



Living Word Uganda Financial Report – April 2017

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Introduction

Since its foundation in December 2012, Living Word Uganda (LWU) has been pleased to present an annual report covering both the ministry activities of the organisation and its finances.

To spread the workload and reduce the demands on the staff team shortly after the annual conference in January, the decision has been made that from now on an annual ministry report should be produced in March and an annual financial report produced in September of each year.

This report therefore details the financial activities of LWU from February 1st 2016 – January 31st 2017, but will be then be followed by a further report in September covering the period February 1st to July 31st 2017, before this new annual cycle can properly begin.

The Trustees of Living Word International (LWI) the British Charity providing support and accountability to LWU and the Directors of LWU wish to begin this report expressing our sincere gratitude to God and to all those through whom he has worked, in providing the ongoing necessary finances required.

In particular we wish to thank The African Bible University, The Sola Trust, Project Timothy, Emmanuel Church Wimbledon, Christchurch South Cambs and St Mark's Tunbridge Wells, along with all of our individual donors and all those who have prayed for our financial provision. We are also immensely grateful to Crosslinks for their help with administration and 10 of those.com for their kind donation of a large number of excellent Christian books.

It has been our joy to be in partnership with so many people and organisations all working together for the glory of Jesus Christ in Uganda. Many thanks to you all.

Financial Summary

The Feb 2015-Jan 2016 financial period has been demanding on many charities relying on their income from the UK following the devaluation of the pound and LWU was no exception. This particularly affected our annual conference accommodation costs paid in US dollars, though compared with other currencies, the pound held up relatively well against the Ugandan shilling.

Despite this we are pleased to report an overall deficit compared with budget of only £524. (£37,125 compared with £36,601 a revised lower budget taking into account a reduced cost from African Bible University). This is a credit to the staff team in Uganda keeping most items within budget, but particular thanks must also go to African Bible University who reduced their accommodation costs an additional 10% after their initial reduction compared with the previous year, and the kind donation of one international airfare for Jonathan Lamb our main speaker. Unfortunately it is also owing to a decrease in students numbers compared with expected, after students who had paid their deposit, didn't turn up for the conference.

Income for the year was £36,251 so giving a deficit compared with expenditure of £874. However £1,275 is due for gift aid repayments and approx £50 from easy fundraising, so giving an effective surplus for the year of £451.

At 1.2.17 the account balance for LWU was £2,506 with provision made of £2,065 owed to the Ugandan Tax Revenue.

This year the proportion of funds raised in Uganda was 11.8%. This is a small increase from 10.6% last year, but still short of our target for the year of 15%. In 2017 we have additional plans to address this issue as detailed below under "future plans."

The proportion of UK costs for administration / fund raising / bank charges etc. has been kept to £403 (1.1% of total expenditure) which is comfortably within our target of under 3%.

Looking ahead, comparing budget with expected income, there should be sufficient funding until 31.7.17, but for the year after an additional £19,984 will be needed.

Future Plans

Now entering our sixth year since being founded, Living Word Uganda is slowly becoming more firmly established with a growing reputation across the university campuses. An annual programme of regional events leading to the national student conference remains the backbone of our work and the newly established Apprenticeship Ministry Training Programme is now providing further training for postgraduates.

In the next couple of years our main aim is to improve further our reputation as an organisation, both in the universities and amongst local church leaders. From this we should be able to expand our apprenticeship ministry training programme in both numbers and course length, so improving our reputation further.

Along with its obvious benefits, an improved reputation should have positive financial implications. Amongst university chaplains and Christian Union leaders it should decrease our costs as we are increasingly hosted for regional events rather than having to pay to host the events ourselves. Improving our reputation amongst students should help in motivating students to raise money to pay for transport to the national conference and amongst local church leaders it should facilitate more open doors for both church placements and church funding of the apprenticeship ministry training programme.

As such several events are planned to further engage both university and local church leaders over the coming two years, to explain and show case what we do.

Although there have been some changes in the staff team this continues to strengthen and evolve to meet the needs of the work, under the leadership of Schwarz Manano.

Looking ahead, Schwarz Manano and Bernie Muluuta will carry the main teaching load of the work and the planned appointment of a student work co-ordinator (to replace Emmanuel Okwalinga) should lessen their administrative roles to enable this to happen. Martha Kwicwiny although only appointed in January, is already providing invaluable administrative assistance and Rachael Holyome a Crosslinks mission partner is supplying vital input for teaching the female students. The input



of both Martha and Rachael will allow Judith Manano the time she needs to care for baby Floella born in November.

In February 2017 we were at long last able to increase the staff wages to a comparable rate to others at their level of responsibility in full time Christian work. This will have a considerable impact on our budget, but hopefully also provide more long term staff stability.

In the UK in December 2016 it was agreed with Crosslinks that Living Word Uganda would move from being a Crosslinks Mission Project, which it has now outgrown; to being solely under the umbrella of Living Word International (LWI) to provide support and accountability. Crosslinks will continue in partnership with LWI with a permanent Board position on the LWI Board. This new arrangement should serve both organisations well as we work together as partners in Uganda according to a partnership agreement.

Looking to the long term it still remains our aim to make Living Word Uganda increasingly financially independent from the support of the West. By 31st July 2018 we aim that 25% of the total income will come from Uganda (cf. 11.8% at present). To that aim, along with seeking to cut costs and partnering with local churches as described above we are also looking into the possibility of partnering with an established Christian bookshop hoping to establish itself in Kampala.

Conclusion

Under God, Living Word Uganda has continued to flourish and meet something of the enormous need in providing faithful Bible teaching and training skills to university students, postgraduates and local church leaders in Uganda. Our reputation is growing and staff team strong, but in order to move on to the next stage of development and beyond that to more financial independence, we rely heavily on the grace of God shown through the ongoing generosity of many in the UK.



Notes on Appendices

Appendix 1: Expenditure for LWU in pounds sterling, with comparison to budget.

Conference Expenditure

The under spend on accommodation costs and transport refunds was due to a number of students sadly not turning up despite paying their deposit and the generosity of our hosts decreasing their costs by 10%. The saving made on "transport for international speakers" was due to the kind donation of one international air fare for our main speaker.

The increased expenditure on "books" was because of transport costs of donated books from the UK. This was more than offset by increased income from the sale of books (see appendix 2) and books now held in stock.

Printing costs were also over budget owing to the considerable delay in the purchase of a printing machine meaning that commercial printers had to be used. Finally the increase in miscellaneous costs was to pay for a morning tea break during the conference as this hadn't been factored in to our host's expenses.

Staff Expenditure

Staff expenses were slightly higher than budgeted owing to taking on the planned additional staff member at greater cost. This was however offset by additional income from Project Timothy in exchange for one day a week from that staff member doing Project Timothy work. The staff team is now 4 full time members and one part time volunteer, but since January 2017 has also been bolstered by the additional of Rachel Holyome a Crosslinks mission partner who has kindly committed one day a week to support the work.

Non Conference Expenses

In general the staff team are to be commended in their adherence to budget, with only one main item of over expenditure, namely food costs at regional events, reflected in both the over spend on "accommodation, food and drink" and "donations" which was mostly food.

This was a failure by LWU to appreciate the importance in Ugandan culture of always providing food at events that you host. Looking forward with the improved reputation that LWU now possesses, we anticipate that increasingly the team will be invited as guests to the student institutions with which they work, so incurring much lower costs for hosting events.

The Apprentice Ministry Training programme a new initiative in 2016 in which 5 apprentices were given an intense 3 month training with local church practical placements was a great ministry success. Financially although expenditure was kept within budget, income in particular from supporting churches was considerably lower than expected. The reasons for this are multi-factorial, but with better planning and in particular improved relationships with local churches this should be adequately resolved in 2017.

Appendix 2: LWU Income

2016 saw two new income streams and the loss of "student link" owing to poor take up the year before. The new streams were the Apprentice Ministry Training programme as detailed above and "Easy Fundraising" as scheme in which UK companies make small donations on the sale of goods bought via the internet. In total the scheme only made £66 (£50 yet to be paid) in 9 months, but this is at no expense to those purchasing the goods and came from just 12 signed up members.

The breakdown relating to relative income source as a percentage of total and how this compares with previous years is detailed below:

Source	2014	2015	2016
Individuals	30.0	40.8	52.5
Churches / Trusts	44.5	39.6	31.1
Gift Aid	6.0	8.1	4.6
Student Link	4.0	0.9	0
Within Uganda	15.7	10.6	11.8

It is encouraging to see a growing number of individuals contributing to the work, but 52% of the total given by individuals was given by just two donors.

Appendices 3 and 4: LWU budgets

Appendix 3 details the budget for the upcoming period 1.2.17-31.7.17. This shortened period is to allow for the change in our financial year end as described above. Then so that plans can be made, appendix 5 details a provisional budget for the period of 1.8.17-31.1.18. This is not yet finalised so can only be used as a rough guide, but will be set by the time of the next financial report in September 2017.

Compared with the 2016 budget there has been a considerable increase in staff costs. This reflects the long overdue increase needed to pay the staff at a comparable rate with similar employment in the Kampala region and the decision to start paying into the NSSF, the Ugandan national pension scheme. We are grateful to the staff for accepting a lower rate until now and extremely grateful to God that we are now in faith able to take this step.

Other increases compared with 2016 are inflationary (7% in Uganda) and the employment of a night guard to protect the office with its computer / PA / printing equipment.

Appendix 3a and 4a: Pledged and expected income.

Our aim at LWU is to ensure that pledged income comfortably covers the regular expenditure from staff and year round expenses, whereas one off income is used towards the one off annual student conference.

Looking ahead the surplus from the 2016/17 year (gift aid reclaim coming in mid 2017) will cover the shortfall from expected income for the 1.2.17-31.7.17 period, but looking further ahead there is a projected shortfall of £19,984 for the provisional budget compared with provisional expected income for the 1.8.17-31.7.18 period. This shortfall is considerable, but we look to God in faith to raise up new supporters to meet this need.

In the event of there being a shortfall of funds there is also a contingency budget to reduce the number of participants at the annual conference with an estimated cost saving of £6,500.

Complied on behalf of the Directors of LWU and LWI by Stuart Creed, April 2017

Appendix 1 –LWU Expenditure (£)* (1.2.16-31.1.17)

*Figures converted for comparison with budget at the budgeted exchange rate of 4200UgX to £1 and US\$ 1.20 to £1.

<u>Conference Expenses</u>	<u>Total Expenditure</u>	<u>Budgeted Total</u>	<u>Variance cf Budget %</u>
Students Transport to Conference	1567	3000	52
Gratuity for Speakers / Helpers / musicians	259	200	130
Transport for international speakers	1138	1600	48
Transport for Ugandan small group leaders	231	320	72
ABU Accom for students + leaders	10640	12650	84
Books	590	400	148
Conference printing / stationary	512	400	138
Food for volunteers and Misc	234	150	156
Training conferences for leaders	605	450	135
Total Conference Expenses	£15,776	£19,170	82

<u>Non-Conference Expenses (Uganda)</u>	<u>Total Expenditure</u>	<u>Budget</u>	<u>Variance cf Budget %</u>
Staff wages	9411	8421	112
Telephone	329	420	78
Internet	443	480	92
Transport	1473	1680	88
Accommodation, Food and Drink	788	600	131
Printing / Stationary	281	300	94
Donations (Poor students + Mission)	745	250	298
Office Rent, Utilities and other running costs	2185	2400	91
LWU Board Expenses / bank charges	702	600	117
Office Fit Out -Chairs, desks, kitchen, shelves, etc.	1538	1500	103
Apprentice Ministry Training Programme (AMT)	1298	1500	87*
Total Non Conference Expenses	£19,193	£18,151	106

<u>UK Expenses</u>	<u>Expenditure</u>
Bank Charges	120
UK Expenses (Mostly Travel for Trustees)	283
Crosslinks fee (5% of all received income received through Crosslinks)	862
Total UK Expenses	£1,265

<u>Non Budgeted Expenses</u>	<u>Expenditure</u>
Legal costs, training conference for staff, printing of T shirts for sale	624
Accommodation for staff member (temporary cost)	267
Total Non Budgeted Expenses	£891

*Expenditure was 87% budget for AMT, but expected income for the AMT was only 27% of expected.

TOTAL EXPENDITURE

£37,125

Appendix 2 –LWU Income (£)

The table below lists the total income received with comparison with previous years:

<u>Income Source</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Donations from Individuals (UK)	9,550	15,966	18,967
Donations from Individuals (Uganda)	0	0	112
Donations from Trusts / Churches (UK)	14,125	15,500	11,320
Student Link	1,275	375	0
Gift Aid*	1,827	3,170	1,680*
Income from conference fees	1,296	1,256	1,288
Income from Uganda Business Support Programme	3,512	2,760	2,208
AMT Fees / Church Donations	0	0	322
Sale of Books	106	124	308
Misc income (Sale of T- Shirts etc.)	76	11	30
Easy fundraising	0	0	16**
Total	£31,767	£39,162	£36,251

*Received on 100% donations where qualifying. £1,275 due to be received on 2016 donations in 2017

** £50 approx additionally raised, due to be received in 2017

Appendix 3 - LWU Budget 1.2.17 – 31.7.17

<u>Ministry Activity</u>	<u>Total</u>
Regional Student Seminars (Includes food, venue costs and accommodation)	535
Apprenticeship Ministry Training Programme (6 Apprentices for 3 months)	413
Prayer Breakfasts for church leaders (Incl. food / stationary costs)	214
<u>Total</u>	<u>£1,162</u>

<u>Staff</u>	<u>Monthly Cost</u>	<u>Months</u>	<u>Total</u>
Staff wages (net of tax / pension)	867.5	6	5205
Staff PAYE	265.5	6	1593
Staff Pension	57.2	6	343
Staff Professional Development (Incl. Training conference)			514
Medical Insurance costs (Covers 12 month period)			1034
Contribution to Crosslinks to support Rachael Holyome			150
<u>Total Staff Costs</u>			<u>£8,839</u>

<u>Office</u>	<u>Monthly Cost</u>	<u>Months</u>	<u>Total</u>
Night Guard	41.7	6	250
Rent	181.8	6	1091
Utilities and other running costs	104.2	6	625
Office Stationary	35.7	6	214
Telephone	35.7	6	215
Internet	43.3	6	260
Transport costs (local and regional)	92.8	6	554
Advertising for conference			134
<u>Total</u>			<u>£3,343</u>

<u>Miscellaneous Expenses</u>	<u>Total</u>
Bank Charges / Mobile Money	27
Additional office set up (Chairs, desks and shelves)	332
Board Meetings (Incl. Transport refunds / food)	424
Public relations / partnerships / donations	359
Computer / printer maintenance	73
UK Expenses (Board transport / other costs)	150
Contingency fund (5% total)	720
<u>Total Misc Expenses</u>	<u>£2,085</u>

Grand Total

£15,429

Appendix 3a – Pledged / Expected Income 1.2.17 – 31.7.17

UK Pledged Income	
Individuals	8,428
Gift Aid (Less Crosslinks 5% fee)	3,241*
Churches / Trusts	1,400
Total	£13,069

Other Income (Expected)	
Uganda Business Support Programme	0
Sale of books during year	100
Donations from individuals and churches in Uganda	120
Apprenticeship Ministry Training Programme	1800
Profit from sale of T-shirts / CDs	50
Donations in kind (Food etc)	25
Easy fundraising	100*
Total	£2,195

*Includes money due from 2017

Total pledged / expected Income for this period	£15,264
Budget for this period	£15,429
Predicted shortfall for this period	£165

Appendix 4 - LWU Budget 1.8.17 – 31.8.18 (Provisional)

Annual Conference	Unit Cost 5 day conference	Number of Units	Total
Full Board Accommodation at ABU for 5 days	70	200	14,000
Transport subsidies for Ugandan participants	10	200	2,000
International participants, transport, visas, insurance.	800	2	1,600
Miscellaneous costs (Printing, publicity, video, gifts, etc.)			2,200
Total Annual Conference Cost			£19,800

Other Ministry Activity	Total
Training conferences for leaders at the annual conference	700
Regional Student Seminars (Includes food, venue and accommodation)	1200
Apprenticeship Ministry Training Programme (10 Apprentices for 6 months)	600
Prayer Breakfasts for church leaders (Incl. food / stationary costs)	440
Total	£2,940

Staff	Monthly Cost	Months	Total
Staff wages (net of tax / pension)	1000	12	12,000
Staff PAYE	300	12	3,600
Staff Pension	65	12	780
Staff Professional Development (Incl. Training conference)			700
Medical Insurance costs			1100
Contribution to Crosslinks to support Rachel Holyome			300
Total Staff Costs			£18,480

Office	Monthly Cost	Months	Total
Night Guard	45	12	540
Rent	200	12	2,400
Utilities and other running costs	110	12	1,320
Office Stationary	40	12	480
Telephone	40	12	480
Internet	45	12	540
Transport (Local and regional)	100	12	1,200
Total			£6,960

Miscellaneous Expenses	Total
Bank Charges / Mobile Money	60
UK Expenses (Board transport / other costs)	250
Board Meetings (Incl. Transport refunds / food)	700
Public relations / partnerships	500
Computer / printer maintenance	150
Contingency fund	2000
Total Misc Expenses	£3,660

Total annual budgeted expenditure

£51,840

Appendix 4a – Pledged / Expected Income 1.8.17 – 31.8.18

UK Pledged Income	
Individuals	14,055
Gift Aid (Less Crosslinks 5% fee)	1,646
Churches / Trusts	8,750
Total	£24,451

Conference Income (Expected)	Unit Income	Number of Units	Total
Main Conference Fees from Students	13	160	2080
Sale of books			250
Total			£2,330

Other Income (Expected)	
Uganda Business Support Programme	2575
Sale of books during year	200
Donations from individuals and churches in Uganda	250
Apprenticeship Ministry Training Programme	1800
Profit from sale of T-shirts / CDs	100
Donations in kind (Food etc)	50
Easy fundraising	100
Total	£5,075

Total pledged / expected Income	<u>£31,856</u>
Budget for this period	£51,840
Total additional funding needed for this period:	<u>£19,984</u>