

GORTA UK
(A company limited by guarantee)

Reports and Financial Statements
for the financial year ended
31 December 2016

COMPANY NUMBER: SC 272970
CHARITY NUMBER: SC 036100

GORTA UK
(A company limited by guarantee)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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TRUSTEES AND OTHER INFORMATION

DIRECTORS

Mr. Seán Gaule (Chairman)
Mr. Jeremy Woolwich (Retired 4 July 2016)
Mr. Michael Hoevel
Mr. Tom Kitt

COMPANY SECRETARY

Mr. Malachy Cardiff

REGISTERED OFFICE

Exchange Place
3 Semple Street
Edinburgh
EH3 8BL
Scotland

COMPANY NUMBER

SC 272970

CHARITY NUMBER

SC 036100

AUDITORS

Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

BANKERS

Bank of Ireland
65 St Vincent Street
Glasgow
G2 5TH
Scotland

SOLICITORS

Withers LLP
16 Old Bailey
London EC4M 7EG
England

GORTA UK
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REPORT OF THE TRUSTEES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The trustees present herewith the reports and audited financial statements of the charity for the financial year ended 31 December 2016.

Objectives and activities

Gorta UK is an international development, non-governmental organisation. The main purpose of the organisation as set out in our constitution is the assistance and advancement of people in need in less developed areas of the world. We have expertise in small-scale farming and growing family-farm businesses. We work with farmers and agricultural businesses in Africa to help them grow and sell more food, diversify their income and their diets, and make their livelihoods more sustainable and resistant to external shocks.

Gorta-Self Help Africa

The activities of Gorta UK are carried out in association with Gorta (trading as Gorta-Self Help Africa), an Irish registered charity.

Vision, mission and values

Our vision is an economically thriving rural Africa.

Our mission is to support sustainable livelihoods for Africa's smallholder farmers.

Our core values are:

- Equality – people are equal in rights and must be treated with respect and dignity.
- Innovation – we are conscious that finding effective solutions requires innovative thinking combined with a pragmatic approach.
- Learning – we strive for the highest quality standards in our work and encourage a culture of constant learning and improvement.
- Accountability – accountability and transparency are central to all our actions and use of resources.

Strategic objectives

Our primary strategic objectives are to:

- Improve **food, nutrition and income security** for smallholder farmers
- Support the establishment and growth of inclusive, profitable and sustainable **agri-business**
- Support the improvement of the **policy environment** for smallholder farmers

Activities

Our primary client targets are poor and vulnerable rural communities in sub-Saharan Africa, with particular focus on Uganda and Kenya.

We support both small projects and large programmes. We seek to leverage small projects into larger programmes to maximize the extent of their positive impacts. We are respectful of the culture, needs and wishes of the communities we work with and proactively seek out their views on and participation in programme development and implementation.

We are committed to the principle of empowering communities and helping them to help themselves, rather than simply providing funds. We work with local government and the business community to create sustainable linkages that last beyond the life-cycle of projects.

Gorta-Self Help Africa, who Gorta UK works through, employs professional development staff and agronomists in all its countries of operation. We believe that indigenous staff best understand the context and culture of the people we work with and are best placed to lead country programmes. We work with and through local partners from civil society, the public sector and business community and provide training and support to help them develop.

REPORT OF THE TRUSTEES (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

For oversight purposes, a Food, Nutrition and Income Security Committee reviews the overall development programme activities of the Gorta-Self Help Africa group. This committee oversees the quality and depth of programme performance on behalf of the trustees and provides advisory support for management on the development and delivery of programmes. In particular, it has the following delegated responsibilities:

- Ensure that all programming is delivered in line with organisational strategy, policy and governance standards.
- Ensure that an effective programmes approval process is in place and applied.
- Ensure that an effective results-based management system is in place and applied.
- Support the development of country strategy papers, programme policies and programme approaches.

Achievements and performance

In 2016 Gorta UK continued to raise funds for the implementation of programmes in Uganda and Kenya in conjunction with Gorta-Self Help Africa.

Uganda experienced two consecutive seasons of poor rainfall leading to below average production and increases in staple food prices. The fall in production means many poor rural households eat just one meal a day. There were reports of hunger related deaths in the South West, North East and parts of Northern Uganda. Government and development actors provided food aid in the affected districts. As a result of the drought, some of the project actions were affected including low crop yields, pre-mature drying out and complete failure in some areas and inability to cultivate because of unstable rains. While the areas where Self Help Africa intervenes have been affected by the drought, smallholders supported through our projects have successfully diversified their income from the production of honey and other products giving them an additional revenue stream.

As an example of how beneficiaries of our programmes have outperformed others, an assessment of our work in Purongo in western Uganda on the Seed Enterprise Development project showed a 4% increase in beneficiary households' ability to meet their annual household minimum food energy requirement in 2016. Non-beneficiary households in the same district experienced an 8% decline in ability to meet minimum energy food requirement in 2016.

While the Community Connector project in Uganda has ended, we are disseminating the learning and impact from our work. Our paper on the "Nutritionalisation of the Potato" that we produced in conjunction with Makerere University has been accepted by the Canadian based Journal of Sustainable Development for publication.

In light of the food security challenges in Uganda we submitted an expression of interest to WFP in 2016 and were recently invited to submit a full proposal with a focus on agriculture and market support to complement food distributions that will be carried out by other organisations.

In Kenya, our programme operates on the fringes of arid and semi-arid lands where the effects of climate change are acutely experienced by smallholder farmers and their families. Unreliable rainfall patterns and prolonged dry spells are common and 2016 was no exception, resulting in low yields in some of the areas in which we operate. For example, Kilifi County, where we have the Walmart Foundation-funded *Empowering Women within the Cashew Value Chain* project, has experienced three consecutive below average rainfall seasons. Throughout Kenya, during the last short rains (October to December 2016), low crop production resulted from delayed onsets, poor distribution and early cessation of rainfall, especially in the mixed farming and food cropping areas, which have continued to affect availability of food at household level.

To mitigate this, the programme continues to focus on climate smart agriculture, drought-tolerant crops and diversified agriculture to ensure smallholder farmers become increasingly resilient to shocks, improving knowledge and skills on nutrition and gender equality. In the Kilifi project, 74% of women within the project have increased their decision-making power within the household and community, rising from 2.5 to 2.96 on the Voice, Choice and Control scale. 4,000 milk suppliers in Keringet County are now able to access monthly price information through access to the bulk-SMS INFOBIP platform. Total turnover for Keringet Foods Limited exceeded €1.27 million.

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REPORT OF THE TRUSTEES (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Throughout 2016, cassava has emerged as a key commodity on which the programme focuses, in particular on the value addition of cassava, a valuable drought-tolerant crop in Kenya, and access to markets for cassava producers. On-going meetings with the Ministry of Agriculture have led to Self Help Africa being invited to participate in the review of the national cassava strategy and the Roots & Tubers policy and for the Ministry and Self Help Africa to jointly host a cassava stakeholders' forum.

Gorta-Self Help Africa's strong partner network and unrestricted funding base together with its institutional funding relationships and local country teams have led to the organisation becoming one of the key international development organisations working through agriculture in sub-Saharan Africa. Due to their presence, greater recognition and active registration of Self Help Africa country teams and their stronger relationships with local government and institutional donors, the Self Help Africa name will continue to be used on the ground in Africa.

Financial Review

The financial statements have been prepared in accordance with current statutory requirements and the company's Memorandum and Articles of Association.

The current economic environment has led to a reduction in both donations and fundraising income from £246,833 in 2015 to £204,642 in 2016. Expenditure on charitable activities decreased from £230,070 in 2015 to £184,343 in 2016.

At 31 December 2016, unrestricted reserves stood at £163,101. Gorta UK is in compliance with its policy of retaining at least 12 months budgeted recurring expenditure in reserve. The trustees are satisfied that the company is in a strong financial position and that its regular income streams together with its reserves, ensure that the company is able to meet the ongoing obligations of the charity. For this reason, the trustees continue to adopt the "going concern" basis in preparing the financial statements.

Risks and uncertainties facing the organisation are under constant review by the trustees. These reviews are undertaken in Gorta UK's own right and in the context of the broader Gorta-Self Help Africa group in conjunction with its Audit Finance and Risk Committee. An overall risk register for the Gorta-Self Help Africa group is reviewed regularly by this committee and the individual boards of the group.

The principal risk for Gorta UK is the decline year on year in voluntary donations. This has come about by the advent of a difficult fundraising environment – tight regulation, negative publicity around aggressive fundraising practices and general economic uncertainty. Over the last two years the rate of decline has lessened due to the implementation of strategies to reactivate lapsed donors and increase contributions from existing donors.

The trustees confirm that Gorta UK has made no political donations in either the current or previous financial year and that there have been no significant events affecting the company since the financial year end.

Future plans

Gorta-Self Help Africa has an updated strategic planning period of 2017-2021 which sees the organisation continue its work with smallholder farmers in agriculture and enterprise. The plan also states the intention to increase its focus on market based programming in existing countries of operation while expanding traditional programming models into more fragile states as well as in "poverty pockets" in current countries of operation. The board of Gorta UK supports this plan and has adopted the plan's objectives for Gorta UK.

In relation to fundraising Gorta UK intends to work on ways to slow the decline in its donor database and to attract new donors. To this end, a pilot fundraising campaign commenced in 2017 with a focus on Northern Ireland.

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REPORT OF THE TRUSTEES (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Structure, governance and management

Gorta UK is a charity registered in Scotland. It is a company limited by guarantee that was established to assist and advance people in need in less developed areas of the world. The company which is limited by guarantee was incorporated on 6 September 2004. Governance of the company is the responsibility of the trustees who are appointed in accordance with the Memorandum and Articles of Association. The trustees delegate the day to day running of the company to a management team who manage the activities of Gorta UK in conjunction with the overall Gorta-Self Help Africa group. Trustees are appointed for a three-year term on a rotating basis and can serve for a maximum of nine years.

During 2016, two trustee meetings were held. Sean Gaule and Tom Kitt attended both meetings while Michael Hoevel and Jeremy Woolwich attended one each.

The activities of Gorta UK are carried out in association with Gorta (trading as Gorta-Self Help Africa), a company registered in the Republic of Ireland and the sole member of Gorta UK, as referred to above.

Both companies have aligned their objectives under a consolidated strategic plan and management team. The trustees of Gorta UK subscribe and contribute to the group strategic plan of Gorta-Self Help Africa. The strategic plan for the overall group is approved both by the group board and by the Gorta UK board of trustees.

New charity trustees are appointed by ordinary resolution of the member in accordance with the Memorandum and Articles of Association. Training is given to new trustees in relation to their role and responsibility as a director and in relation to the strategy and objectives of Gorta UK and the broader Gorta-Self Help Africa group.

The management team reports to both sets of directors on operational and financial performance, as well as progress against strategic objectives, on a regular basis. Annual budgets are prepared by management and approved by the trustees with reporting against budgets reviewed by the trustees on a regular basis.

The group Audit, Finance and Risk Committee reviews internal financial controls, treasury and risk management processes of all Gorta-Self Help Africa companies. It meets on a regular basis to monitor and review the financial performance of the organisation, internal and external audit findings, management information systems and internal control systems. It provides independent oversight of the annual budgets, management and statutory accounts and makes recommendations to the group board and to the trustees of the group companies where relevant.

Remuneration of key management personnel is delegated to the remuneration committee of the Gorta-Self Help Africa group and is subject to approval by the trustees of each company within the group.

Gorta UK's books of account are located at the organisation's parent company, Gorta-Self Help Africa's premises at Kingsbridge House, 17-22 Parkgate Street, Dublin 8, Ireland.

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REPORT OF THE TRUSTEES (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Health and Safety

Gorta UK is committed to managing and conducting its work activities in such a way as to ensure - so far as is reasonably practicable - the safety, health and welfare at work of its employees and volunteers. Gorta UK management continuously monitors compliance in line with legislative requirements.

Public Benefit

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing aims and objectives and planning future activities.

Reference and administrative details

The reference and administrative details of Gorta UK are fully set out on page 2.

Going concern

The trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern principle in preparing their annual financial statements.

Political donations

No political donations were made during the year (2015 – £nil)

Post balance sheet events

No significant events have taken place since the financial year end that would result in adjustment of the financial statements or inclusion of a note thereto.

Directors and secretary

The current directors, secretary and changes made during the financial year are listed on page 2. The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disclosure of Information to Auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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REPORT OF THE TRUSTEES (CONTINUED)

Auditors

Deloitte were appointed as the company's auditor for the financial year. A resolution for the re-appointment of Deloitte will be proposed at the forthcoming AGM.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Signed on behalf of the Board:

Mr. Sean Gaule
Director

Mr. Tom Kitt
Director

Date:

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TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The trustees (who are also directors of Self Help Africa (UK) for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the net income or expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GORTA UK
(A company limited by a guarantee)**

We have audited the financial statements of Gorta UK (a company limited by guarantee) for the financial year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its net income and application of resources, including its income and expenditure, for the financial year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GORTA UK
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Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

DRAFT

....., Senior Statutory Auditor
for and on behalf of
Chartered Accountants and Statutory Auditors

Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

Date:

GORTA UK
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STATEMENT OF FINANCIAL ACTIVITIES
(Including income and expenditure account)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	<i>Notes</i>	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Restricted Funds 2015 £	Unrestricted Funds 2015 £	Total Funds 2015 £
INCOME FROM							
Donations and legacies	3	-	204,642	204,642	6,729	240,104	246,833
Other income							
- Income from investments		-	2	2	-	2	2
Total		-	204,644	204,644	6,729	240,106	246,835
EXPENDITURE ON							
Charitable activities	4	-	184,343	184,343	6,729	223,341	230,070
Raising funds	5	-	13,450	13,450	-	14,805	14,805
Total		-	197,793	197,793	6,729	238,146	244,875
Net income	6	-	6,851	6,851	-	1,960	1,960
RECONCILIATION OF FUNDS							
Total funds brought forward	10	-	156,250	156,250	-	154,290	154,290
Total funds carried forward	10	-	163,101	163,101	-	156,250	156,250

There are no other recognised gains or losses other than those listed above and the net income for the financial year. All income and expenditure derives from continuing activities.

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BALANCE SHEET
AS AT 31 DECEMBER 2016

	<i>Notes</i>	2016 £	2015 £
CURRENT ASSETS			
Cash at bank and in hand		377,153	57,879
Debtors	7	36,623	151,401
		<u>413,776</u>	<u>209,280</u>
CREDITORS: (Amounts falling due within one year)	8	(250,675)	(53,030)
NET CURRENT ASSETS		<u>163,101</u>	<u>156,250</u>
NET ASSETS		<u>163,101</u>	<u>156,250</u>
FUNDS OF THE CHARITY			
Restricted funds	10	-	-
Unrestricted funds	10	163,101	156,250
		<u>163,101</u>	<u>156,250</u>

The financial statements were approved by the Board of Directors on and signed on its behalf by:

 Mr. Sean Gaule
 Director

 Mr. Tom Kitt
 Director

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	<i>Notes</i>	2016 £	2015 £
Cashflows from charitable activities			
Net cash from/(used in) charitable activities	<i>11</i>	319,272	(270,112)
Cash provided by investing activities			
Interest received		2	2
Net cash provided by/(used in) investing activities		319,274	(270,110)
Change in cash and cash equivalents in the reporting year		319,274	(270,110)
Cash and cash equivalents at beginning of the reporting year		57,879	327,989
Cash and cash equivalents at end of the reporting year		377,153	57,879
Reconciliation to cash at bank and in hand			
Cash at bank and in hand at end of financial year		377,153	57,879

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and the preceding financial years.

Basis of preparation of financial statements

Gorta UK is a company incorporated in the UK under the Companies Act 2006. The address of the registered office is Exchange Place, 3 Semple Street, Edinburgh, EH3 8BL, Scotland. The nature of the company's operations and its principal activities are set out in the report of the trustees on pages 3 to 8.

In accordance with Section 60 of the Companies Act, 2006, the company is exempt from including the word "Limited" in its name. The company is limited by guarantee and has no share capital.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with the Statement of Recommended Practice (SORP 2015) "Accounting and Reporting by Charities", in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), issued by the Financial Reporting Council and the Companies Act 2006.

The functional currency of Gorta UK is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Company Type

The company is limited by guarantee and does not have share capital.

Going Concern

The organisation's forecasts and projections, taking account of reasonable possible changes in performance, show that the organisation will be able to operate within the level of its current cash and investment resources. The Board have a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Income

Income from voluntary donations is recognised when received. As with many similar charitable organisations, independent groups from time to time may organise fundraising. However, as any amounts collected in this way are outside the control of the company, they are not included in the financial statements until received by Gorta UK.

Grants payable for development projects which are relevant to the current financial year are reflected in the Statement of Financial Activities.

In accordance with the Charities SORP (FRS102), volunteer time is not included in the financial statements.

Legacies are included when the amount is received by the charity or into an executor bank account for distribution to the charity at a near future date.

Interest income is recognised on a receivable basis.

Refunds in respect of tax relief on voluntary donations are recognised on a receivable basis.

1. ACCOUNTING POLICIES (CONTINUED)

Charitable Activities Expenditure

Charitable activities expenditure is included when incurred, and includes attributable VAT which cannot be recovered.

Grants payable for development projects attributable to the current financial year are included in the Statement of Financial Activities.

With the support of its connected charity Gorta, expenditure is kept to a minimum with the principal outlay relating to the administration of regular donations and any direct fundraising expenditure arising.

Support costs represent the cost to head office of administering projects. The expenditure on charitable activities have been classified to comply with the Charities SORP (FRS102). Such costs, when incurred, include the direct costs of the charitable activities together with those Support costs (Finance and Administration cost) incurred that enable these activities to be undertaken. These have been allocated across the activities based on headcount and time spend on the activities.

Raising Funds

These represent costs incurred running and managing the organisation, including managing and safeguarding the charity's assets, organisational administration and compliance with constitutional and statutory requirements.

Gifts in Kind

Gifts in kind for use by the company are included as incoming resources when received. Gifts are valued at open market value or at a reasonable estimate of the gross value to the company.

Fund Accounting

Funds held by the charity are:

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Directors.

Designated funds – these are unrestricted funds which have been set aside for particular purposes by the Charity itself, in furtherance of the Charity's charitable objects.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Investment Policy

All cash balances for planned development work are held in deposit accounts at the highest interest rates available.

Foreign Currencies

Transactions in foreign currency are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charitable company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charitable company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires. Balances that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Reserves Policy

In order to secure the long term viability of Gorta UK and to maintain the smooth operation of the organisation, it is critical to ensure that the organisation has adequate reserves. Gorta has a reserve policy based on foreseeable expenditure and in particular, long-term commitments to projects

The level of reserves needs to cover the following activities of the organisation:

- Provide funding for sustainable programmes.
- Meet contractual liabilities such as payments to creditors.
- Maintain a required level of funding available for overseas programmes during times of financial difficulty where fundraising income is diminished.
- Meet unanticipated expenses, currency variances and legal costs.
- To facilitate programme/project continuation especially where a partner submits a new or additional phase proposal in advance of the current activity being completed, in order to meet seasonal requirements (i.e. farming season) and prevent development gaps.
- Cover day to day expenditure of Gorta UK.
- Ensure there is adequate funding should any winding up costs ever arise.
- Provide for any other unanticipated expenditure of significance.

The Board may designate unrestricted reserves for specific future expenditure such as long term programmes, sinking funds and any other potential future requirement(s).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Gorta UK has been granted charitable tax exempt status by the HMRC under S478 and S483 of the Corporation Tax Act 2010 and therefore no provision for corporation tax is required.

Comparative Figures

Certain comparative amounts have been reclassified, where necessary, to ensure comparability with current financial year disclosure and to ensure compliance with SORP 2015.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the accounting policies and notes to the financial statements.

The directors do not consider there are any critical judgements or sources of estimation requiring disclosure.

3. DONATIONS AND LEGACIES

	2016	2016	2016	2015
	Restricted	Unrestricted	Total	Total
	Funds	Funds	Funds	Funds
	£	£	£	£
Committed giving	-	182,513	182,513	201,466
Gift Aid refunds	-	22,129	22,129	38,638
Committee income	-	-	-	6,729
	<hr/>	<hr/>	<hr/>	<hr/>
	-	204,642	204,642	246,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. CHARITABLE ACTIVITIES

Charitable activities expenditure can be analysed as shown below. Many of these programmes achieve results in more than one of these categories, but are analysed for this purpose under the principal category only.

Country	Livelihoods £	Food Security £	Education £	Water and Sanitation £	Management Costs £	2016 £	2015 £
The Gambia*	-	-	-	-	-	-	48,046
Tanzania*	-	-	-	-	-	-	3,901
Kenya	-	-	3,705	-	-	3,705	77,859
Uganda	2,845	101,248	-	69,389	-	173,482	97,319
Governance and support costs	-	-	-	-	7,156	7,156	2,945
Total	2,845	101,248	3,705	69,389	7,156	184,343	230,070

* Regional watershed Tanzania and The Gambia.

5. RAISING FUNDS

	2016 £	2015 £
Fundraising initiatives	2,655	13,166
Bank charges	6,440	1,639
Legal fees	4,355	-
	13,450	14,805

6. NET INCOME

	2016 £	2015 £
Net income for the year is stated after charging:		
Auditor's remuneration*	3,559	2,719

* The auditor's remuneration fee is in respect of audit only. No amounts were paid to the auditors in relation to advisory, tax advisory or other assurance services.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. DEBTORS: (Amounts falling due within one year)	2016	2015
	£	£
Gift Aid refunds receivable	33,210	151,401
Other debtors	3,413	-
	36,623	151,401

8. CREDITORS: (Amounts falling due within one year)	2016	2015
	£	£
Amount due to group company (note 15)	246,268	48,851
Creditors	4,407	4,179
	250,675	53,030

9. FINANCIAL INSTRUMENTS

The carrying value of the company's financial assets and liabilities are summarised by category below:-

	2016	2015
	£	£
Financial Assets		
<i>Measured at undiscounted amount receivable</i>		
• Trade and other debtors (note 7)	36,623	151,401
Financial Liabilities		
<i>Measured at undiscounted amount payable</i>		
• Trade and other payables (note 8)	4,407	4,179
• Amounts owed to group company (note 8)	246,268	48,851

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. FUNDS OF THE CHARITY

(i) Reconciliation of funds

	Restricted Funds £	Unrestricted Funds £	Total Funds £
Opening balance at 1 January 2016	-	156,250	156,250
Net income for the year	-	6,851	6,851
	<hr/>	<hr/>	<hr/>
Closing balance at 31 December 2016	-	163,101	163,101
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(ii) Analysis of net assets between funds:

	Restricted Funds £	Unrestricted Funds £	Total Funds £
Current assets	-	413,776	413,776
Liabilities	-	(250,675)	(250,675)
	<hr/>	<hr/>	<hr/>
Total net assets	-	163,101	163,101
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(iii) Movements in funds

	Balance as at 01/01/2016 £	Income £	Expenditure £	Balance 31/12/2016 £
Restricted funds	-	-	-	-
Unrestricted funds	156,250	204,644	(197,793)	163,101
	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	156,250	204,644	(197,793)	163,101
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11. RECONCILIATION OF NET INCOME TO CASH INFLOW FROM CHARITABLE ACTIVITIES

	2016 £	2015 £
NET INCOME FOR THE REPORTING YEAR (as per the Statement of Financial Activities)	6,851	1,960
<i>Adjustments for:</i>		
(Increase)/Decrease in debtors	114,778	(38,638)
Increase/(Decrease) in creditors	197,645	(233,432)
Interest received	(2)	(2)
	<hr/>	<hr/>
NET CASH USED IN CHARITABLE ACTIVITIES	319,272	(270,112)
	<hr/> <hr/>	<hr/> <hr/>

GORTA UK
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	At 1 January 2016 £	Cash Flows £	At 31 December 2016 £
Cash at bank and in hand	57,879	319,274	377,153

13. OPERATING LEASE COMMITMENTS

At 31 December 2016 the company had no annual commitments under non-cancellable operating leases (2015: £Nil).

14. TAXATION

Gorta UK is registered as a charity and benefits from corporation tax exemptions available to charitable bodies. On the basis that its activities fall within its charitable purposes and its funds are applied only for these purposes, no provision for corporation tax is made. Irrecoverable value added tax is expensed as incurred.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

During the year, Gorta-Self Help Africa transferred funds to the field on behalf of Gorta UK amounting to £177,187 and discharged other commitments on behalf of Gorta UK amounting to £20,231 (2015: Total discharged £236,654). The balance due to Gorta-Self Help Africa at 31 December 2016 was £246,268 (2015: £48,851).

During the year, Gorta UK transferred funds to Gorta-Self Help Africa amounting to £Nil (2015: £470,458).

Gorta (trading as Gorta-Self Help Africa) is a charitable company registered in Ireland and the results of Gorta UK are consolidated into the financial statements of Gorta (trading as Gorta Self-Help Africa). Copies of the group financial statements of Gorta may be obtained from the charity's registered office at Kingsbridge House, 17-22 Parkgate Street, Dublin 8, Ireland.

16. LEGAL STATUS OF COMPANY

In accordance with Section 60 of the Companies Act, 2006, the company is exempt from including the word "Limited" in its name. The company is limited by guarantee and has no share capital.

17. DIRECTORS' REMUNERATION AND EXPENSES

Directors are not remunerated, but are entitled to be reimbursed for out of pocket expenses incurred in the course of carrying out their duties. No payments of this nature were made during the year (2015: £Nil).

18. KEY MANAGEMENT COMPENSATION

As the company does not employ any staff, there is no key management compensation to report on.