell Judith Eaton To be appointed
Operational address:	Studio 59 The Market Building 195 High Street Brentford TW8 8LB
Telephone: Email: Website:	+44 (0)20 8232 9050 team@excellent.org.uk www.excellent.org.uk
Registered office address:	2 Water Court Water Street Birmingham B3 1HP
Bankers:	The Co-operative Bank plc CAF Bank Limited
Auditors:	Michael Kay & Company Limited 2 Water Court Water Street Birmingham B3 1HP

Trustees’ responsibilities

The Trustees (who are also Directors of Excellent Development for the purposes of company law) are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Company law requires the Trustees to prepare financial statements for the charity 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 Charities 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 1993 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 secret ballot at each Annual General Meeting. On an annual basis, a skills and team role analysis is performed, in conjunction with individual Trustee appraisal and objective setting. The Chair 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 and Risk Committee which identifies gaps in skills and/or experience on the Board, and the team role mix and diversity of the existing Board, as part of a process to create a profile for suitable candidates. Trustee roles will be advertised widely, to ensure a high quality and diverse set of applicants.

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’ training 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.

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

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 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 strategic objectives and future plans, as well as the impact of our activities and achievements. Between pages 12 and 16 we have detailed the public benefit of our activities supporting rural communities, creating sustainable futures, and pioneering sand dams in rural drylands. The Annual Report also includes quotes from beneficiaries, describing the benefits and impacts of the work they do, supported by Excellent Development.

Risk assessment

The Trustees have a structured approach to fulfil their responsibilities with regard 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 Excellent’s 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 (technical, operational, managerial, financial and logistical) to carry out the proposed activities, 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 Development believes that the organisation and the project will efficiently and effectively support the mission and vision of Excellent.

- The organisation is willing and able to provide sufficient information and evidence to enable fundraising applications and fundraising reporting to meet the needs of donors.
- The organisation is willing and able to provide regular reporting in accordance with Excellent Development’s monitoring and evaluation process.

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

Excellent Development 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
The Trustees consider reserves* of six months of previous year core costs (employment, accommodation and administration costs) as the minimum level and twelve months as the preferred maximum level. The Trustees also monitor the total available funds[†] in relation to previous year total expenditure and consider four months as the minimum level and eight months as the preferred maximum level of available funds. The Trustees consider the target for reserves and available funds to be six months.

	£	Minimum Months	Maximum Months	Actual Months	Minimum Variance
Annual core costs 2013/14	672,390				
Reserves* as at 30th March 2014	70,095	3.0	12.0	1.3	(1.7)
Annual total expenditure 2013/14	1,219,919				
Available funds* as at 30th March 2014	382,673	4.0	8.0	3.8	(0.2)

* Reserves are defined as the sum of unrestricted funds and designated funds.
[†] Available funds are defined as total funds minus the value of the property and equipment fund (i.e. funds tied up in fixed assets).

Reserves fell further below the minimum level due to broadly flat unrestricted income and expenditure, resulting in a further £58,116 reduction in reserves during the year. Total available funds have decreased by £64,277, bringing them to 6% below the minimum policy level. The Trustees will continue to focus on decreasing unrestricted expenditure and increasing overall income 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.

As a result of the financial performance of the Co-operative Bank, the Finance Sub-Committee discussed its suitability for holding funds, and it was decided to remain with the Bank but to minimise the funds held with them on a continual basis.

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

By order of the board on 24 July 2014



Stephen Owen
Chair

Independent Auditor’s Report to the members of Excellent Development Limited
We have audited the financial statements of Excellent Development Limited for the year ended 30 March 2014 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 26, 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 30 March 2014, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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
- 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; or
- Certain disclosures of trustees remuneration specified by law are not made.



Michael Kay
Senior Statutory Auditor

For and on behalf of: Michael Kay & Company Limited
2 Water Court
Water Street
Birmingham
B3 1HP

Date: 24 July 2014

	Note	2014 Unrestricted £	2014 Restricted £	2014 Total £	2013 Total £
INCOMING RESOURCES					
Voluntary income	2	334,527	756,557	1,091,084	1,149,336
Income from generating funds	3	-	46,113	46,113	17,968
Income from charitable activities	4	-	20,225	20,225	9,221
Investment management & interest	5	242	595	837	791
Total incoming resources		334,769	823,490	1,158,259	1,177,316
RESOURCES EXPENDED					
Cost of generating funds					
Marketing & communications costs	6	12,329	38,340	50,669	58,700
Voluntary income costs	7	154,424	75,650	230,074	223,672
Activities for generating funds costs	8	-	19,499	19,499	4,791
Income from charitable activities costs	9	-	1,828	1,828	926
Total cost of generating funds		166,753	135,317	302,070	288,089
Charitable activities					
Community water & food programmes	10	337	536,900	537,237	496,379
Pioneering sand dams	11	203,948	129,837	333,785	277,594
Grants to other organisations		4,332	-	4,332	-
Total charitable expenditure	12	208,617	666,737	875,354	773,973
Governance costs					
	13	16,922	25,573	42,495	33,861
TOTAL RESOURCES EXPENDED		392,292	827,627	1,219,919	1,095,923
Exchange rate gain/(loss)		(593)	-	(593)	4
NET INCOMING/(OUTGOING) RESOURCES		(58,116)	(4,137)	(62,253)	81,397

The movement in funds are detailed in Note 19 on page 40.

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.

	Note	2014 £	2013 £
Fixed assets			
Tangible fixed assets	14	7,324	5,300
Investment in subsidiaries	15	1	1
Total fixed assets		7,325	5,301
Current assets			
Debtors	16	90,543	50,318
Cash at bank & in hand	17	342,188	462,205
Total current assets		432,731	512,523
Current liabilities			
Creditors falling due within one year	18	(50,059)	(65,574)
Net current assets		382,672	446,949
Net assets less current liabilities		389,997	452,250
Financed by:			
Unrestricted funds	19	70,095	130,235
Restricted funds		312,578	316,715
Property & equipment fund		7,324	5,300
Total funds		389,997	452,250

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 24 July 2014.



Tim James 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) - Company Reg. No. 5105411. EDTL has been dormant since 31 March 2010 and all trading activities of the company were transferred to the Charity. 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 fulfil 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 Development.

Rentals payable under operating leases are charged as an expense on a straight line basis over the lease term.

Core costs summary

	2014	2014	2013	2013
	%	£	%	£
Breakdown of total core costs				
Employment costs	92.4	621,499	91.2	548,708
Accommodation costs	4.0	26,433	4.1	24,554
Administration costs	3.6	24,458	4.7	28,197
	<u>100.0</u>	<u>672,390</u>	<u>100.0</u>	<u>601,459</u>

Core costs allocation

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

	2014	2014	2013	2013
	%	£	%	£
Cost of generating funds				
Marketing & communications costs	6.3	42,204	7.4	44,510
Voluntary income costs	30.3	203,537	32.0	192,761
Activities to generate funds costs	1.5	10,322	0.8	4,791
Income from charitable activities costs	0.3	1,828	0.2	926
	<u>38.4</u>	<u>257,891</u>	<u>40.4</u>	<u>242,988</u>
Direct charitable expenditure				
Community water & food programmes	9.3	62,861	4.9	29,520
Pioneering sand dams	18.5	124,533	24.9	149,569
	<u>27.8</u>	<u>187,394</u>	<u>29.8</u>	<u>179,089</u>
Governance	<u>3.7</u>	<u>24,822</u>	<u>3.4</u>	<u>20,558</u>
Support costs				
Community water & food programmes	14.3	95,942	13.8	82,734
Pioneering sand dams	15.8	106,341	12.6	76,090
	<u>30.1</u>	<u>202,283</u>	<u>26.4</u>	<u>158,824</u>
Total core costs allocation	<u>100.0</u>	<u>672,390</u>	<u>100.0</u>	<u>601,459</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's 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 £245,003 (per Note 12) includes core costs and travel and accommodation.

Support costs summary:	2014	2013
	£	£
Core costs	202,283	158,824
Travel & accomodation	42,720	28,520
Total support costs	245,003	187,344

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

Support cost allocation:	2014	2014	2013	2013
	%	£	%	£
Community water & food programmes	42.7	104,572	44.4	83,250
Pioneering sand dams	57.3	140,431	55.6	104,094
Total support costs	100.0	245,003	100.0	187,344

1.5 Tangible fixed assets and depreciation

Fixed assets costing more than £500 are capitalised.

Depreciation:	%	Basis
Fixtures, fittings & 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

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Trusts & foundations	171,215	205,938	377,153	455,987
Small governments	-	232,959	232,959	265,378
Individual donors	142,143	60,914	203,057	214,213
Institutions ^{‡*}	-	137,369	137,369	36,057
Rotary	4,711	73,822	78,533	99,023
Awards	-	27,405	27,405	41,768
Corporate	1,890	18,150	20,040	23,238
Community fundraising	14,568	-	14,568	13,672
	334,527	756,557	1,091,084	1,149,336

[‡] Institutions: Income in 2014 includes £68,227, which is part of a 36 month grant from the UK Government.

^{*} Institutions: Income shown for 2013 of £36,057 was previously included in trusts & foundations income of £492,044.

3. Activities for generating funds

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Expeditions	-	46,113	46,113	17,968
Total	-	46,113	46,113	17,968

4. Income from charitable activities

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Consultancy	-	13,842	13,842	5,513
Learning visits [‡]	-	6,383	6,383	3,708
Total	-	20,225	20,225	9,221

[‡] Learning visits: Income shown for 2013 of £3,708 was previously included in consultancy income of £9,221.

5. Investment management & interest

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Bank interest	242	595	837	791
Total	242	595	837	791

6. Marketing & communications costs

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Printing	1,359	4,226	5,585	4,147
Other marketing & communications	251	782	1,033	1,252
Website & social media	248	771	1,019	7,746
Marketing services	202	626	828	1,045
Core cost allocation (see Note 1.4)	10,269	31,935	42,204	44,510
Total	<u>12,329</u>	<u>38,340</u>	<u>50,669</u>	<u>58,700</u>

7. Voluntary income costs

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Trusts & foundations costs	41,004	32,104	73,108	82,075
Small government costs	-	11,558	11,558	14,166
Individual donor costs	58,165	19,553	77,718	84,257
Institutions costs [‡]	23,341	5,020	28,361	5,136
Rotary costs	17,823	7,415	25,238	23,079
Awards costs	2,153	-	2,153	2,652
Corporate costs	5,274	-	5,274	6,957
Community fundraising costs*	6,664	-	6,664	5,350
Total	<u>154,424</u>	<u>75,650</u>	<u>230,074</u>	<u>223,672</u>

[‡] Institutions costs: Costs of £5,136 in 2013 were previously included in trusts & foundations costs of £89,607.

* Community fundraising costs: Costs of £5,350 in 2013 were previously included in individual donor costs of £89,607.

* Core costs of £203,537 in 2014 have been allocated across the income stream activities (see Note 1.4).

8. Activities to generate funds costs

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Expeditions cost	-	19,499	19,499	4,791
Total	<u>-</u>	<u>19,499</u>	<u>19,499</u>	<u>4,791</u>

* Core costs of £10,322 in 2014 have been allocated across the activities to generate funds (see Note 1.4).

9. Income from charitable activities costs

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Consultancy income costs	-	1,463	1,463	741
Learning visits income cost	-	366	366	185
Total	<u>-</u>	<u>1,828</u>	<u>1,828</u>	<u>926</u>

* Core costs of £1,828 in 2014 have been allocated to the cost of income from charitable activities (see Note 1.4).

10. Community water & food programmes

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Africa Sand Dam Foundation, Kenya	337	536,900	537,237	496,379
Total	<u>337</u>	<u>536,900</u>	<u>537,237</u>	<u>496,379</u>

* Core costs of £62,861 in 2014 have been allocated to the charitable activities (see Note 1.4).

11. Pioneering sand dams

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Promoting sand dams [‡]	38,275	30,407	68,682	109,676
Evidence & research	10,332	-	10,332	16,434
Knowledge sharing	69,813	14,133	83,946	85,326
Programme development (see Note 11.1)	85,528	85,297	170,825	66,158
Total	<u>203,948</u>	<u>129,837</u>	<u>333,785</u>	<u>277,594</u>

[‡] Promoting sand dams: £22,172 SandDams.com costs in the 2013 comparative of £131,848 have been reclassified as knowledge sharing costs, thereby changing the 2013 comparative from £63,154 to £85,326.

* Core costs of £124,533 in 2014 have been allocated to the charitable activities (see Note 1.4).

11.1 Programme development

	2014	2014	2014	2013
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Jal Bhagirathi Foundation, India	58,564	56,035	114,599	48,620
United Nations Development Programme, Swaziland	26,964	29,262	56,226	-
Dabane Trust, Zimbabwe	-	-	-	15,813
Ukamba Christian Community Services, Kenya	-	-	-	1,725
Total	<u>85,528</u>	<u>85,297</u>	<u>170,825</u>	<u>66,158</u>

12. Analysis of charitable expenditure

	2014	2014	2014	2014	2013
	Support costs	In kind grants	Direct grants	Total	Total
	£	£	£	£	£
Community water & food programmes [‡]	104,572	62,861	369,804	537,237	496,379
Pioneering sand dams	140,431	168,354	25,000	333,785	277,594
Grants to other organisations*	-	4,332	-	4,332	-
Total	<u>245,003</u>	<u>235,547</u>	<u>394,804</u>	<u>875,354</u>	<u>773,973</u>

* Core costs of £202,283 in 2014 have been allocated across support costs and in kind grants (see Note 1.4).

[‡] Total community water & food programmes expenditure includes expenditure of £68,227 funded by a grant from the UK Government, of which £49,668 was spent on a grant to Africa Sand Dam Foundation and £18,559 on UK support costs.

* In kind grant to establish and register Excellent Development IOM Limited as a charity in the Isle of Man (Charity Reg. No. 1147).

13. Governance

	2014	2013
	Total	Total
	£	£
Audit fees	6,804	3,474
Trustee expenses	4,276	4,616
Insurance	1,954	1,753
Professional fees & registrations	2,353	2,110
Other governance expenses	2,286	1,350
Core cost allocation (see Note 1.4)	24,822	20,558
Total	42,495	33,861

None of the seven trustees who held office during the period (or any persons connected with them) received any remuneration during the year. The seven trustees incurred expenses as follows:

	2014	2013
	£	£
Trustee expenses		
Overseas travel [‡]	1,653	562
Communications	749	426
Trustees indemnity insurance	721	601
UK travel	529	2,513
Workshops & conferences	624	367
Memberships	-	147
Total	4,276	4,616

[‡] Overseas travel includes £1,635 costs of a Trustee leading two expeditions as a volunteer.

14. Tangible fixed assets

	2014	2013
	£	£
Cost or valuation		
Opening balance	37,496	33,439
Additions	5,062	4,057
Disposals	(4,580)	-
Balance as at year end	37,978	37,496
Depreciation		
Opening balance	32,196	27,966
Charge for year	3,038	4,230
Disposals	(4,580)	-
Balance as at year end	30,654	32,196
Net book value as at year end	7,324	5,300

15. Investment in subsidiaries

	2014	2013
	£	£
Investment in Excellent Development Trading Limited	1	1
Total	1	1

16. Debtors

	2014	2013
	£	£
Prepayments	10,106	6,557
Accrued income	75,419	34,629
Deposits	2,214	2,214
Other debtors	2,804	6,918
Total	90,543	50,318

17. Cash at bank & in hand

	2014	2013
	£	£
Bank balances	341,600	461,506
Cash	588	699
Total	342,188	462,205

18. Creditors: amounts falling due within one year

	2014	2013
	£	£
Creditors	31,823	35,854
Accruals	7,020	12,818
PAYE	8,031	16,902
Deferred income	3,185	-
Total	50,059	65,574

19. Movement in funds

	As at 31 st March 2013	Incoming resources	Outgoing resources	Transfers	Total Movements	As at 30 th March 2014
Fund types	£	£	£	£	£	£
Unrestricted	130,235	334,769	(392,885)	(2,024)	(60,140)	70,095
Restricted	316,715	823,490	(827,627)	-	(4,137)	312,578
Property & equipment [‡]	5,300	-	-	2,024	2,024	7,324
Total funds	452,250	1,158,259	(1,220,512)	-	(62,253)	389,997

[‡]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	-	7,324	7,325
Current assets	104,164	328,567	-	432,731
Current liabilities	(34,070)	(15,989)	-	(50,059)
Total assets less current liabilities	70,095	312,578	7,324	389,997

21. Financial commitments

As at 30th March 2014 the Charity is committed to £7,067 lease cost for its office until 19th September 2014 (2013: £22,151).

22. Subsidiary undertakings

The Charity has a wholly-owned subsidiary company, Excellent Development Trading Limited (EDTL) - Company Reg. No. 5105411. EDTL has been dormant since 31st March 2010 and all balances and trading activities of the company were transferred to the Charity (see Note 1.2).

23. Employees

	2014	2013
	£	£
Salaries & wages	531,875	471,016
Employer NIC	55,234	47,362
Total	587,109	518,378
Average number of employees	14.1	12.8

One employee earned £77,000 for the year.

24. Related parties

There have been no related parties transactions in the current year.

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