

**PROSPECT BURMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

**ALISON WARD ACCOUNTANTS
CHARTERED CERTIFIED ACCOUNTANTS**

**28 HILLS ROAD
BUCKHURST HILL
ESSEX IG9 5RS**

**PROSPECT BURMA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

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**PROSPECT BURMA
TRUSTEES' REPORT - STATUTORY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016**

The Board of Trustees	Robert Gordon CMG OBE, Chairman Patricia Herbert, Vice-Chair David Colvin CMG Daw Kyi Kyi May Anna Allott, OBE Guy Slater Sir Robin Christopher KBE CMG Lindy Ambrose Caroline Courtauld MBE Dr Michael Marett-Crosby Dominic Hammond Joshua Htet
Executive Director	Hannah Marcazzo
Programmes Officer	Josh Bowser (promoted from Scholarships Administrator)
Programmes Manager	Stephanie O'Connell
Communications & Fundraising Officer	Nicola Lynch (resigned 25/11/15)
Communications Manager	Kirsty Mitchell (appointed 07/03/16)
Fundraising Manager	Shree Mandke (01/12/16 - 01/06/16) Riad Huballah (appointed 01/06/16)
Principal office of the charity	Victoria Charity Centre 11 Belgrave Road London SW1V 1RB
Charity number	802615
Bankers	The Royal Bank of Scotland plc 50-54 High Street Crawley West Sussex RH10 1YZ
Independent Examiner	Alison Ward FCCA Alison Ward Accountants 28 Hills Road Buckhurst Hill Essex IG9 5RS

**PROSPECT BURMA
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

The Trustees have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2016. The statutory information is shown on Page 1.

STATUS

The charity is an unincorporated association/trust. It has a trust deed as its governing document. The charitable registration number is 802615. In January 2016 we started the process to register with the Charity Commission as a Charitable Incorporated Organisation (CIO). The application was approved in June 2016. The Trust intends to transfer assets and liabilities to the CIO the next few months when the CIO will become the primary operational entity.

PRINCIPAL AIMS

The objectives set out in our Trust deed, dated 1989 are:

"To further the peaceful development of education among young persons who are citizens of Burma or who are by origin of Burmese descent or who by reason of parental or family relationships are connected with the country of Burma, and to develop and encourage amongst such persons a knowledge of the cultural and historical development of Burma."

We have captured the essence of our purpose in our updated Vision:

"Education for a Democratic Future"

Our Mission is threefold:

- i) To build on the 25 year record of educational programmes and more than 2,300 scholarships for students.
- ii) To expand the educational work of Prospect Burma in a manner that best supports democratic transformation, good governance and the rule of law.
- iii) To develop an educational presence in-country.

Prospect Burma takes inspiration from and shares Daw Aung San Suu Kyi's belief and value statement regarding the ability of education to create a peaceful, democratic, inclusive and just society.

WHAT WE DO

Although there has been real progress in Burma and the government has now started to allocate more funds for education, it will take a long time to make up for the shortcomings of the past. Our work therefore continues to be as important as ever. We aim, through our programmes and projects, to create a pool of educated Burmese who can return to their country to contribute to its democratic and economic development. The tertiary education sector is still poorly resourced both financially and in teaching personnel. The only option for Burmese students seeking quality education is to go abroad to study. Few could afford to do so without the scholarship grants provided by Prospect Burma, and a small number of other organisations.

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

We help to fund an intensive English language programme in Kachin State and we finance selected students on English courses at the British Council in Rangoon. Foundation courses that teach English Language, computing and critical thinking skills, are extremely important in enabling students to bridge the gap between high school graduation and university application. As such they are a crucial element that facilitates our Scholarship Programme to reach students from underserved populations. This year we also funded 6 student places on the English Language courses run by Cetana Education Foundation in Rangoon.

Prospect Burma continues to fund 3 projects inside Burma that provide educational programmes to support former political prisoners and their family members. Sky Age Education Centre provides a residential English Language and computing course for ex-political prisoners, their family members and other disadvantaged youths; in 2014-15 the Open Myanmar Initiative (OMI) ran English Language, Economics and Civic Education courses for former political prisoners, but since the NLD victory in the November 2015 elections has shifted its focus to local governance training; and the Former Political Prisoner Society (FPPS) uses Prospect Burma funding to host conferences and seminars on topical governance issues.

MANAGEMENT AND HUMAN RESOURCES

The Board of Trustees, listed on page 1, provides the governance and much practical input to Prospect Burma. In December 2015, the UK team moved from Fulham to a new office in Victoria. The slightly larger office space has facilitated the expansion of the number of employees and volunteers working for the charity, enabling us to increase our fundraising initiatives to ensure the long-term sustainability and growth of our programmes. The UK office is overseen by the Executive Director, Hannah Marcazzo, who is employed part-time, and administers the charity on a day-to-day basis, coordinating the input of staff, Trustees, academic advisers, volunteers, and others. The Executive Director is supported by Fundraising Manager Riad Huballah, Communications Manager Kirsty Mitchell and Programmes Officer Josh Bowsher, all of whom hold part-time positions. Long time Programmes Manager Stephanie O'Connell was contracted to the UK office for 6 days per month in 2015-16.

In October 2015, following the resignation of Nicola Lynch, the Fundraising and Communications Officer, the Board of Trustees made the decision to split the position into 2 distinct roles; a new Communications Manager, Kirsty Mitchell, was recruited in March 2016 and the Fundraising Manager position was temporarily filled by a consultant for 7 months until Riad Huballah, a permanent staff member, was recruited in June 2016. Kirsty has worked in charity communications for several years, specialising in small charities particularly in the fields of International Development and Education. Riad previously worked as an Account Manager at Kellogg's and prior to that as Fundraising Manager at Vital Regeneration, a charity working to reduce deprivation in Westminster's most disadvantaged neighbourhoods.

Given the part-time nature of Prospect Burma's staff, the organisation is reliant on input from volunteers to ensure that programmes can be delivered efficiently and effectively. In particular, we have received ongoing IT support from Naheem Iqbal throughout the year, graphic design input on our communications materials from Ana Godoy and fundraising and communications support from Juliette Ezdra.

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Overseas, we have continued to pay a retainer to representatives in Burma/Thailand to provide information on our scholarships, keep in touch with students, verify enrolments and identities, and act as paying agents to our scholars. However, in February 2015, the Board of Trustees gave approval to opening a Prospect Burma office in Burma, with the expectation that, from January 2017, the new office will take over the administration of the scholarships programme. Hnin Nwe Nwe Aung was recruited and appointed Country Manager in Rangoon taking up her position in July 2016. Her initial focus is on setting up the local Prospect Burma-Burma office with a view to being fully operational by January 2017.

FUNDING AND FUNDRAISING

We have continued to receive regular financial support from the international prize funds of Daw Aung San Suu Kyi. Her support is vital in our appeal to all who believe in a future democratic Burma. In the year under review we benefited from grants of £64,998 from the Daw Aung San Suu Kyi Trust for Health and Education. Our largest single donor continues to be the United States Department of State, Bureau for Democracy, Human Rights and Labor, which provided us with a grant award of \$198,020 for which we are most grateful.

We benefited from grants from the The Camellia Foundation, The Fulmer Charitable Trust, the G C Gibson Charitable Settlement Trust, the Green Centre for World Art, Hoare and Co Trust, M J Samuel Charitable Trust, the Melville Charitable Trust, the Eleanor Rathbone Charitable Trust, Aldama Foundation, TIDE Foundation, and Omidyar Network in addition to gifts from trusts and organisations who wish to remain anonymous. We are most grateful to all of these for their support.

Prospect Burma has been supported by a number of gifts in kind during 2015/16. Of particular note has been the support provided by Devonshires Solicitors for our CIO application, Appssential for the development of our website, and Allen and Overy for their sponsorship of our Gala Dinner fundraising event. We are most grateful for their support.

Funds were raised through production of the twice yearly newsletter, by researching and applying to Trusts and grant-giving institutions, by keeping in touch with individual donors and supporters, and by arranging fundraising events.

The "Partners' Scheme" continues to operate; this is aimed at donors willing to commit a minimum of £300 a year (plus Gift Aid). The advantage is that it provides us with a steady, reliable income flow, especially from those willing to pay regularly by standing order. The number of these generous supporters and regular givers is currently 64 compared to 68 last year.

Our "Adopt-A-Scholarship Scheme", by which supporters or trusts can give money for individual scholars to support specific courses, continues to attract a good response and, in the year under review, the scheme raised £17,932 with some pledges of ongoing support. Each Adopt-A-Scholarship supporter receives an annual report on "their" student's academic progress, while some supporters also arrange to visit or to correspond with a student. The adoption scheme also supports some of the English language students at the British Council in Rangoon.

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

In November 2015 we held our inaugural fundraising Gala Dinner, featuring guest speaker Chris Gunness, and guests were invited to make financial pledges towards the Prospect Burma Scholarship Programme. We are grateful to our corporate sponsor, Allan and Overy, for the kind donation of their entertaining space in the heart of the City of London, and to Rachel Ellison Ltd for their financial sponsorship of the evening. We also held two smaller successful fundraising events at the Savile Club: a talk by Martin Smith, entitled "Burma/Myanmar: a Land in Change" in June 2015; and a classical concert by pianist Nathan Williamson and Prospect Burma Trustee, Josh Htet, in September 2015.

We would like to thank those who have raised money for us at events they have organised personally and for sponsored walks, runs, and cycle rides in support of Prospect Burma. We encourage supporters to leave a bequest to Prospect Burma in their wills and we are extremely fortunate to continue to benefit from two past legacies. Donations from our individual supporters and from trusts remain key to our success and we appreciate greatly their ongoing support.

This year we have been developing the Prospect Burma brand in order to improve our communications and messaging to supporters and donors. To this end, we worked with a volunteer graphic designer to undertake a re-brand of the organisation, which we started rolling out in the summer of 2015. Central to the re-brand is the new Prospect Burma logo featuring a peacock, which replaces the previous Chinthe logo, providing a fresh, modern look. The new branding has been adopted for all communications material and for the new Prospect Burma website which was launched in April 2016.

SCHOLARSHIPS POLICY

After 1988 the authorities strictly controlled and under-financed education in Burma, and tertiary level institutions were closed for long periods leaving a generation of Burmese with intermittent access to tertiary education. Since 2011 there has been some improvement in educational opportunities and efforts have been made to improve the tertiary education system. However, there is still much emphasis on rote learning and it will take many years before a robust and higher calibre system is firmly established. For the first time in 50 years the country has a democratically elected government run by the National League for Democracy (NLD) which now has the task of rebuilding Burma's health, education, and governance institutions. For this they need highly-educated and skilled individuals, making education a key to a sustainable future.

Our scholarships policy is reviewed annually and study subject priorities are chosen to reflect Burma's human resource needs. Most of the scholarship applications are from students who wish to study in Thailand and the Philippines, as well as in India.

In implementing our policy, we give preference to disadvantaged and committed students in disciplines relevant to the development of a democratic Burma. They have generally gained a place on an under-graduate degree course, or are postgraduate students who have already started or have a confirmed offer of a place on a Master's degree course. While we consider applications from those studying in any part of the world, we give preference to students in South-East Asia and the Indian subcontinent. We do not aim to cover full costs, nor, generally, do we pay international airfares.

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

We make it a condition of our awards that scholars have the intention to return to Burma and we require them to sign a declaration to that effect. In assessing applications we take into account financial and social need and commitment to rebuilding Burma as well as academic ability. We coordinate closely with other funders in this field, and endeavour to maintain an ethnic and gender balance, although our ability to do this is dependent on the applications received.

ACTIVITIES

Our largest activity continues to be the granting of scholarships to Burmese students who meet our criteria to enable them to take up places in universities and colleges outside of Burma. Through the provision of grants, we also support several projects.

From 321 applications we selected 94 students to receive grants. We received applications for study in a wide range of countries but most were for universities in South East Asia and in India.

We spent £370,259 in total on scholarships for the 94 students, an increase of 21% from £305,151 last year. Details on the grants are given below. Grants for students in the UK and China were set in sterling, while all others were in US dollars. The figures (rounded) in the table below are expressed in sterling.

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2015/16 SCHOLARSHIP AWARDS

Country	Number of Grantees	Male	Female	Combined cost of Grants (Stg£)	Average cost of Grants (Stg£)
Bangladesh	2 (0)	-	2	5,896	2,948
Burma	1 (1)	1	0	784	784
China	5 (4)	5	0	26,136	5,227
Germany	2 (0)	2	0	7,572	3,786
Hong Kong	4 (4)	1	3	18,263	4,566
India	13 (23)	6	7	15,956	1,227
Korea	1 (2)	1	1	2,178	2,178
Malaysia	1 (1)	-	1	4,827	4,827
Philippines	13 (14)	4	9	62,093	4,776
Thailand	44 (41)	17	27	158,913	3,612
UK	2 (1)	1	0	43,000	21,500
USA	6 (5)	3	3	24,641	4,107
TOTALS	94	41	53	370,259	3,939
<i>2014/15</i>	<i>96</i>	<i>50</i>	<i>46</i>	<i>305,151</i>	<i>3,179</i>

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Notes:

1. 2014/15 figures are shown in brackets for the number of grantees.
2. An average exchange rate of \$1.62/£1 has been applied.
3. Broken down by ethnicity, the 2015/16 scholarship awards went to: Chin (30), Kachin, (8), Burman (19), Rakhine (Arakanese) (1), Kayah (4), Karen (11), Shan (9), Mon (4), Mixed (5), Palaung (1), Tamil (1).
4. Continuing students numbered 60, and new students 34.
5. Figures are for the grants only and do not include bank charges or any other associated costs.

Projects

In the financial year under review a grant of £5,000 was provided to support the Intensive English Programme, a school for young adults, many of whom are from internally displaced families, in Kachin State close to the border with China. The main subjects are English language and computing. This 10-month course enables most students to go on to work in local organizations, NGOs, schools, in Kachin and Northern Shan States. Some of them have gone on to further studies abroad.

We also funded 5 students, at a cost of £200 each per term, on English language courses at the British Council in Rangoon and we funded 6 students to attend English Languages courses at Cetana Education Foundation at a cost of approx. \$60 each per term. In 2016/17, Prospect Burma will fund these students to take their International English Language Test System (IELTS) exam which will provide them with a qualification necessary to study abroad.

Prospect Burma provides funding to 3 projects in Burma that provide education and training to former political prisoners and members of their families. Many political prisoners suffered not only from imprisonment but also from the loss of educational and employment opportunities while their family members often faced discrimination and social exclusion. Project costs in this area in the financial year were £56,492. Participants on these projects have gone on to study English Language at a higher level, gained a better level of employment and in some cases become MPs in the new government.

Total project costs were £67,170 (2014/15: £76,013).

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

TRUSTEES

The trustees who served during the year are shown below:

Robert Gordon CMG OBE, Chairman
Patricia Herbert, Vice-Chair
David Colvin CMG
Daw Kyi Kyi May
Anna Allott OBE
Guy Slater
Sir Robin Christopher KBE CMG
Lindy Ambrose
Caroline Courtauld MBE
Dr Michael Marett-Crosby
Dominic Hammond
Joshua Htet

In June 2016 Anna Allott retired from her role as trustee and David Colvin retired in September 2016. Prospect Burma is grateful for the input, experience and guidance that both trustees have contributed to the organisation during their terms as trustees.

In December 2015, Viscount John Slim, Prospect Burma's Patron since 1989, retired from his role. Prospect Burma is immensely grateful to Viscount Slim for his guidance and encouragement over this time. In June 2016, Prospect Burma was delighted to welcome HRH The Prince of Wales as its new patron.

New Trustees are nominated by members of the existing Board of Trustees, interviewed, and appointed where they have the necessary skills, enthusiasm and experience to contribute to the charity's development.

TRUSTEES' RESPONSIBILITIES

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the trustees are required to:-

- 1) select suitable accounting policies and then apply them consistently.
- 2) make judgements and estimates that are reasonable and prudent.
- 3) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when managing and planning the activities of Prospect Burma. In particular, the trustees consider how planned activities will contribute to the aims and objectives of the charity.

FINANCIAL PERFORMANCE

The financial performance in 2015/16 has been broadly as planned with expenditure, very largely on charitable activities, exceeding income by £84,300, the balance being covered by reserves built up in prior periods from substantial legacies received. The prior year deficit was significantly smaller at £17,191 due to the lower cost of scholarships awarded that year.

We have continued to try to ensure that we run as economically as possible. During the financial year under review 93% (2015: 96%) of expenditure was spent on our charitable activities. 7% (2015:4%) was spent on publicity and fundraising. Governance costs amounted to £16,038 (2015: £2,688).

Our reserve funds carried forward total £694,253 at 31 March 2016 (2015: £795,329), of which £86,175 (2015: £48,682) are in restricted funds, in other words funds that the donor has specified can only be used for defined purposes. This meets our reserves policy as outlined below but only represents a little over one year's expenditure. Accordingly, we are dependent on continued fundraising and the generosity of our donors to operate at our present and planned levels of charitable activities.

Although the financial statements are expressed in sterling, a proportion of our funds is held in US dollars, since a good part of our income and some of our charitable expenditure are in dollars.

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

RESERVES POLICY AND RISK MANAGEMENT

The core of the reserve funds is invested in common investment funds suitable for charities with an appetite for low to medium risk. They are managed by Sarasin Investment Funds Limited. They have been held for several years and, although readily realisable, are considered longer term investments since the underlying constituents are equities, bonds, cash and alternative assets appropriate for a UK registered charity. Over the nearly 5 years since these investments were acquired they have returned on average about 6.5% per annum as measured against cost. During 2015/16, they reduced in market value by £16,777 from £302,375 to £285,598, reflecting market volatility. Since the year end their market value has more than recovered to the prior year level.

The remainder of reserve funds are held in cash, bank deposits and term accounts denominated both in sterling and US dollars. These now yield very low interest but are necessary to ensure adequate liquidity and security so that we can fund charitable activities throughout the year without excessive dependence on the timing of receipt of grants and donations.

The current reserves policy, effective since 2013, is that we should aim to maintain a buffer of at least £250,000, which would guard against the possibility of not receiving our largest grant or one or more of our other regular grants. This would ensure that, if that occurred, we would not need to suspend, or greatly curtail, either projects or the provision of scholarships to existing students during that year while other funding was being sought or a restructuring plan was introduced. As our scholarship payments are discretionary there is some flexibility to vary expenditure dependent on our income.

In other respects our risk management is focused on the preservation of the assets of the charity, the security of its people and data, and the protection of its reputation. Policies and procedures are reviewed by the Trustees regularly at their meetings and amended in the light of changing circumstances and emerging risks.

OUTLOOK

Political

The past financial year has witnessed the most important reconfiguration in the political landscape in Burma in many decades. The potential scale of this change was emphasised by the landslide victory of the opposition National League for Democracy in the November 2015 general election and its advent to government in March 2016. Despite concerns over military interference, the polls were conducted in a free and fair manner. The result represented a resounding defeat for the military-backed Union Solidarity and Development Party administration under President Thein Sein, providing the NLD with a clear mandate to form the country's first civilian-led government since 1962.

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Many challenges, however, remain as the NLD embarks on the precarious task of building peace and democracy after half a century of military rule. The armed forces, known as the Tatmadaw, maintain control of three ministries and a quarter of seats in the legislatures, while ethnic conflict still continues in several borderland regions. Following the election, the Tatmadaw used constitutional restrictions to prevent the NLD's popular leader, Aung San Suu Kyi, from becoming President (on the grounds that her late husband was British and her two sons hold British nationality). Eventually, a modus vivendi appeared to be found: the special post of "State Counsellor" was created for Aung San Suu Kyi and a male colleague, Htin Kyaw, was chosen as President. But relations between the three key groupings in national politics remain very uncertain: i.e., the armed forces, the NLD and the country's ethnic nationality parties.

Against this backdrop, the NLD moved cautiously in assuming office. Rather than announcing radical change, the party sought to build on the tentative openings in the country introduced since 2011 under the government of President Thein Sein. With international access improving, many of the liberalisations in such areas as the media, civil society and aid programmes seem set to stay. Reflecting this changing environment, the last year of the Thein Sein government was marked by community protests against land-grabbing and such unpopular developments as Chinese mega-projects. Meanwhile unrest escalated in the Kachin, Rakhine and northern Shan states, with the Tatmadaw stepping up military operations. As the NLD took office in March, Burma was not a land at peace.

The socio-political stage is now delicately set. Two issues are continuing to dominate national politics: democratic reform and the achievement of ethnic peace. In political terms, the 2008 constitution appears to have bedded in. But Tatmadaw representatives have persisted in blocking democratic amendments, and there were no meaningful reforms in education, health, legal affairs or the economy during President Thein Sein's last year in office.

Developments in ethnic politics have been equally mixed. Last October a "nationwide ceasefire agreement" was signed by eight armed opposition groups with the Thein Sein government in the capital Nay Pyi Taw. But, with fighting continuing in several borderlands, a majority of ethnic forces refused to sign any "national" agreement until all nationalities are included. Significant conflict and civilian dislocation continued throughout the year in Kachin, Kokang, Palaung (Ta-ang) and Shan regions of northeast Burma, as well as among Buddhist and Muslim communities in the Rakhine state where inter-religious relations remain tense. The incoming NLD government promised to make ethnic peace its first priority, but there remains a long way to go in the establishment of nationwide peace.

A critical time in Burma's political transition has therefore arrived. The formation of an NLD government after decades of repression has encouraged hopes that the country is now moving in a democratic direction, but formidable tasks in political transition still remain. As the NLD assumed office, Burma was ranked at 148th weakest of 188 countries on the UNDP's Human Development Index and 147th of 168 countries on the Corruption Index of Transparency International. Meanwhile it was estimated that there are up to a million refugees or internally-displaced persons as a result of conflict in the ethnic borderlands.

Education

**PROSPECT BURMA
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Higher education is believed to be the central underpinning for growth, development, and the knowledge economy of the 21st century. While the Burmese have always placed a high value on education, the state education system in Burma has failed the population. In many States there is no education available after Grade 10 and often children are unable to complete their schooling even to this level. The few universities that are open do not provide an education that reaches international standards. The quality of higher education available in the country seriously declined, first under the policies of the socialist government of the early 1960s, and later, as a result of closure for several years of all universities in response to the student-led pro-democracy uprisings of 1988. Although efforts are underway to restore some of its educational institutions, it will take years for Burma to raise the standard of education in its universities to the Association of Southeast Asian Nations (ASEAN) norm, let alone to the position of prominence it had in Asia when it gained its independence in 1948.

Conclusion

With the NLD's advent to government, there appears a much better landscape for political reform and international engagement within the country. But the country is still only at the beginning of peace-building, national inclusion and reform in the long-neglected areas of education, economics, health, human rights, social welfare and the environment. Many citizens are yet to see any real improvement in the quality of their lives, and transition from military rule to democratic governance is a countrywide aspiration yet to be achieved.

INDEPENDENT EXAMINER

Alison Ward FCCA of Alison Ward Accountants was appointed in June 2015 and offers herself for reappointment as Independent Examiner to the charity at the forthcoming AGM.

This report was approved by the Trustees on 29 September 2016 and signed on their behalf.

Robert Gordon CMG OBE

**INDEPENDENT EXAMINER'S REPORT
TO THE TRUSTEES OF PROSPECT BURMA
FOR THE YEAR ENDED 31 MARCH 2016**

I report on the accounts of the Trust for the year ended 31 March 2016 which are set out on pages 14 to 27.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of financial statements. The charity's trustees consider that an audit is not required under section 145 of the Charities Act 2011 (the Act) and that an independent examination is needed.

It is my responsibility to

- examine the accounts under section 145 of the 2011 Act,
- follow the procedures laid down in the General Directions given by the Charity Commissioners under section 145 (5) (b) of the Act, and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

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

Independent examiner's statement

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

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

- to keep accounting records in accordance with section 130 of the 2011 Act; and
- to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the 2011 Act have not been met; or

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

Alison Ward FCCA

Alison Ward Accountants
28 Hills Road
Buckhurst Hill
Essex IG9 5RS

12 October 2016

**PROSPECT BURMA
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2016**

	Unrestricted Note	Restricted Funds	Restricted Funds	Total 2016	Total 2015
		£	£	£	£
Income:					
Donations and legacies	3	144,051	275,093	419,144	432,188
Other trading activities	4	27,195	-	27,195	830
Income from investments	5	11,922	-	11,922	10,457
Total income		183,168	275,093	458,261	443,475
Expenditure on:					
Raising funds	6	46,562	4,428	50,990	32,635
Charitable activities	7	238,842	252,728	491,570	428,031
Total		285,404	257,156	542,560	460,666
Net (expenditure)/income and net movement in funds before (gains)/losses on investments		(102,236)	17,937	(84,299)	(17,191)
Net unrealised(losses)/gains on investments	11	(16,777)	-	(16,777)	22,005
Net (expenditure)/income	2	(119,013)	17,937	(101,076)	4,814
Transfer between funds	9	(19,556)	19,556	-	-
Net movement in funds		(138,569)	37,493	(101,076)	4,814
Reconciliation of Funds					
Total funds brought forward		746,647	48,682	795,329	790,515
Total funds carried forward		£ 608,078	£ 86,175	£ 694,253	£ 795,329

The company made no recognised gains and losses other than those reported in the income and expenditure account.

The notes on pages 16 to 27 form part of these financial statements

**PROSPECT BURMA
BALANCE SHEET AT 31 MARCH 2016**

	Note	2016 £	£	2015 £
FIXED ASSETS				
Tangible assets	10		292	366
Investments	11		285,598	302,375
			<hr/>	<hr/>
			285,890	302,741
			<hr/>	<hr/>
CURRENT ASSETS				
Debtors	12	19,242		33,717
Cash at bank and in hand		393,260		462,503
			<hr/>	<hr/>
			412,502	496,220
CREDITORS: Amounts falling due within one year				
	13	(4,139)		(3,632)
			<hr/>	<hr/>
NET CURRENT ASSETS			408,363	492,588
			<hr/>	<hr/>
NET ASSETS		£ 694,253		£ 795,329
			<hr/> <hr/>	<hr/> <hr/>
RESERVES				
Unrestricted funds	14	608,078		746,647
Restricted funds	14	86,175		48,682
			<hr/>	<hr/>
			£ 694,253	£ 795,329
			<hr/> <hr/>	<hr/> <hr/>

The accounts were approved by the board of trustees on 29 September 2016

Robert Gordon CMG OBE

Patricia Herbert

The notes on pages 16 to 27 form part of these financial statements

**PROSPECT BURMA
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES

1a. Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by 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) as amended by Update Bulletin 1 issued in February 2016 and the Charities Act 2011.

Prospect Burma meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policies.

1b. Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatement was required. In accordance with the requirements of FRS102 a reconciliation of opening balances and net income/(expenditure) for the year ended 31 March 2016 is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/losses as a component of reported income.

Reconciliation of reported 2015 net income	£
Net expenditure as previously stated	(17,191)
Adjustment for gain now treated as a component of net income	22,005
	<hr/>
2015 net income as restated	£ 4,814
	<hr/> <hr/>

1c. Preparation of the accounts on a going concern basis

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The net deficit of £84,298 for the year reflects the trustees' plans to spend certain legacies received in previous periods to finance scholarships and to build a programme of fundraising to support continuing charitable work on an increasing scale.

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES (CONTINUED)

1d. Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

In addition to meeting the above criteria donations, government grants and other grants, whether 'capital' or 'revenue', are recognised when any performance conditions attached to the income have been met and it is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is recognised on an accruals basis and includes amounts notified as paid or payable by the Bank plus amounts earned but not yet due for payment.

Dividends are recognised once the dividend has been declared and the notification has been received of the dividend due.

Income received in advance of a specified service is deferred until the criteria for income recognition are met.

1e. Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised. The trustees' annual report contains information about the contribution to the charity made by volunteers and donated professional services.

Where it is not possible to quantify the value of the gifts in kind they are acknowledged in the notes to the financial statements and the trustees' report.

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES (CONTINUED)

1f. Funds

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations or grants which the donor has specified are to be used solely for particular purposes/areas of the charity's work or for specific projects undertaken by the charity.

1g. Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and is classified under the following activity headings:

- Costs of raising funds comprise the salary costs of a fundraiser and their associated support costs.
- Expenditure on charitable activities includes the costs of providing bursaries and other projects undertaken to further the purposes of the charity and their associated support costs.
- Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include trustee meeting costs, the independent examiner's fees and legal fees.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES (CONTINUED)

1h. Apportionment of support costs

Support costs relate to those functions that contribute to the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance personnel, payroll and governance costs which support the charity's grant programme and activities.

These costs have been apportioned between costs of raising funds, expenditure on charitable activities and governance based on staff time spent on the respective activities as follows:

	Office costs %	Director %	Programme manager %
Fundraising	38	25	20
Charitable Activities	48	60	30
Governance	14	15	50

The apportionment of support costs in this way represents a change of presentation from previous years and the 2015 comparatives have therefore been restated. The reapportionment has no effect of the 2015 net income.

1i. Grants payable

Grants payable are payments made to third parties in the furtherance of the charitable objectives. Grants payable without performance conditions are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

1j. Foreign currency

The charity's functional currency is UK sterling.

Foreign currency transactions are recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate at the date of the transaction. Any differences on conversion are written off in the Statement of Financial Activities.

Prospect Burma has a US dollar bank account and the balance at the year end is recorded at the closing rate of exchange on that date and any resulting profit or loss on exchange is included in the Statement of Financial Activities.

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES (CONTINUED)

1k. Operating leases

The charity classifies the office lease as an operating lease. Rental charges are expensed on a straight line basis over the term of the lease.

1l. Tangible fixed assets

Capital items costing in excess of £500 are capitalised. Fixed assets are shown at historical cost.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life by the reducing balance method.

	%
Fixtures, fittings and equipment	20

1m. Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

1n. Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1o. Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

1. ACCOUNTING POLICIES (CONTINUED)

1p. Investments

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in bond, equity and investment markets due to changes in interest rates, wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

1q. Taxation

The charity is exempt from taxation under section 521 to 536 of the Income Tax Act 2007 (ITA 2007).

2. NET (EXPENDITURE)/INCOME

	2016	2015
	£	£
Net (expenditure)/income is stated after charging:		
Depreciation	74	74
Staff costs (note 15)	40,499	53,145
	<hr/>	<hr/>

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

3. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Donations	129,857	69,474	199,331	264,724
Gifts in kind	-	-	-	110
Legacies	14,194	-	14,194	7,080
Grants				
US State Dept grant	-	50,781	50,781	120,044
Other grants	-	154,838	154,838	40,230
	<u>£ 144,051</u>	<u>£ 275,093</u>	<u>£ 419,144</u>	<u>£ 432,188</u>

Professional services have been generously donated by Devonshire Solicitors LLP. (2015 - Hogan Lovells International LLP). These are recognised as gifts in kind which the charity is unable to quantify.

4. INCOME FROM TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Fundraising events	26,259	-	26,259	830
	<u>£ 26,259</u>	<u>£ -</u>	<u>£ 26,259</u>	<u>£ 830</u>

5. INCOME FROM INVESTMENTS

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Dividend income from investments	9,998	-	9,998	8,513
Bank interest receivable	1,924	-	1,924	1,944
	<u>£ 11,922</u>	<u>£ -</u>	<u>£ 11,922</u>	<u>£ 10,457</u>

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Fundraising costs	14,443	-	14,443	3,589
Fundraiser's salary	10,317	-	10,317	15,500
Fundraiser's fees	4,698	-	4,698	-
Event costs	7,293	-	7,293	-
Support costs	9,811	4,428	14,239	13,546
	<u>£ 46,562</u>	<u>£ 4,428</u>	<u>£ 50,990</u>	<u>£ 32,635</u>

7. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Scholarships and related costs	221,341	187,021	408,362	330,780
Projects	3,570	63,600	67,170	76,013
Governance	13,931	2,107	16,038	21,238
	<u>£ 238,842</u>	<u>£ 252,728</u>	<u>£ 491,570</u>	<u>£ 428,031</u>

8. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Support costs	8,381	2,107	10,488	18,550
Trustee meeting costs	100	-	100	-
Independent examiner's fees	3,000	-	3,000	2,688
Legal fees	2,450	-	2,450	-
	<u>£ 13,931</u>	<u>£ 2,107</u>	<u>£ 16,038</u>	<u>£ 21,238</u>

9. TRANSFER BETWEEN FUNDS

The transfer represents the contribution to the bursaries and projects from unrestricted funds.

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

10. TANGIBLE FIXED ASSETS

	Fixtures & Equipment £	Total £
Cost		
At 1 April 2015	6,340	6,340
At 31 March 2016	<u>6,340</u>	<u>6,340</u>
Depreciation		
At 1 April 2015	5,974	5,974
For the year	74	74
At 31 March 2016	<u>6,048</u>	<u>6,048</u>
Net Book Amounts		
At 31 March 2016	<u>£ 292</u>	<u>£ 292</u>
At 31 March 2015	<u>£ 366</u>	<u>£ 366</u>

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

11 INVESTMENTS

	2016	2015
	£	£
Market value of investments		
At 1 April 2015	302,375	280,370
Unrealised (loss)/gain on investments	(16,777)	22,005
At 31 March 2016	<u>£ 285,598</u>	<u>£ 302,375</u>

All investments are carried at their fair value. The charity's investments are professionally managed in common investment funds comprising a broadly diversified portfolio of bonds, equities, alternative assets and cash suitable for a UK registered charity. Fair value represents market value based on the bid price per unit as notified by the fund manager.

Sales and purchases are recognised at the date of trade at cost (their transaction value). There were no sales or purchase during the year.

The main risk to the charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield.

The significance of financial instruments to the ongoing financial sustainability of the charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

12. DEBTORS

	2016	2015
	£	£
Other debtors	18,937	31,876
Prepayments	305	1,841
	<u>£ 19,242</u>	<u>£ 33,717</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Other creditors including taxation and social security	-	914
Accruals and deferred income	4,139	2,718
	<u>£ 4,139</u>	<u>£ 3,632</u>

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	<i>Total 2015 £</i>
Fund Balances at 31 March 2016 are represented by				
Tangible fixed assets	292	-	292	366
Investments	285,598	-	285,598	302,375
Current assets	326,327	86,175	412,502	496,220
Current liabilities	(4,139)	-	(4,139)	(3,632)
Total Net Assets	<u>£ 608,078</u>	<u>£ 86,175</u>	<u>£ 694,253</u>	<u>£ 795,329</u>
Unrealised gains included above				
On investment assets	<u>£ 25,598</u>	<u>£ -</u>	<u>£ 25,598</u>	<u>£ 42,375</u>

15. STAFF COSTS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The charity considers its Key Management Personnel to be the trustees and the Executive Director.

Staff costs (including the remuneration of the Executive Director) during the year amounted to:

	2016 £	2015 £
Wages and salaries	40,040	51,773
Social security costs	459	1,372
	<u>£ 40,499</u>	<u>£ 53,145</u>

No employee earned more than £60,000 during the year.

The average monthly number of full time equivalent of employees during the year was 1.9 (2015 - 1.5).

The trustees neither received nor waived any emoluments during the year (2015 - £Nil)

The trustees did not claim any out of pocket expenses during the year. (2015 - £Nil).

**PROSPECT BURMA
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

16. RELATED PARTIES

Dr Michael Marett-Crosby is a trustee of Daw Aung San Suu Kyi Trust for Health and Education which made a grant of £64,998 to Prospect Burma during the year ended 31 March 2016 (2015 - £62,523). There were no amounts due to or from either organisation at either 31 March 2016 or 31 March 2015.

17. LEASE COMMITMENTS

In December 2015 the charity entered into a 5 year lease on an office in the Victoria Charity Centre, Belgrave Road, London.

The minimum annual rentals under the leases are as follows:

	2016	2015
	£	£
Property:		
- within 1 year	12,404	-
- within 2-5 years	12,404	-