

ANNUAL REPORT

AND FINANCIAL STATEMENTS

YEAR ENDED
31 DECEMBER 2016

CYAN INTERNATIONAL

Annual report & financial statements

Year ended 31 December 2016

Cyan International
Company number: 6843768
Registered charity number: 1129603 (England and Wales)

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1 Reference and administrative details

Directors and trustees

The directors of the charitable company are its trustees for the purposes of charity law and throughout this report are collectively referred to as the trustees.

The trustees serving during the year and since the year end were as follows:

Helen Brook (Chair from 1 July 2017)
Carwyn Hill
John Howes (until 30 June 2017) (Chair)
Brian Woolnough

Brian Mitchell
John Passmore (until 1 March 2017)
Alex Vickers (from 6 April 2017)

Senior management

Chief Executive – David Kerrigan (until 21 July 2017)
Company Secretary – Val Stevens
Programmes Consultant – Peter Dunn
Programmes Consultant – Steve Sanderson
Head of Operations – Kat Wagner
Finance Co-ordinator – Caroline Trimble

Auditors

BDO LLP, 2nd floor, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Bankers

Barclays Bank PLC, 125 Broadway, Didcot OX11 8AW

Solicitors

Anthony Collins LLP, 134 Edmund Street, Birmingham B3 2ES

Secretary and registered office

Val Stevens, Cyan International, 129 Broadway, Didcot, Oxfordshire OX11 8XD
Email: mail@cyanint.org
Website: www.cyaninternational.org

Company number

6843768

Registered charity number

1129603 (England and Wales)

2 Trustees' report

2.1 Organisational objectives

2.1.1 Vision, mission and values

Many around the world live in abject poverty, with meagre health facilities, poor access to education, little opportunity to improve their lives, and hemmed in by unjust systems and an imbalance of power. Cyan International wants to ensure that the next generation will be different. We are part of a global network of partners that strives to deliver long-term solutions to poverty.

Our vision is to see the lives of poor and disadvantaged communities transformed from poverty to opportunity, from inequality to justice, and from despair to hope.

The mission of Cyan International is to secure sustainable improvements in the lives of poor and disadvantaged people, particularly those affected by conflict and insecurity. We build on local skills and knowledge with the aims of:

- Improving poor people's access to essential services
- Securing basic human rights and justice
- Improving economic opportunities

The following values guide our work:

- Equal partnership – we draw upon the skills, knowledge and experience of poor and disadvantaged communities to learn from each other and work together as true partners.
- Compassion with integrity – we respond with care and concern, whilst encouraging honesty, transparency and accountability in all we do.
- Mutual respect for people – we treat all members of the communities with which we work with equality and dignity.
- Dignity – we believe in the inherent dignity of each human life, and the need to enhance dignity where it has been threatened.
- Empowerment – we believe in the potential of poor and disadvantaged communities to address their own problems with appropriate solutions.

2.1.2 Objectives and activities

Our charitable objects are:

- The prevention or relief of poverty, *leading to transformed and empowered communities*
- The advancement of health and saving lives, *a result of accessible and improved healthcare*
- The advancement of education, *generating educational and learning opportunities*
- The relief of suffering and distress, *bringing about the restoration of hope and dignity*

Guided by our vision and these charitable objects, a five-year strategic plan was developed in 2014. Our main objectives for 2016, as stated in the organisational performance framework, were to: enable the placement of personnel in fragile states and other complex environments; support projects which directly benefit a total of 7,000 people; achieve £80,000 of external grant funding; develop plans to strengthen our partnerships; and improve our policy review process.

2.1.2 Objectives and activities (cont)

Our activities to meet these objectives included seconding 46 volunteers to work with partners in eight countries, supporting disaster response and longer-term community development projects reaching 23,185 beneficiaries, continuing to manage our two institutional-donor funded maternal health projects in Afghanistan and Chad, and reviewing our approach to risk management.

2.1.3 Grants

A large part of the work of Cyan International in addressing poverty involves making grants to partner organisations. Grants are made according to strategic priorities or, in the case of relief, where disasters have occurred. Project proposals received from partners are assessed using internal guidelines, with due regard to beneficiary needs, partner capacity and approach. Reporting, monitoring and evaluation of the use of grants are carried out on all projects with the emphasis on proving outcomes and impact.

2.2 Achievements and performance

2.2.1 Transformed and empowered communities

Poverty is more than merely an absence of material conditions. It includes social, psychological and spiritual dimensions and is also about powerlessness, lack of freedom, lack of access to services, and being a victim of social discrimination. Cyan International believes in empowering communities and individuals to gain control over the factors and decisions that shape their lives resulting in long-term, sustainable development.

Example: Agribusiness Livelihoods Project, northern Uganda

Following the long-term displacement caused by civil war in northern Uganda, this project is enabling subsistence farming households in Paicho sub-county, Gulu District, to increase their incomes by growing a selection of ginger, banana and chilli for cash crops. Links to commodity buyers and community savings schemes will ensure that farmers' incomes increase, and profits enable households to improve their quality of life.

2.2.2 Accessible and improved healthcare

Access to healthcare is one of the most important factors enabling people to break the cycle of poverty. Cyan International supports projects which improve access to healthcare and provides people with information and advice to prevent illness and maintain healthy lifestyles. We believe this is essential for laying strong foundations for sustainable development.

Example: Improving maternal health in Afghanistan

In Afghanistan, our maternal health project has completed its second year, with final completion at the end of September 2017. In the 12 month period to March 2017, 566 women and 322 men took part in participatory training on birth and life-saving skills (BLISS). After-course surveys are showing improvements in knowledge, and follow-up surveys one year later indicate positive behavioural changes. For example, 96% of women now breastfeed within the first hour after giving birth, up from 49% pre-course. This project is funded by DFID's UK Aid Direct fund.

2.2.3 Educational and learning opportunities

The relationship between education and poverty is clear: lack of education holds people back and stops them from achieving their potential at every stage of life. For this reason we seek to support projects promoting access to education, literacy and empowerment.

2.2.3 Educational and learning opportunities(cont)

Example: Kolkata churches as a Beacon of Safety

Through the co-ordination of Cyan's office in India, church leaders in Kolkata made a significant commitment in 2016 to address the issue of gender-based violence. A statement endorsed by the Bishop of Calcutta and leaders of two other denominations was read out by pastors to their congregations on the Sunday following the International Day for the Elimination of Violence Against Women. In partnership with Restored, a church training programme with contextualised resources has been piloted in these churches, asking men to respect women and challenge attitudes and behaviours in themselves and other men that perpetuate violence against women.

2.2.4 Restoration of hope and dignity

Cyan International responds to emergency situations globally in order to save lives and alleviate suffering. Our network of partners has the ability to respond quickly and effectively.

Example: Flood relief in Democratic People's Republic of Korea (DPRK)

In September 2016, Typhoon Lionrock devastated northern parts of the DPRK. Over 30,000 buildings were swept away, affecting as many as 600,000 people. Cyan was able to respond as part of a co-ordinated relief effort, at the request of the government and in consultation with United Nations Development Programme and World Health Organisation. Medical supplies were sourced locally and used to re-equip a clinic in one of the worst affected areas.

2.2.5 Organisational capacity

While continuing to operate with a small staff team, Cyan's standards of operation and governance continue to benefit from the challenges and requirements commensurate with holding institutional grants. This has included continuous improvement of frameworks for monitoring effectiveness; publishing project data to the International Aid Transparency Initiative (IATI) platform; and improvements to our policy review scheduling, including reviewing our vulnerable beneficiaries policy, reserves policy and ethical fundraising policy.

2.2.6 Future plans

During 2017, we will continue to match suitable funders with effective partner programmes so that 7,000 people will experience fresh opportunities, life-changing justice and liberating hope. Performance evaluation and partner due diligence will also be strengthened through improved systems and additional staff capacity.

Our two maternal health projects both continue in their third and final year of implementation. The project in Afghanistan is funded by the UK government through its Global Poverty Action Fund (GPAF), and the project in Chad is funded by the Guernsey Overseas Aid & Development Commission (GOADC).

During the year RCB continued to provide consultancy advice and training to improve the working conditions and environmental responsibility of garment factories in Bangladesh in spite of a difficult operating environment. Cyan explored future options for Reed Consulting Bangladesh Ltd (RCB) before making a decision in June 2017 to close the business.

2.3 Structure, governance and management

2.3.1 Organisation

Cyan International is governed by a Memorandum and Articles of Association, amended on 25 March 2014, and is constituted as a company limited by guarantee. The Board of Trustees, which normally meets four times a year, is responsible for strategic decisions, drawing on advice from the chief executive and senior management. Day-to-day operational decisions are taken by the chief executive and senior management. Unless the Board decides otherwise, the

2.3.1 Organisation (cont)

minimum number of Trustees is 5 and there is no maximum. Currently the Board aims to have 6 members. The charity BMS World Mission is entitled to appoint, and remove, up to 50 per cent of the trustees, whilst the remainder are appointed by the Board. Board-appointed trustees can serve up to three years and are eligible for reappointment at the end of each term. As far as is practicable, the Board will ensure that it maintains an appropriate skills mix and balance. The procedures for the appointment, induction and training of trustees are set out in the Cyan International Board Manual. An induction session is held for new trustees, normally prior to their first Board meeting, and a programme of any general or specialist training will be agreed between individual trustees, the Chair of the Board and the Chief Executive.

John Howes stepped down as Director and Chair of the Board on 30 June 2017 and was replaced as Chair by Helen Brook. David Kerrigan retired as Chief Executive on 21 July 2017.

2.3.2 Relationship with other charities

Cyan International has an ongoing relationship with BMS World Mission and cooperation between the two charities, including the secondment of BMS staff to Cyan, is governed by a Memorandum of Understanding.

Cyan International established a wholly-owned subsidiary company in India, known as Cyan International (India). This was registered in August 2010, for charitable purposes, under section 25 of the India Companies Act 1955, with an initial share equity of Rps 100,000 from Cyan International. Cyan International (India) will assist Cyan International in delivering solutions to poverty in India and the surrounding countries.

Following the registration of an in-country branch office in Uganda in 2015, permission to operate for a further three years was granted by Uganda's NGO Board in June 2015. Cyan International (Uganda) will facilitate Cyan's development work within Uganda. A local trading name of Justice Livelihoods and Health has been registered. As an INGO, overall governance rests with Cyan International but the Board of Reference in Uganda oversees the management of in-country projects.

Cyan International has contracted services to Reed Consulting Bangladesh Ltd (RCB), as well as seconding personnel to work in the business, for a number of years now. In 2015, Cyan started the process of acquiring shares in RCB, and the administrative process of registering the purchased shares with the Bangladesh Registrar of Joint Stock Companies continues. In June 2017 the decision was taken to close RCB.

2.3.3 Internal controls and risk management

The Board of Trustees has overall responsibility for financial planning, use of resources and the system of internal controls. There is an agreed set of financial procedures and clear delegation of financial responsibilities from the Board through to staff. An annual budget is approved by the Board and regularly monitored by staff. The trustees recognise that areas of significant risk concern the transfer of grants to other countries, the possibility of misuse, fraud or money-laundering, or grants for humanitarian purposes being held up due to sanctions. These risks are mitigated by using known and trusted partners and a system of money-laundering checks. There have been no reports of misuse of funds identified during the year.

Trustees are specifically aware of high risk to personnel safety in countries where Cyan works. The crisis response procedure is well rehearsed and supported by phone 24 hours a day. During the year incidents requiring some sort of evacuation or support have taken place in six of the countries in which Cyan operates.

Trustees consider risk as part of their routine governance and specifically, the risk register is reviewed annually, and takes into account the UK Bribery Act 2010 to ensure Cyan International has effective controls in place to mitigate the risk of bribery in all its operations. Furthermore two significant codes of conduct are adopted to ensure Cyan aligns with

2.3.3 Internal controls and risk management (cont)

best practice in relation to effective governance and operations – NCVO's Good Governance: A Code for the Voluntary and Community sector and the International Red Cross (IRC) Code of Conduct for NGOs in Disaster Relief.

2.3.4 Public benefit statement

Cyan International meets the definition of a public benefit entity under FRS102. The trustees have paid due attention to the Charity Commission's guidance on public benefit and believe that Cyan International complies with the requirements.

2.4 Financial review

2.4.1 Income and expenditure

The income during 2016 was £244k (2015: £177k). The principal funding source was BMS World Mission. Additionally in 2016 Cyan received two grants from government donors, and one from another international non-government organisation. Total expenditure during 2016 was £241k (2015: £181k), of which £235k (2015: £176k) related to charitable activities.

2.4.2 Reserves

The Board has agreed a policy of normally holding between six and twelve months of budgeted expenditure as free reserves, to provide flexibility and resilience to cover any short-term funding crisis or a medium-term recession. At 31 December 2016, the free reserves of £134k (2015: £146k) represented 59% or seven months' worth of the budgeted expenditure for 2017.

At the end of the 2016 financial year, £36k (2015: £21k) was held as restricted funds. These are due to be spent in 2017.

2.5 Auditors

All of the current trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. In preparing the trustees' report advantage has been taken of the small company's exemption.

2.6 Statement of trustees' responsibilities

The trustees 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 in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

2.6 Statement of trustees' responsibilities (cont)

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Financial Statements are published on the charitable company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charitable company's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained herein.

On behalf of the Board of Trustees

Chair

Helen Brook

26 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CYAN INTERNATIONAL

We have audited the financial statements of Cyan International for the year ended 31 December 2016 which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes. 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).

This report is made solely to the charity'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 charity'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 charity and the charity's members 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 statement of trustees' responsibilities, 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. We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of the charity's incoming resources and application of resources, including the income and expenditure, for the 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the trustees' report has been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the trustees' report.

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; or
- the trustees were not entitled to prepare the financial statements and the trustees' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

*Don Bawtree (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex
Date:*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT**

Year ended 31 December 2016

| | Note | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Unrestricted funds £ | Restricted funds £ | Total 2015 £ |
|--|------|----------------------------|--------------------------|--------------------|----------------------------|--------------------------|--------------------|
| INCOME FROM: | | | | | | | |
| Donations and legacies | 3 | 32,083 | 211,316 | 243,399 | 35,000 | 141,473 | 176,473 |
| Investments | | 569 | - | 569 | 699 | - | 699 |
| Total income | | 32,652 | 211,316 | 243,968 | 35,699 | 141,473 | 177,172 |
| EXPENDITURE ON: | | | | | | | |
| Raising funds | | 5,609 | - | 5,609 | 5,089 | - | 5,089 |
| Charitable activities | | | | | | | |
| Transformed and empowered communities | | 22,900 | 117,114 | 140,014 | 20,591 | 61,048 | 81,639 |
| Accessible and improved healthcare | | 13,920 | 64,469 | 78,389 | 17,964 | 62,496 | 80,460 |
| Restoration of hope and dignity | | 441 | 4,581 | 5,022 | 3,038 | 9,660 | 12,698 |
| Educational and learning opportunities | | 1,971 | 10,073 | 12,044 | 770 | - | 770 |
| | | 39,232 | 196,237 | 235,469 | 42,363 | 133,204 | 175,567 |
| Total expenditure | 4 | 44,841 | 196,237 | 241,078 | 47,452 | 133,204 | 180,656 |
| Net income / (expenditure) before transfers | | (12,189) | 15,079 | 2,890 | (11,753) | 8,269 | (3,484) |
| Transfers between funds | | - | - | - | (123) | 123 | - |
| Net movement in funds | 5 | (12,189) | 15,079 | 2,890 | (11,876) | 8,392 | (3,484) |
| Fund balances brought forward at 1 January 2016 | | 146,267 | 20,673 | 166,940 | 158,143 | 12,281 | 170,424 |
| Fund balances carried forward at 31 December 2016 | | 134,078 | 35,752 | 169,830 | 146,267 | 20,673 | 166,940 |

All operations are continuing.

All recognised gains and losses are included in the Statement of Financial Activities.

The notes on pages 13 to 19 form part of these financial statements.

BALANCE SHEET

as at 31 December 2016

| | Note | 2016 £ | Restated 2015 £ |
|---|------|----------------|-----------------------|
| Fixed assets | | | |
| Investments | 7 | 1,622 | 1,617 |
| | | <u>1,622</u> | <u>1,617</u> |
| Current assets | | | |
| Debtors: | 8 | | |
| Due within one year | | 111,428 | 32,040 |
| Due after one year | | - | 23,800 |
| | | <u>111,428</u> | <u>55,840</u> |
| Cash at bank and in hand | | 30,182 | 22,383 |
| Short term deposits | | 67,316 | 101,730 |
| | | <u>208,926</u> | <u>179,953</u> |
| Creditors: amounts falling due within one year | 9 | (40,718) | (14,630) |
| Net current assets | | 168,207 | 165,323 |
| Total net assets | | <u>169,830</u> | <u>166,940</u> |
| The funds of the charity | 10 | | |
| Restricted income funds | | 35,752 | 20,673 |
| Unrestricted income funds: | | | |
| General funds | | 134,078 | 146,267 |
| Total charity funds | | <u>169,830</u> | <u>166,940</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board, authorised for issue on 26 September 2017 and signed for on its behalf by:

Helen Brook
Chair

Valerie Stevens
Company Secretary

The notes on pages 13 to 19 form part of these financial statements.

Cyan International

Company number: 6843768

Registered charity number: 1129603 (England and Wales)

CASH FLOW STATEMENT*as at 31 December 2016*

| | Note | 2016 | 2015 |
|---|-------------|-----------------|-----------------|
| | | £ | £ |
| Net cash used in operating activities | 15 | (27,179) | (39,888) |
| Cash flows from investing activities: | | | |
| Investment income | | 569 | 699 |
| Purchase of investments | | (5) | - |
| Net cash provided by investing activities | | 564 | 699 |
| Change in cash and cash equivalents in the reporting period | | (26,615) | (39,189) |
| Cash and cash equivalents at the beginning of the reporting period | | 124,113 | 163,302 |
| Cash and cash equivalents at the end of the reporting period | | 97,498 | 124,113 |

1 Legal status of Cyan International

Cyan International is a company limited by guarantee and is a registered charity. Each member's liability is limited, upon winding up, to an amount not exceeding one pound.

2 Principal accounting policies*Basis of preparation*

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The date of transition was 1 January 2014.

The following principal accounting policies have been applied:

(a) Fund accounting

The company maintains two types of funds. General unrestricted funds are funds available for use at the discretion of the board of directors in furtherance of the general charitable objectives. Restricted funds are funds subject to specific conditions imposed by donors.

(b) Income

All income is recognised in the Statement of Financial Activities when the company is legally entitled to the income, receipt is probable and the amount can be measured reliably. Income from external grants is recognised in the Statement of Financial Activities as soon as it is receivable unless donor conditions related to performance and specific deliverables apply. These grants are accounted for as the charity earns the right to consideration through performance.

(c) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Charitable activities include expenditure associated with the operation of the charity and the provision of its services. Costs of raising funds are those costs incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of Cyan's charitable activities.

(d) Grants

Grants are made to partners and other parties. A liability is recognised when a commitment has been communicated to the recipient.

(e) Investments

The investment in the subsidiaries Cyan (India) and Reed Consulting Bangladesh are carried on the company's balance sheet at cost less impairment losses.

(f) Basis of consolidation

The accounts of Cyan (India) and Reed Consulting Bangladesh have not been incorporated into these accounts on the grounds that Cyan International is a Small Group and the combined income is less than £1m. This report therefore provides information about the stand-alone charity only.

2 Principal accounting policies (cont)

(g) Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the Balance Sheet date. Any gain or loss on exchange is taken to the Statement of Financial Activities at that time.

(h) Going concern

After reviewing the charity's forecasts and projection, the directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

(i) Judgements and estimates made by management

Preparation of the financial statements requires management to make certain judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

1. Reed Consulting (Bangladesh) Ltd (RCB) has assets to cover any final liabilities.
2. The grant funding from DfID and other Governmental Agencies are sufficient to implement the programmes for which grants have been received.
3. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

3 Donations and legacies

| | Unrestricted funds £ | Restricted funds £ | Total 2016 £ | Total 2015 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Grants received: | | | | |
| UK Government DfID | - | 48,935 | 48,935 | 36,644 |
| International non-governmental organisations | 32,083 | 129,247 | 161,330 | 106,695 |
| Governmental agencies | - | 33,134 | 33,134 | 33,134 |
| | 32,083 | 211,316 | 243,399 | 176,473 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 31 December 2016

4 Expenditure

| | Grants | Direct costs | Governance and support costs | Total 2016 | Total 2015 |
|--|----------------|---------------------|-------------------------------------|-------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Raising funds | - | - | 5,609 | 5,609 | 5,089 |
| Charitable activities: | | | | | |
| Transformed and empowered communities | 111,692 | 5,422 | 22,900 | 140,014 | 81,639 |
| Accessible and improved healthcare | 63,934 | 19 | 14,436 | 78,389 | 80,460 |
| Restoration of hope and dignity | 4,200 | - | 822 | 5,022 | 12,698 |
| Educational and learning opportunities | 7,593 | 2,480 | 1,971 | 12,044 | 770 |
| | 187,419 | 7,921 | 40,129 | 235,469 | 175,567 |
| Total expenditure | 187,419 | 7,921 | 45,738 | 241,078 | 180,656 |

Analysis of governance and support costs

| | Governance costs | Seconded staff costs | Office costs | Total 2016 | Total 2015 |
|--|-------------------------|-----------------------------|---------------------|-------------------|-------------------|
| | | £ | £ | £ | £ |
| Raising funds | | 5,400 | 209 | 5,609 | 4,703 |
| Charitable activities: | | | | | |
| Transformed and empowered communities | 5,019 | 17,613 | 268 | 22,900 | 20,591 |
| Accessible and improved healthcare | 2,741 | 9,619 | 2,076 | 14,436 | 20,289 |
| Restoration of hope and dignity | 180 | 632 | 10 | 822 | 3,201 |
| Educational and learning opportunities | 432 | 1,516 | 23 | 1,971 | 194 |
| | 8,372 | 29,380 | 2,377 | 40,129 | 44,275 |
| Total expenditure | 8,372 | 34,780 | 2,586 | 45,738 | 48,978 |

Support costs have been allocated to activity cost categories on a basis consistent with the use of resources. Costs have been apportioned on staff numbers, time used for the activity or a proportion of the direct costs involved.

Governance costs are made up as follows:

| | 2016 | 2015 |
|----------------|--------------|--------------|
| | £ | £ |
| Audit fee | 3,400 | 4,300 |
| Board expenses | 884 | 761 |
| Support costs | 4,088 | 2,712 |
| | 8,372 | 7,773 |

5 Net movement in funds

Net movement in funds for the year is stated after charging the following:

| | 2016 | 2015 |
|---|-------|-------|
| | £ | £ |
| Auditor's remuneration – audit services | 3,400 | 4,300 |
| Exchange differences | 688 | 1,417 |

6 Grant expenditure

| | Transformation | Health* | Restoration | Education | Total |
|---|----------------|---------------|--------------|--------------|----------------|
| | £ | £ | £ | £ | 2016 |
| | | | | | £ |
| BMS World Mission, UK | - | 3,765 | - | 7,593 | 11,358 |
| Cutting Edge Foundation, Chad | - | 15,170 | - | - | 15,170 |
| IAM, Afghanistan | 28,437 | 44,999 | - | - | 73,436 |
| Reed Consulting Bangladesh | 66,982 | - | - | - | 66,982 |
| Kasese Baptist Convention, Uganda | 1,000 | - | - | - | 1,000 |
| Uganda Christian Lawyers Fellowship | 15,273 | - | - | - | 15,273 |
| Partner in Democratic Republic of Korea | - | - | 4,200 | - | 4,200 |
| Total | 111,692 | 63,934 | 4,200 | 7,593 | 187,419 |

- Of the sum of £63,934 for healthcare, £48,764 was expenditure of a DfID grant for maternal healthcare in Afghanistan (2015 £30,370)

7 Investments

| | 2016 | 2015 |
|----------------------------|--------------|--------------|
| | £ | £ |
| Cyan International (India) | 1,617 | 1,617 |
| Reed Consulting Bangladesh | 5 | - |
| | 1,622 | 1,617 |

Cyan International (India) is incorporated in India. The company owns 100% of its share capital. Cyan International (India) exists only to disburse expenses incurred by the company in India and does not trade on its own account. Reed Consulting Bangladesh is incorporated in Bangladesh. The company owns 100% of its share capital and is in the process of registering ownership with the Bangladesh Registrar of Joint Stock Companies.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Year ended 31 December 2016

8 Debtors

| | 2016 | 2015 |
|--------------------------------|----------------|---------------|
| | £ | £ |
| Prepayments and accrued income | 111,428 | 55,840 |
| | 111,428 | 55,840 |

All amounts fall due for payment within a year. Accrued income includes grant income receivable from BMS World Mission of £78,772 (2015 £11,790), Guernsey Overseas Aid and Development Commission £16,567 (2015 £nil) and DfID £13,498 (2015 £9,612).

The figure for 2015 included a concessionary interest-free loan to Reed Consulting (Bangladesh) Ltd of £34,000 which was repaid in 2016.

9 Creditors: amounts falling within one year

| | 2016 | 2015 |
|-----------------|---------------|---------------|
| | £ | £ |
| Accruals | 17,593 | 7,907 |
| Other creditors | 23,125 | 6,723 |
| | 40,718 | 14,630 |

10 Statement of funds

| | 1 January 2016 | Income | Expenditure | Support costs | 31 December 2016 |
|---------------------------|-------------------|----------------|----------------|------------------|---------------------|
| | £ | £ | £ | £ | £ |
| Restricted funds | | | | | |
| Afghanistan | - | 28,437 | 28,437 | - | - |
| Afghanistan (DfID) | - | 48,936 | 48,764 | 172 | - |
| Bangladesh | - | 66,982 | 66,982 | - | - |
| Chad | 9,902 | 33,134 | 15,189 | 344 | 27,503 |
| India | 4,532 | 5,541 | 10,073 | - | - |
| Relief fund – DPRK | - | 4,581 | 4,200 | 381 | - |
| Uganda | 6,239 | 23,705 | 21,695 | - | 8,249 |
| | 20,673 | 211,316 | 195,340 | 897 | 35,752 |
| Unrestricted funds | 146,267 | 32,652 | 45,738 | (897) | 134,078 |
| Total funds | 166,940 | 243,968 | 241,078 | - | 169,830 |

Restricted expenditure including support costs £196,237; unrestricted expenditure after support costs £44,841

The Afghanistan restricted fund relates to relief and per capita costs for workers.

The Afghanistan DfID restricted fund relates to a maternal health project.

The Bangladesh restricted fund relates to Reed Consulting Bangladesh Ltd activity, a subsidiary through whom Cyan is engaged in social responsibility in the garment industry.

The Chad restricted fund relates to a maternal health project.

The India restricted fund relates to gender-based violence work.

The DPRK restricted relief fund was to support people affected by flooding following Typhoon Lionrock

The Uganda restricted fund relates to rural health work and an agricultural development project.

10 Statement of funds (cont)

| | 1 January 2015 | Income | Expenditure | Transfers | 31 December 2015 |
|---------------------------|-------------------|----------------|------------------|--------------|---------------------|
| | £ | £ | £ | £ | £ |
| Restricted funds | | | | | |
| Afghanistan | - | 38,921 | (38,921) | - | - |
| Afghanistan (DfID) | - | 36,644 | (36,644) | - | - |
| Bangladesh | - | 19,786 | (19,909) | 123 | - |
| Chad | 2,120 | 33,134 | (25,352) | - | 9,902 |
| India | - | 4,532 | - | - | 4,532 |
| Mozambique | 9,661 | - | (9,661) | - | - |
| Nepal | 500 | - | (500) | - | - |
| Uganda | - | 8,456 | (2,217) | - | 6,239 |
| | 12,281 | 141,473 | (133,204) | 123 | 20,673 |
| Unrestricted funds | 158,143 | 35,699 | (47,452) | (123) | 146,267 |
| Total funds | 170,424 | 177,172 | (180,656) | - | 166,940 |

11 Analysis of net assets between funds

| | Unrestricted funds | Restricted funds | Total 2016 |
|-------------------------|-----------------------|---------------------|----------------|
| | £ | £ | £ |
| Investments | 1,622 | - | 1,622 |
| Current assets | 161,418 | 47,508 | 208,926 |
| Current liabilities | (28,962) | (11,756) | (40,718) |
| Total net assets | 134,078 | 35,752 | 169,830 |

12 Employees

The company does not have any employees; seven part-time staff were seconded from an international non-governmental organisation and their time paid for at cost.

13 Trustees' emoluments

The trustees all give their time and expertise without any form of remuneration or other benefit in cash or kind (2015 – nil). A total of £460 (2015- £232) was reimbursed to three trustees (2015 – three) in respect of Board meetings.

14 Related party transactions

Cyan International has an ongoing relationship with BMS World Mission and cooperation between the two charities, including the secondment of BMS staff to Cyan, is governed by Memoranda of Understanding. During 2016 Cyan made two grants to BMS World Mission totalling £11,358 (2015- four grants - £11,331). Cyan received a total of £161,329 from BMS during the year (2015- £106,695). At 31 December 2016 £17,760 (2015 - £6,820) was owed to BMS.

During 2010, Cyan International established a wholly-owned subsidiary company in India, known as Cyan International (India). This was registered in August 2010, for charitable purposes, under section 25 of the India Companies Act 1955,

14 Related party transactions (cont)

with an initial share equity of Rps 100,000 from Cyan International. Cyan International (India) assists Cyan International in delivering solutions to poverty in India and the surrounding countries. There were no transactions between Cyan and Cyan India during the year (2015 £ Nil).

Reed Consulting Bangladesh is considered to be a subsidiary of Cyan even though the share transfer registration is incomplete. In 2016 grants amounting to £66,986 (2015 - £19,909) were paid to RCB which provides services to the Cyan.

15 Reconciliation of net incoming resources to net cash flow from operating activities

| | 2016 | 2015 |
|--|-----------------|-----------------|
| | £ | £ |
| Net income / (expenditure) for the reporting period as per the Statement of Financial Activities | 2,890 | (3,484) |
| Investment income | (569) | (699) |
| (Increase) / decrease in debtors | (55,588) | (44,406) |
| Increase in creditors | 26,088 | 8,701 |
| Net cash (outflow) / inflow from operating activities | <u>(27,179)</u> | <u>(39,888)</u> |

16 Analysis of net funds

| | At 1 January 2016 | Cash flows | At 31 December 2016 |
|--------------------------|----------------------|-----------------|---------------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 22,383 | 7,799 | 30,182 |
| Short term deposits | 101,730 | (34,414) | 67,316 |
| | <u>124,113</u> | <u>(26,615)</u> | <u>97,498</u> |

17 Transactions as agent

From March 2015, Cyan has acted as agent for Freeset, a social enterprise based in Kolkata, India. The charity passed on to Freeset £12,036 in 2016 (2015 – £48,451). At 31 December 2016, £5,366 (2015 – £78) was held by Cyan to pass on to Freeset.

18 Post balance sheet event

In reviewing its strategy on owning and running subsidiary businesses, Cyan concluded that this was outside the core strategy for the organisation. On 8 June 2017, after discussions with a potential buyer had failed, the decision was regretfully taken to close Reed Consulting Bangladesh. The staff were informed on 12 June 2017 and the decision ratified by the Cyan Board on 22 June 2017. Work will continue on contracts in progress until October 2017. The estimated impact is that there will be neither cost nor profit resulting from the closure.

