

ETHIOPIAID

(A company limited by guarantee)

**Report and Financial Statements
for the Year Ended 31 December 2006**

Ethiopiaid
(A company limited by guarantee)

Financial Statements
for the year ended 31 December 2006

Contents	Page
Legal and Administrative Information	3
Report of the Trustees	4-8
Report of the Independent Auditors	9-10
Statement of Financial Activities	11
Income and Expenditure Account	12
Balance Sheet	13
Notes to the accounts	14-19

Ethiopiaid
(A company limited by guarantee)

Legal and Administrative Information
for the year ended 31 December 2006

Trustees:	A E Reed CBE FCMA K F Livesey MA FCA P G Green MRAC CDA AM Chapman MA MPhil (resigned 19 Sept 2006) P W Scope LLB (resigned 19 Sept 2006) S Pridgeon BA D J Beal BA FCA A Abernethy MA (appointed 19 Sept 2006)
SECRETARY:	J M White Deepa Shah
REGISTERED OFFICE:	3 rd Floor, Academy Court 94 Chancery Lane London WC2A 1DT
AUDITORS:	R A McLeod & Co Registered Auditor Chartered Accountants 10 Portland Business Centre Manor House Lane Datchet Berkshire SL3 9EG
BANKERS:	Barclays Bank Plc 210 High Street Hounslow Middlesex TW3 1DL
LEGAL ADVISERS:	Wilsons Steynings House Fisherton House Salisbury SP2 7RJ
COMPANY REGISTRATION NUMBER:	2435882
CHARITY REGISTRATION NUMBER:	802353

Ethiopiaid
(A company limited by guarantee)

Report of the Trustees
for the year ended 31 December 2006

The trustees, who are also directors, present their report with the audited accounts of the company for the year ended 31 December 2006. The Trustees have adopted the provisions of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005) issued in March 2005, in preparing the Annual Report and Financial Statements of the Charity.

Governing Document and Management

Governing Document

The company is a charitable company, limited by guarantee and was incorporated on 25 October 1989 and registered as a charity on 8th November 1989. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Recruitment and appointment of Management Committee

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Management Committee. Under the requirements of the Memorandum and Articles of Association, the minimum number of members of the Management Committee is three and there is no maximum unless determined by ordinary resolution. They do not have to be re-elected at Annual General Meetings.

The Charity Trustees have a cross section of skills and experience and are chosen on the basis of their successful business record. Because of their prior expertise, additional training is not considered necessary.

Major risks to which the charity is exposed

The Management Committee has conducted a review of the major risks to which the charity is exposed. Where appropriate systems or procedures have been established to mitigate the risks the charity faces.

Organisational Structure

There are two members of staff which includes the Company Secretary. He or she co-ordinates all fundraising and associated activities for the charity. He or she reports directly to the charity's voluntary Chief Executive, Alec Reed. In turn, the Chief Executive sits on, and reports to, the Board of Trustees. The Board of Trustees is the ultimate decision-maker.

Related Parties and Relationships with other Charities

The charity benefits from free office space donated by Reed Foundation, a charity in which Alec Reed is one of the trustees.

Objectives and Activities

The objects of the charity are to relieve poverty and sickness, to preserve and protect health and to advance education amongst the people of Ethiopia who are in need.

The main objectives and activities for the year continued to focus upon various partner organisations in Ethiopia.

Ethiopiaid
(A company limited by guarantee)

Report of the Trustees
for the year ended 31 December 2006

Achievements, Performance & Financial Review

Ethiopiaid enjoyed a very successful year in 2006. We were able to send a total of £2,029,737 to our partners in Ethiopia (2005: £2,018,077).

We currently have 17 partner organisations and are one of the largest sources of funding for NGO's working in and around Addis Ababa, Ethiopia's capital. In 2006 we began working with the BBC World Service Trust in Ethiopia to create a rural radio educational drama, which began broadcasting in Ethiopia in February 2007. In 2006 we also pledged £368,410 to the Black Lion Hospital for the construction of a new kitchen. In addition we pledged an extra £250,000 to the Missionaries of Charity to extend their clinical facilities in Addis Ababa.

A breakdown of the support given by Ethiopiaid to our partner projects in 2006 follows:

The Addis Ababa Fistula Hospital £250,000
The Hospital is world-renowned for its treatment of women who have suffered terrible injuries during childbirth. They have treated over 25,000 patients, many of whom have endured years of incontinence before hearing that there is a simple operation that can cure them completely. The Hospital has constructed a village, Desta Mender, to house women whose fistulae are incurable.

Cheshire Services £250,000
This is a home just outside Addis Ababa, which takes in children from all over the country with severe physical disabilities. They perform corrective surgery and intensive physiotherapy and many children leave able to walk for the first time ever. The Home also has a mobile unit which travels to rural areas across the country.

Hope Enterprises £250,398
Ethiopia's first indigenous Non Governmental Organisation runs projects with the aim of providing a future for the children of Ethiopia. They have established extremely successful primary and secondary schools, as well as running vocational centres, which have a great record of job placement and even job creation. In 2000 they began a breakfast for street children, which was initiated by Ethiopiaid.

Hope University College £0
Hope University College is being set up to provide further education to the brightest students in Ethiopia, regardless of background. The construction will begin in 2007, with the first intake of students planned for 2009.

Mother Theresa's Missionaries of Charity £500,000
This is a hospice for the most needy in Addis Ababa. The women who work here make it possible for patients to die with dignity and give them shelter in their final days. They also run an orphanage for children and have a special home for children who are HIV positive, now an alarming problem in Ethiopia.

Medical Missionaries of Mary £31,760
Ethiopiaid has been working with Medical Missionaries of Mary since 1994 to address the huge problem of HIV/AIDs in Ethiopia.

Destitute Elders Welfare Association (formerly Children of Light Welfare Association) £74,660
This project offers assistance to the elderly who have no family to support them. They provide subsistence food and clothing, housing repairs, as well as improving the elderly's quality of life by performing cataract operations.

Ethiopiaid
(A company limited by guarantee)

Report of the Trustees
for the year ended 31 December 2006

Children Aid Ethiopia (CHAD-ET) £40,000

This organisation provides services to children suffering from HIV and Aids, and provides help and education for those involved in prostitution. They are also very active in preventative work through a peer education programme and educational shows, which tour schools and market squares.

Addis Development Vision (formerly Voluntary Council for the Handicapped) £25,000

This small indigenous organisation works in the community to train and rehabilitate the disabled. They also run small schools where disabled students are taught alongside able-bodied children.

Addis Ababa University £0

Ethiopiaid first started supporting the Addis Ababa University in 2000. Since then we have worked with them to install networked computer laboratories throughout the University.

Facilitators for Change £15,000

This project runs a revolving credit programme for female-headed households in Debre Zeit. This is a military area and, as a result of the war against Eritrea, there are many households where the woman is the only income earner for the entire family.

Focus on Children at Risk £11,500

Focus sponsors the poorest children through education by paying for their school fees and uniforms. They also finance projects, such as classroom construction, in deprived schools and provide after hour education for children who have to work during the day.

Eneredada Elder Peoples' Association £4,000

This small NGO provides monthly food, clothing and medicine rations for its fifty-five elderly beneficiaries, whose families are unable to support them. The Association's centre offers a friendly environment where the elderly gather daily to socialise and work together.

FIDO £35,000

FIDO, which was established in 2002, specialises in building and repairing houses in one of the poorest areas of Addis.

Operation Smile £69,034

Volunteer doctors, nurses and dentists who work to repair childhood facial deformity such as split lips and cleft pallets. The volunteers also train local staff and educate the communities they practise in. We funded Operation Smile's mission to the Black Lion Hospital in December 2005, which treated 184 children.

BBC World Service Trust £100,000

In 2006, Ethiopiaid funded a new education radio drama called "Filega" (Amharic for "The Quest") which is aimed at tackling social issues in rural areas including gender equality and HIV/AIDs.

Black Lion Hospital £368,410

This is the largest hospital in Addis Ababa. They are in desperate need of basic equipment and medical supplies. This grant will be used to construct a new kitchen as the existing facility is not only inadequate but poses a significant health risk to the patients.

MANGO(Management Accounting for NGO's) £4,975

MANGO is a charity that provides financial training to leaders and officers of NGO's. We paid for interested representatives of our partner projects to attend one of their Addis Ababa courses in 2006.

Total Donations to partner projects £2,029,737

Ethiopiaid
(A company limited by guarantee)

Report of the Trustees
for the year ended 31 December 2006

Investment Policy

Aside from retaining a prudent amount in reserves each year most of the charity's funds are to be spent in the short term so there are few funds for long term investment. Having considered the options available, the Trustees have decided to invest the amount that is available in bank deposit accounts. The Trustees considered the overall return on these investments to be disappointing and a review of investment policies has taken place in the new financial year.

Reserves Policy

The Trustees have examined the charity's requirement for reserves in light of the main risks to the organisation. It has established a policy not to keep reserves except where funds have been pledged for later distribution and to distribute unrestricted funds wherever possible.

Plans for Future Periods

The charity plans continuing the activities outlined above in the forthcoming years subject to satisfactory funding arrangements.

Funds which were available for distribution at the end of the calendar year were transferred to Ethiopia before the end of January 2007, with the following exceptions:

- £435,000 from the £500,000 pledged in 2004 to the University of Addis Ababa. £5,000 of the outstanding grant was used in 2006 to help recruit external lecturers. The trustees decided that the remaining balance should be available to any state-run Ethiopian University who submit an appropriate proposal for the funds. At 1 January 2005 we also held £19,543, from the initial grant of £500,000 pledged to the University of Addis Ababa computer network. This is still outstanding at 31 December 2006.
- £675,000 pledged to Hope Enterprises (the initial £1,000,000 pledge less the first instalment paid in 2006). This is restricted to fund the construction of the Hope University College and will be donated in four annual instalments, which began in 2006 (£325,000).
- £250,000 which in 2006 was pledged to Missionaries of Charity for the construction purposes to extend their treatment facilities.
- £368,410 which in 2006 was pledged to the Black Lion Hospital for the construction of a new kitchen.

Responsibilities of the Trustees

Company 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 charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Ethiopiaid
(A company limited by guarantee)

Report of the Trustees
for the year ended 31 December 2006

Members of the Management Committee

Members of the Management Committee, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set on page 3.

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information,

Auditors

The auditors, R A McLeod & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

The Trustees' Report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Trustees on 18th September 2007 and signed on its behalf by:

.....
A E Reed - Trustee

Ethiopiaid
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**Report of the Independent Auditors to The Members
of Ethiopiaid**

We have audited the financial statements of Ethiopiaid for the year ended 31 December 2006 on pages seven to fourteen. These financial statements have been prepared in accordance with the accounting policies set out therein, and the requirements of the Financial Reporting Standard for Smaller entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company'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 described on page five the company's trustees are responsible for the preparation of the financial statement in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees remuneration and transactions with the company is not disclosed.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Ethiopiaid
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**Report of the Independent Auditors to The Members
of Ethiopiaid**

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted accounting Practice, of the charitable company's state of affairs as at 31 December 2006 and of its incoming resources and application of resources, for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the information given in the Report of the Trustees is consistent with the financial statements..

R A McLeod & Co
Registered Auditor
Chartered Accountants
10 Portland Business Centre
Manor House Lane
Datchet
Berkshire SL3 9EG

Dated:

Ethiopiaid
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Statement of Financial Activities for the year ended 31 December 2006

	Unrestricted	Restricted	2006	2005
	Funds	Funds	Total	Total
Notes	£	£	£	£
Incoming Resources				
Donations	2,824,608	24,730	2,849,338	2,723,002
Legacies	405,053	-	405,053	328,009
Intangible income	11 9,000	-	9,000	9,140
Interest receivable	8 <u>87,014</u>	<u>-</u>	<u>87,014</u>	<u>22,352</u>
	<u>3,325,675</u>	<u>24,730</u>	<u>3,350,405</u>	<u>3,082,503</u>
Resources Expended				
Governance Costs:				
Fundraising & publicity	5 528,106	-	528,106	898,525
Management & administration	6 <u>102,401</u>	<u>-</u>	<u>102,401</u>	<u>65,965</u>
	630,507	-	630,507	964,490
Charitable Activities	4 <u>2,005,007</u>	<u>24,730</u>	<u>2,029,737</u>	<u>2,018,077</u>
Total resources expended	<u>2,635,514</u>	<u>24,730</u>	<u>2,660,244</u>	<u>2,982,567</u>
Net (resources expended)/ incoming resources	690,161	-	690,161	99,936
Fund balances at beginning of year	<u>394,221</u>	<u>-</u>	<u>394,221</u>	<u>294,285</u>
Fund balances at end of year	2 <u>1,084,382</u>	<u>-</u>	<u>1,084,382</u>	<u>394,221</u>

The notes form part of these financial statements

Ethiopiaid
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Income and Expenditure Account for the year ended 31 December 2006

	Notes	2006 £	2005 £
Gross income from continuing operations		3,254,391	3,051,011
Income from non-charitable operations		<u>96,014</u>	<u>31,492</u>
Total income from continuing operations		3,350,405	3,082,503
Total expenditure of continuing activities	3	<u>2,660,244</u>	<u>2,982,567</u>
Surplus for the year		690,161	99,936
Surplus brought forward at beginning of year		<u>394,221</u>	<u>294,285</u>
Surplus carried forward at end of year	2	<u>1,084,382</u> =====	394,221 =====

The notes form part of these financial statements

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Balance Sheet as at 31 December 2006

	Notes	£	2006 £	£	2005 £
Fixed Assets					
Intangible asset - Donor base	12		153,649		180,382
Current Assets					
Bank		2,264,415		1,425,525	
Estimate of income tax repayment claimable		887,569		439,569	
Other debtors		<u>12,584</u>		<u>2,345</u>	
		3,164,568		1,867,439	
Creditors: Amounts falling due within one year:	13		<u>2,233,835</u>	<u>1,653,600</u>	
Net Current Assets			<u>930,733</u>	<u>213,839</u>	
			<u>1,084,382</u>	<u>394,221</u>	
Funds and Reserves					
Funds	2		<u>1,084,382</u>	<u>394,221</u>	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Trustees on 18th September 2007 and were signed by:

.....
A E Reed - Trustee

.....
D G Beal - Trustee

The notes form part of these financial statements

Ethiopiaid
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2006

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and the Statement of Recommended Practice: 'Accounting and Reporting for Charities' (SORP2005) issued in March 2005.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Designated funds are unrestricted funds earmarked by the Management Committee for particular purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income received by way of grants, donations and gifts is included in full in the Statement of Financial Activities when receivable.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.

Investment income is included when receivable.

Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes VAT, and is reported as part of the expenditure to which it relates:

Charitable expenditure comprises those costs incurred by the charity in delivery of its activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

Intangible Fixed Assets

It is the company policy to capitalise part of the cost of advertising, as a donor base is created from the names and addresses of donors obtained. The value of the donor base derives from the ability to target past donors in future campaigns, by direct mail, without the need to incur further advertising costs.

The donor base is amortised at 25% per annum on a straight line basis. There is no amortisation provided in the first year of a donor appearing on the donor base.

Ethiopiaid
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2006

2. Funds and reserves

Unrestricted Funds	£
At 1 January 2006	394,221
Net Incoming Resources for the year	690,161
Transfer to restricted fund	<u>(-)</u>
At 31 December 2006	<u>1,084,382</u>

Restricted Funds	£	£
At 1 January 2006		-
Funds received in the year		24,730
Pledged funds:		
Black Lion Hospital		368,410
Missionaries of Charity		250,000
Funds donated in year:		
Addis Ababa Fistula Hospital	24,730	
Black Lion Hospital	368,410	
Missionaries of Charity	250,000	
		<u>(643,140)</u>
As at 31 December 2006		<u>-</u>

Analysis of Net Assets between Funds

	Intangible fixed assets	Net current assets	Total
	£	£	£
Unrestricted Funds	153,649	930,733	1,084,382
Restricted Funds	-	-	-
Total	<u>153,649</u>	<u>930,733</u>	<u>1,084,382</u>

3. Income & Expenditure from continuing operations

Income

All income is attributable to the one principal activity of the Charity.

Expenditure

	Total 2006	Total 2005
	£	£
Direct charitable expenditure (Note 4)	2,029,737	2,018,077
Fundraising and publicity (Note 5)	528,106	898,525
Management and administration (Note 6)	<u>102,401</u>	<u>65,965</u>
	<u>2,660,244</u>	<u>2,982,567</u>

Ethiopiaid
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2006

4. Charitable Activities

	Unrestricted Funds	Restricted Funds	Total 2006	Total 2005
	£	£	£	£
General Grants:				
Addis Ababa University	-	-	-	-
Addis Ababa Fistula Hospital	225,270	24,730	250,000	200,000
Cheshire Home for Disabled Children	250,000	-	250,000	200,000
Mother Theresa's Missionaries of Charity	500,000	-	500,000	200,000
Hope Enterprises	250,398	-	250,398	200,000
Hope University College	-	-	-	1,000,000
Jerusalem Association Children's Home	-	-	-	-
Medical Missionaries of Mary	31,760	-	31,760	-
Destitute Elders Welfare Association	74,660	-	74,660	50,000
Environmental Protection & Assistance	-	-	-	-
Yeteem Children & Mothers Aid	-	-	-	-
Agency for the Assistance of Refugees	-	-	-	-
Children Aid - Ethiopia	40,000	-	40,000	30,000
Farm Africa	-	-	-	-
Addis Development Vision	25,000	-	25,000	20,000
Black Lion Hospital	368,410	-	368,410	-
Eneredada Elders Association	4,000	-	4,000	3,000
Facilitators for Change Ethopia	15,000	-	15,000	10,000
Focus on Children at Risk	11,500	-	11,500	10,000
FIDO	35,000	-	35,000	25,000
Operation Smile	69,034	-	69,034	70,077
BBC World service Trust	100,000	-	100,000	-
MANGO	4,975	-	4,975	-
Total	<u>2,005,007</u>	<u>24,730</u>	<u>2,029,737</u>	<u>2,018,077</u>

5. Fundraising & Publicity

	Unrestricted Funds	Restricted Funds	2006 Total Funds	2005 Total Funds
	£	£	£	£
Advertising	343,235	-	343,235	688,320
Less: amounts capitalised	<u>32,508</u>	-	<u>32,508</u>	<u>64,169</u>
Net advertising costs	310,727	-	310,727	624,151
Other fundraising costs	90,379	-	90,379	121,574
Database processing costs	67,759	-	67,759	73,333
Amortisation of database	<u>59,241</u>	-	<u>59,241</u>	<u>79,467</u>
Total	<u>528,106</u>	-	<u>528,106</u>	<u>898,525</u>

Due to our ongoing commitment to investing in our database, the costs of acquiring donors requires a high initial expenditure on advertising and publicity. Once donors are acquired, the returns on money spent on fundraising are considerable. Our advertising costs in 2006 were substantially lower than the previous year as we only did one cold mailing campaign (as opposed to the usual two).

Ethiopiaid
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2006

6. Management & Administration of the Charity

	Unrestricted	Restricted	2006	2005
	Funds	Funds	Total	Total
	£	£	£	£
Salaries	83,796	-	83,796	48,052
Audit & accountancy	3,124	-	3,124	3,525
Bank charges	691	-	691	312
Monitoring & evaluation of projects	2,257	-	2,257	-
Office Costs	9,000	-	9,000	9,140
Miscellaneous	<u>3,533</u>	<u>-</u>	<u>3,533</u>	<u>4,936</u>
Total	<u>102,401</u>	<u>-</u>	<u>102,401</u>	<u>65,965</u>

7. Staff Costs & Numbers

	2006	2005
	£	£
Wages and salaries	83,796	48,052
	=====	=====
No employee received emoluments of more than £60,000.		
The monthly number of employees during the year was as follows:		
Administration	2	2
	=====	=====

8. Interest Receivable

	2006	2005
	£	£
Deposit Account interest	87,014	22,352
	=====	=====

9. Trustee Remuneration & Related Party Transactions

No members of the management committee received any remuneration during the year. Miscellaneous expenses amounting to £641 were reimbursed to 2 members of the management committee.

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year.

10. Taxation

As a charity, Ethiopiaid, is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Charity.

Ethiopiaid
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2006

11. Intangible Income

The intangible income of £9,000 (2005 £9,140) relates to free office space occupied by the Charity, some donated by Reed Charity and the remainder by Reed Executive.

12. Intangible Fixed Assets	Donor Base	Donor Base
	£	£
Cost As at 1 January 2006	505,652	
Amortisation As at 1 January 2006	<u>325,270</u>	
Net Book Value As at 1 January 2006		180,382
Deduct Cost of lapsed donors written off this year	(103,159)	
Less Amortisation on lapsed donors	<u>103,159</u>	
Net current value of lapsed donors	(-)	
Amortisation charge for this year	Note 5 <u>(59,241)</u>	
		<u>(59,241)</u>
		121,141
Add Capitalisation of Advertising Costs	Note 5 32,508	
Net Book Values As at 31 December 2006		<u>153,649</u>

The number of donors at 31 December 2006 was 76,880 (2005: 57,499) and has consistently been valued by the trustees at £7 each. We have implemented a policy of lapsing any donors who have not responded to a mailing within the last two years. These donors have been written off the donor base; however, the names are retained and mailed periodically in an attempt to reactivate their giving.

13. Creditors

	2006	2005
	£	£
Accruals	242,061	72,697
Other Creditors	1,991,774	1,544,187
	<u>2,233,835</u>	<u>1,614,884</u>

14. Funds & Reserves

It is the policy of the Trustees that cash available for distribution at the year end is sent to Ethiopia within three months. Available funds were sent to Ethiopia before the end of January 2007, except £435,000 pledged to the University of Addis Ababa, £250,000 pledged to Missionaries of Charity, £675,000 pledged to Hope University College and £368,410 pledged to the Black Lion Hospital.

Ethiopiaid
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2006

15. Company Status

The Company is limited by guarantee, not having a capital divided into shares. In the event of the Company being wound up, every member undertakes to contribute a sum not exceeding £1.

16. Related Party Transactions

Other Creditors include £63,954 owing to Reed Charity being salary and expenses paid on behalf of Ethiopiaid.

17. Financial Commitments

The Charity had no contractual obligations at the end of the financial year.