

VOLCANOES SAFARIS PARTNERSHIP TRUST ANNUAL REPORT 2013

INTRODUCTION

The Trustees present their report and the financial statements of the Volcanoes Safaris Partnership Trust (VSPT) for the period of 1st January 2013 to 31st December 2013. The financial statements have been prepared in accordance with the accounting policies of IFRS and comply with the Trust's constitutional and applicable law.

HIGHLIGHTS

In 2013 VSPT has enjoyed some solid progress and exciting developments.

At Kyambura Lodge, Nicole Simmons' careful monitoring of the chimpanzee community and cooperation with UWA were crowned by the first ever chimpanzee naming ceremony to celebrate the birth of the latest 4 chimpanzee babies, bringing the total community from its low point in 2006 of 15 individuals to 24. The other local projects go from strength to strength. VSPT is particularly happy to report that a café has been opened where the delicious coffee of the Omwani Woman's Coffee Cooperative can be tasted and that thanks to a volunteer a woman's and girl's football team have been trained and now participate to the tournaments regularly organised on the Empundu Community Playground. In this period VSPT won a grant for 2014 to start a tree nursery in order to supply saplings for the restoration of the Omumashaka Wetland and the community.

At Mgahinga Lodge the Batwa Experience was launched bringing together the existing Batwa Dance Group and developing the Batwa Cultural Experience. The experience is intended both to explain and preserve the customs and tradition of this disinherited community. Visitors and the community at large are able to experience and appreciate how the Batwa traditionally hunt in the forest, prepare their food in small huts, dance and sing. A Vocational Centre and an Agricultural Project were also started. Here training in important skills like sewing and growing food were imparted to 45 Batwa who also were able to earn a small income from the sale of their products.

At Virunga Lodge VSPT considerably increased the number of projects it runs with the community. Of course the spectacular Intore Dance Troup continues to entertain Volcanoes Safaris (VS) guests and community members. A mushroom growing project and a beekeeping one were launched and have started to generate income for ten community members and delicious food for lodge guests. For the benefit of the community at large VSPT partnered with VS to bring electricity to this remote area in 2014.

Similarly at Bwindi Lodge a Tea Processing project was started demonstrating the whole cycle from picking the leaves to pouring the brew in the cup.

LEGAL AND ADMINISTRATIVE INFORMATION

The Volcanoes Safaris Partnership Trust, Plot 27 Lumumba Avenue, Kampala is an unincorporated association and registered with the Minister of Lands, Housing and Urban Development, Section 1 (Registration Number 37536). The Trust was registered on the 29th May 2009 and is governed by the

Constitution of The Republic of Uganda of 8th October 1995. The following served as Trustees over the period covered by this report:

Praveen Moman (Chairman)	
Ravi Govindia	
Kevin James (Treasurer)	05/07/2013
Dan Carucci (Member)	05/07/2013
Oscar John Kihika (Member)	
Catherine Watson (Member)	
Elizabeth Ross (Member)	
Anne Akol (Member)	
Penn Staples (Member)	
Giulia Marsan (Member)	

The power of appointing new or additional Trustees is vested in the majority of the Board of Trustees. Investment decisions are at the discretion of the Trustees.

The Trust's bankers and auditors during this period were as follows:

Bankers	Stanbic Bank	Auditors	PKF Consulting Ltd
	Forest Mall Branch		Plot 37 Yusuf Lule Road
	P. O. Box 7131		P.O Box 24544
	Kampala, Uganda		Kampala, Uganda

AIMS AND ORGANISATION

The VSPT is a non-profit public benefit organisation that undertakes community and conservation activities in Uganda and other African countries as appropriate.

The goal of the VSPT is to support specific projects that enhance the livelihood of local communities, support the conservation of vulnerable ecosystems and in turn, safeguard great apes and their habitat.

The objectives of the VSPT are achieved through regular donations from Volcanoes Safaris Ltd who contribute a voluntary donation of \$100 from every full cost safari purchased. As per the Service Level Agreement entered into by Volcanoes Safaris Ltd with the VSPT, a full cost safari is one where the client is offered no discount other than commercial commissions payable to a Tour Operator Company.

REVIEW OF PROGRESS AND ACHIEVEMENTS FOR THE PUBLIC BENEFIT

KYAMBURA GORGE ECO-TOURISM PARTNERSHIP PROJECT, UGANDA

The Kyambura Gorge Eco-Tourism Partnership Project helps to link the local community to conservation. The aim of the initiative is to promote sustainable eco-tourism and conserve the Greater Virunga landscape, which is one of the most important areas for avian, primate and wildlife biodiversity in Africa. It consists of series of projects that have been carefully thought out and executed by the team lead by the Project Coordinator based in Kyambura, Nicole Simmons. The different activities carried out as part of the Kyambura Gorge Eco-Tourism partnership project were:

1. Kyambura Gorge chimpanzee naming ceremony

Total expenditure \$73

The first ever chimpanzee naming ceremony at Fig Tree Camp took place on the 18th July, during which four babies were named.

Kyambura Gorge is home to a single, isolated, community of twenty four chimpanzees. Research conducted by Nicole Simmons (between 2006-2009) as part of a PhD study on the ranging patterns and feeding ecology of the chimps revealed that the population suffered a substantial decline and became isolated between the years 1995 – 2006. A Peace Corps census conducted in 1995 reported twenty seven chimpanzees in Kyambura Gorge but by the time Nicole's research began in 2006 the numbers had dropped to just fifteen

individuals.

However, since 2006 the population and their habitat has been carefully monitored and their numbers are now increasing. In the past seven years the Kyambura Chimpanzees have had ten new babies and only one death among their community. Four of these babies were born over the past year and were named at the Fig Tree celebration, involving all the participants.

The celebration was attended by international visitors as well as by residents and by local tourism operators. Guests of honour included UWA and the Friends of Queen Association. The Volcanoes Safaris Partnership Trust presented the Fig Tree staff four pairs of binoculars, acquired the previous year, to assist them in their continued monitoring of the chimpanzees.

2. Omumashaka wetland restoration project, Kyambura

Expenditure \$332

The VSPT secured a 30-acre wetland south of Kyambura Gorge in 2010. Previously used as an illegal brick works site, it is now rapidly regenerating back to its natural state and attracts over 100 species of birds. In 2013 ordinary maintenance work was carried out, including: trail maintenance, removal of invasive spear grass to make way for, and plant, wetland species. The upgraded security house houses two members of staff enhancing security. In addition, a part-time security guard to help patrol the wetland has been appointed: he is the assistant of the Local Chairman of the Omumashaka village. A wetland committee meeting took place in March – 10 members among neighbors and stakeholders attended. Topics of discussion included wetland security, wildlife-human conflicts, sustainable harvesting of papyrus and grass collection as well as wildlife and guiding courses for children. Eight children participated to the wildlife course, held during the second quarter.

The VSPT Omumashaka Wetland hosted a three days workshop in September 2013 with 22 students from RMIT University - Australia Landscape Architecture Program and partnering students from Uganda Martyrs University. The workshop was led by two instructors and guided by VSPT staff. The program was designed to afford students practical field experience for purposes of architectural mapping and landscape design. VSPT expects to see submissions of student's designs as soon as they are finalised.

3. Tree Nursery

Expenditure \$Nil

The project involves employing a forester and setting up a nursery producing 400,000 seedlings a year to be planted on VSPT land and on community land around the park. The project is expected to start early 2014. The project is expected to become self-sufficient by 2015. All funding – budgeted at approximately \$13,000 and primarily for a forester, seeds, tools and materials – is provided by the MVULE Foundation, which is supported by VSPT Trustee Cathy Watson. It is payable in 2014. During the period initial interviews for a Forester have been carried out.

4. Omwani Woman's Coffee Cooperative, Kyambura

Expenditure \$2,537

The Omwani Women's Coffee Cooperative is a community-based initiative designed to provide vocational training to women and an alternative, but sustainable, source of income. Eleven local women and their families are actively involved in the cooperative. They tend to over 1500 Arabica and Robusta coffee plants in 100 acres of rejuvenated VSPT land, and process the coffee by hand at a communal processing plant. Members of the cooperative commit to growing the coffee organically, without the use of pesticides or chemical fertilizers.

Despite the prolonged dry season the Cooperative harvested a total of 1,231 kilos of coffee as well as over 150 kilos of kidney beans, which had been intercropped with coffee shrubs. The coffee tours continue to be popular and more so since the tasting of the excellent coffee can now occur at the Community and Conservation Centre Café which also offers brunch and pizza. The café was developed with the help of Marianne Martin, a Peace Corps volunteer.

The women of the Cooperative with the assistance of VSPT and in particular that of the intern Wan Lee have started differentiating in the production of handmade organic soaps.

5. Bee Keeping

Expenditure \$397

The *Omumashaka Bee Keepers Cooperative* have been producing honey in Kyambura since 2006 and VSPT in consultation with them started in 2012 a training programme in partnership with Malaika Honey, which actively pursues a corporate social responsibility programme to mitigate poverty through bee keeping. This was continued in 2013 and followed up by Wan Lee, the VSPT Intern. Whereas the Malaika Honey workshop focussed on quality control and harvesting methods, the work carried out with Wan focussed on strengthening the organisation of the Cooperative and VSPT cooperation with it. Five beehives were added to the elephant deterrent fence along the escarpment bringing the total number of hives to fifteen.

6. Empundu Community Playground

Expenditure \$449

The VSPT in 2010 donated land for the creation of a playground, which was built by members of Kyenzaza village. In 2013 VSPT not only continued to organise tournaments, bringing together the local community with VS staff and some of its guest, but thanks to Katie Fox, a VSPT Volunteer, coached a woman's and a girl's team, which then played in tournaments. VSPT has also contracted a part-time gardener to maintain the playground.

7. Omumashaka Drama Group

Expenditure \$2,301

The VSPT has also continued to support this group, which consists of five tribes who perform educational plays about conservation and HIV/AIDS awareness to the local community once a month, and to Volcanoes Safaris clients on request. The support is in the form of a monthly donation, which is distributed among the members to ensure sustainability and to supplement the performers' income.

8. Community and Conservation Centre

Expenditure \$1,814

VSPT has begun the renovation of a Community and Conservation Centre at the Kyambura site together with preparation of a proposal document for donors and research of possible source of finance. In the course of 2013 only some minor infrastructure work was carried out. Regretfully, it was not possible to start with the redevelopment proper since funding was not yet raised.

BWINDI LODGE

1. Community Hospital, Bwindi

Expenditure \$6,000

The Bwindi Community Hospital was founded by Dr. Scott Kellerman in 2003 and provides health care and education services to a population of more than 60,000 people.

In 2013 the VSPT supported a project to encourage hygiene and sanitation with a quarterly grant. The objective of the *Sanitation Project for Schools and Homesteads in Ugandan* is to improve public awareness of hygiene and sanitation and empower children to become active agents of sustainable hygiene and sanitation. The Hospital has obtained alternative funding for the project and has submitted a range of other project for funding by VSPT. After lengthy negotiation, it was agreed to provide a final grant of \$2000 in the first quarter of 2014 to support their child abuse outreach program.

2. Tea Processing

Expenditure \$389

In 2013 VSPT began simple tea processing at Bwindi Lodge. The processing tour is in its initial stages, but is available for clients. A "tea hut" was constructed in the tea plantation at Bwindi Lodge, which will be the gathering point for tours and house processing supplies.

We are still refining our processing methods for quality of taste, but are currently producing "black", "green" and "white" teas. The aim is to process enough tea for sales at all Volcanoes Safaris lodges and clients by end of the first quarter of 2014.

MOUNT GAHINGA LODGE

The Batwa community is a minority hunter-gatherer group who traditionally lived within the forests of Mount Gahinga. When Mgahinga National Park was gazetted in 1991, they were forced to abandon their traditional way of life and subsequently suffered severe socio-economic problems. This community remains marginalized and is one of the poorest communities in Uganda, as the Batwa in Bwindi.

In the course of 2013 building on the work carried out in 2012, the range and quality of the projects has been developed tremendously and were reinforced by Memorandums of Understanding between VSPT and the Batwa involved, which were endorsed by the Village Local Chairman.

1. Batwa Cultural heritage experience

Expenditure \$1,597

Members of the Gahinga area Batwa community were engaged in order to help develop and deliver a genuine cultural experience for VS clients. The performance involves the re-enactment of traditional forest life including hunting and gathering as well as seeking out medicinal plants and domestic home life. Under the guidance of a Batwa guide, several VS clients participated to the experience and found it one of the best cultural heritage experiences in the region.

2. Batwa Dance Performance

Expenditure \$2,814

The Batwa dance group supported by the VSPT continues to perform weekly for the local community as well as Gahinga Lodge guests. All performances for lodge guests begin in the local community and progress to the lodge where community members join VS guests in singing and dancing with the performance group. The quality of the dancing and singing progressed well as reflected in the constant increase of the audience on the weekly performance.

The Village Local Chairman and VSPT have been actively involved in sensitizing the community about the values of the Batwa and the importance of community interaction during these dance performances. Guests from the neighboring campsite have also participated as well as Uganda Wildlife Authority staff and visitors.

3. Batwa Vocational Centre and Agricultural Project

Expenditure \$7,710, including \$4,400 on capital expenditure

Having completed the renovation of a small house located opposite the lodge, Batwa women started their sewing training initially under the guidance of Wan Lee. VSPT is particularly grateful to Bridget and Jimmy Taaffe for sponsoring sewing machines and materials. Since July 2013, the house is also used for the production and sale of handicrafts with the help of the volunteer trainer Grace Akampurira. Twenty-four Batwa received training in the course of the year and the sale of sewing and craft products generated \$70.

Due to the historical problem of limited access to land, which meant the Batwa were unable to grow their food, VSPT supported the Batwa Agricultural Project. VSPT has donated to the Batwa Community a quarter of an acre for purposes of growing food next to the Vocational Centre. Potatoes, wheat and vegetable are planted in rotation to train the Batwa in agricultural techniques. In the second season of 2013, the community enjoyed a bumper harvest of potato crop and had enough small potatoes to act as seedlings for the following season. Twentyone Batwa benefited from these activities.

4. Batwa Land Committee

Regular dialogue with members of the Batwa Community in Gahinga and the VSPT, has established that the priority for the local Batwa Community is access to land.

To this end the VSPT has agreed to help the Batwa form a *Land Acquisition Committee*, in order to consolidate their desire for acquiring land into more defined goals, and answer fundamental questions as to who would own the land, how much it would cost and how many community members would access it.

VIRUNGA LODGE

1. Intore Dance Troop

Expenditure \$8,051

Intore Dance is the finest example of Rwanda's varied musical and dance tradition. Since its inception VSPT has trained and equipped a troop of local dancers and trainers based at Virunga Lodge. The Intore Dance Troop continues to perform regularly for guests staying at the Lodge. In supporting the troop, by providing training, costumes and musical instruments, the VSPT helps preserve this aspect of Rwanda's cultural heritage.

2. Mushroom Project

Expenditure \$178

A mushroom growing project has been started at Virunga. Five community members (two women and three men) have been identified to work on the project. A mushroom hut has been constructed on Virunga Lodge Land and, in line with to client preference, Oyster and Button mushroom spores were supplied and the first crop will be gathered in early 2014. The mushrooms will be purchased by VS, as a direct way for the lodge to support the community.

3. Beekeeping Project

Expenditure \$120

In 2013 VSPT started a new project of keeping bees and is now working with local beekeepers at Virunga Lodge. We have allocated a plot of land near the lodge where we have placed 11 colonized hives which VS guests will be able to view from early 2014. Five local beekeepers participate to this project and each has contributed one traditional beehive with a bee colony. VSPT has bought an additional 6 colonized traditional beehives. VSPT has also bought 16 empty traditional beehives, which are now in trees.

4. Electricity connection

VSPT has partnered with VS to bring electricity to the local community. VSPT will contribute half of the costs of connecting to the local electricity grid, which is expected to be around \$7,000. This initiative, involving putting up poles and cabling, will begin in January 2014 with the work scheduled for completion by April 2014.

FUTURE PLANS FOR THE PUBLIC BENEFIT

The Trustees will offer continued support to their partners and develop further plans for the development of projects in the proximity of the Volcanoes Safaris Lodges subject to their collective decisions at the AGM.

REVIEW OF MARKETING ACTIVITIES

The VSPT developed a coherent branding structure for marketing collateral, as well as a more precise focus for its messaging. The Facebook page, website content and flyers on the ground will be targeted much more strongly at producing donations and aid from guests and other philanthropists. A donations leaflet was produced, detailing how clients are able to donate both financially and in terms of physical supplies.

The Facebook page has been taken over by the VS Marketing Department in an attempt to increase interaction and exposure across digital channels. A content and image-sharing system using Dropbox was refined to enable fast and reliable content to enable swift transmission of data from VSPT to Marketing.

REVIEW OF ADMINSTRATIVE ACTIVITIES

In April 2013 a full time Administrator, Petua Luutu was employed. Petua ensured that the staff records were re-organised and updated and that adequate insurance was procured. She also worked together with Kevin James and Nicole Simmonds on ensuring that procedures and controls were strengthened, as well as that documentation and operation manual were in order. Regretfully, she left in mid-December.

At 31 December 2013 VSPT had 16 staff in total excluding volunteers and interns. During 2013 Emmanuel Ahishakiye was appointed Field Worker at Virunga Lodge. In addition, VSPT benefited of the contribution of Wan Lee, intern, and the volunteers Grace Akampurira , Katie Fox and Marianne Martin. While the first two completed their period with VSPT, Marianne will be continuing her commitment with VSPT until November 2014.

VSPT income tax exemption was approved by URA and is valid from 1 January 2013 to 31 December 2014. During the course of 2014 an application for renewing the exemption is planned.

REVIEW OF FINANCIAL ACTIVITIES

In 2013 VSPT received total income of \$155,585 (2012: \$118,838). This figure breaks down as follows:

Donations of \$100 from every full safari purchased from VS:	\$151,428 (2012: \$114,386)
Coffee sales from the Kyambura Women's Coffee Co-operative:	\$ 2,270 (2012: \$2,355)
Craft sales from Mgahinga Crafts projects:	\$ 70 (2012: nil)
Individual donations:	\$ 1,818 (2012: \$995).

Total project expenditure amounted to \$102,581 (2012: \$99,120). This includes salaries and consultancies for \$68,070 (2012: \$53,093): these are directly attributable to the projects of VSPT. The total project expenditure for each lodge for 2013 was:

Bwindi	\$ 6,978,
Kyambura	\$11,464,
Mgahinga	\$ 7,720,
Virunga	\$ 8,349

Field staff salaries and wages are allocated to the projects at VS lodges in 2013 as follows:

Bwindi	\$7,778
Kyambura	\$34,585
Mgahinga	\$18,452
Virunga	\$7,255

Overheads for 2013 were \$49,649 in total (2012: \$26,167). This is made up of the following costs:

	2013	2012
Administrative and staff expenses:	\$13,228	\$8,682
Audit and tax fees:	\$5,123	\$2,564
Travel:	\$7,940	\$4,607
Vehicle and transport expenses:	\$9,365	\$4,216
Insurance and legal:	\$6,092	\$1,595
Office salaries:	\$6,089	\$2,816
Depreciation:	\$726	\$610
Finance expenses:	\$1,087	\$1,077

Administrative and staff expenses: Expenses that are included in 2013 which were not in 2012 are Nicole's work permit fees of \$3.6k, and establishment expenses (as part of the monthly recharge from VS) of \$1k.

Audit and tax fees: The expense in 2013 includes a retainer for tax services paid to PKF of \$967 p.a. for both 2012 and 2013.

Travel: In 2013 there was an additional cost of international staff travel, including two flights for Will Symmes which totalled \$2k, and the cost of \$1.3k of Nicole Simmons attending ATTA event in Namibia:

Vehicle and transport expenses: Motor vehicle expenses increased by \$4.4k in 2013, due mainly to the repairs and maintenance in 2013 of Nicole's field car. In 2013 transport costs of field staff (including the Administrator) went up by \$800 due to an increase in field staff activities in Virunga, and Bwindi.

Insurance and legal: Insurance expense has increased in 2013 due to new policies for personal accident, health, and property and public liability, which were taken out in 2013 at a total cost of \$1.5k, and an increase in travel insurance of \$1.4k (cover for Will Symmes).

Office salaries: the 2013 expense has increased from 2012 due to the cost of the administrator based in Kampala of \$3.4k (2012: nil).

The surplus for 2013 was \$3,355 (2012: \$1,998 deficit), resulting from total income of \$155,585 and total expenditure of \$152,230. As at 31st December 2013, VSPT was owed \$24,105 (2012: \$27,213) by VS. This relates to accumulated donations received by VS on behalf of VSPT, but not yet transferred across.

RISK REVIEW

Given that VSPT is almost wholly reliant on contributions from VS guests, the primary risk in this area is the robustness of VS's client base and their continuing patronage. VSPT permits it to diversify its income base by attracting direct donations from NGOs and individual donors. Trustees will receive an annual statement on the extent of funds obtained from non-VS sources. In addition the Trustees will receive an annual report in VS's trading outlook to enable future project planning. Given that the original source of VSPT income is abroad it is unable to mitigate foreign exchange risk. However it will generally arrange the transfer of funds at the most advantageous times. The core of VSPT risk management is to only undertake activities that can be fully supported from identified resources already within VSPT's control.

Trustees have approved in 2010 a set of Bye Laws to ensure that all expenditure is properly authorised and signed within limits set in the Bye Laws. The Bye Laws are subject to periodic review to ensure that they remain robust and relevant.

RESERVE POLICY

The Trustees monitor the level of reserves and periodically review the reserves policy. During 2013 only unrestricted funds were held by VSPT.

Trustees aim to conduct periodic review of its work, successes and opportunities. Whenever possible it shall be the policy to retain in reserves sufficient funds to enable Trustees to resource any new priorities they may identify in their periodic reviews.

VSPT currently holds between 3 to 4 months of direct charitable expenditure as a level of reserves. As the charity grows the Trustees intend to increase this amount in relation to the further commitments it incurs, to potentially around 12 months' worth of direct project expenditure.

The Trustees agree to hold cash balances, aside from petty cash, in secure bank deposits, which if possible should be in interest bearing accounts with the VSPT's bankers. Currently no reserves of VSPT are invested in medium term holdings or financial investments.

STATEMENT OF THE TRUSTEES' RESPONSIBILITIES

The Trustees Incorporation Act, c. 165, requires the Trustees to prepare financial statements which give a true and fair view of the state of affairs of the Trust as at the end of the financial year and of the operating results for that year also requires the Trustees to ensure that the Trust maintains proper accounting records which disclose with reasonable accuracy the financial position of the Trust. The Trustees are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Charity law requires the Trustees prepare financial statements for the year as at 31 December 2012. Under that law, the Trustees have elected to prepare the financial statements in accordance with the Uganda Accounting Standard and comply with the Trust's constitutional and applicable law. The Trustees are required by law not approve the financial statements unless they are satisfied that these give a true and fair view of the state of affairs of the Trust and for its incoming resources and application of resources for the period.

The Trustees accept the responsibility for the financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates consistent with previous periods. The Trustees prepare financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue to operate, and in conformity with the International Financial Reporting Standards and the requirements of the Trustees Incorporation Act, c. 165, and comply with the requirements of the Land, Housing and Urban Development Act. The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Trust as at 31 December 2013 and of its operating surplus for the year then ended. The Trustees further confirm the accuracy and completeness of the accounting records maintained by the Trust, which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.

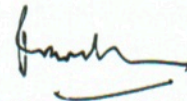
The Trustees confirm that the financial statements comply with the current legal requirements, Volcanoes Safaris Partnership Trust's governing document and appropriate accounting standards as required by the Uganda Accounting Standards.

Nothing has come to the attention of the Trustees to indicate that the Trust will not remain a going concern for at least the next twelve months from the date of this statement.

ACKNOWLEDGEMENTS

The VSPT would like to thank its dedicated staff and partners in the field, who have made possible the work and objectives of the trust. The VSPT would like to thank the staff of Volcanoes Safaris who provide precious marketing, administrative and bookkeeping support. Finally the VSPT would also like to thank the Trustees for their continued support and guidance.

Signed on behalf of the Trustees by



Chairman of the Trustees

Date: 21/7/2014