

**ETHIOPIAID**

(A company limited by guarantee)

**Report and Financial Statements  
for the Year Ended 31 December 2008**

**Ethiopiaid**  
(A company limited by guarantee)

**Financial Statements**  
**for the year ended 31 December 2008**

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**Ethiopiaid**  
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**Legal and Administrative Information  
for the year ended 31 December 2008**

<b>TRUSTEES:</b>	A E Reed CBE FCMA FCIPD K F Livesey MA FCA P G Green MRAC CDA S Pridgeon BA (resigned 11/09/07) A Chapman MA MPhil (appointed 15/07/08) A Fenn BA Dip DM M IDM (appointed 15/07/08) D G Beal BA FCA A Abernethy PGDL LLB
<b>SECRETARY:</b>	S J Buckley BSc S J Mcvay
<b>REGISTERED OFFICE:</b>	3 <sup>rd</sup> Floor, Academy Court 94 Chancery Lane London WC2A 1DT
<b>AUDITORS:</b>	R A McLeod & Co Registered Auditor Chartered Accountants 10 Portland Business Centre Manor House Lane Datchet Berkshire SL3 9EG
<b>BANKERS:</b>	Barclays Bank Plc 210 High Street Hounslow Middlesex TW3 1DL  HSBC Knightsbridge Branch 202 Sloane Street London SW1X 9RG

**Ethiopiaid**

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**Legal and Administrative Information  
for the year ended 31 December 2008**

Bank of Scotland  
PO Box No 10  
Second Floor  
38 St Andrew Square  
Edinburgh  
EH2 2YR

**LEGAL ADVISERS:**

Wilson  
Steynings House  
Fisherton House  
Salisbury  
SP2 7RJ

**COMPANY REGISTRATION NO:**

2435882

**CHARITY REGISTRATION NO:**

802353

**Ethiopiaid**  
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**Report of the Trustees  
for the year ended 31 December 2008**

The trustees, who are also directors, present their report with the audited accounts of the company for the year ended 31 December 2008. The Trustees have adopted the provisions of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005) as revised in May 2008, 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 8<sup>th</sup> 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, but two do step down at each Annual General Meeting. In 2008 two directors stepped down at the Annual General Meeting and were re-elected. There were no other changes to the Management Committee.

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.

The trustees are selected by the currently serving trustees based upon their experience and expertise, with the aims of maintaining a wide knowledge and skill base which can be used to the benefit of the charity. The positions are not advertised. Instead the trustees invite suitably qualified individuals who would compliment the team's current balance of experience and skills to fill the roles.

Currently the board of trustees has competencies in:

- Accountancy
- Agriculture
- Education
- Human Resources
- Law
- Social Entrepreneurship

The trustees also aim to maintain a balance of employees of the Reed Family of Companies, and external trustees to maintain the charity's strong links to the Reed Family of Companies.

**Organisational Structure**

There are three members of staff which includes the Company Secretary, who 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.

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**Report of the Trustees**  
**for the year ended 31 December 2008**

**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 and public benefit 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. This is carried out through supporting a range of partner organisations which implement projects on behalf of the charity.

The charity's main activities are focused on raising funds to support its partners in Ethiopia. This is carried out predominantly through direct mail campaigns which aim to both increase awareness of the situation in Ethiopia and the specific problems which are faced, and also stimulate donations from the recipients.

To ensure that the outmost public benefit will be received and the maximum amount of money can be forwarded to its partners, the charity keeps its costs to a minimum, maintaining a business model of facilitating action in Ethiopia, but minimizing action aside from fundraising in the UK.

The charity predominantly supports indigenous partners to promote capacity building and maximise cost effectiveness.

**Achievements, Performance and Financial Review**

Despite the difficult economic climate, Ethiopiaid still raised a total income of £3,513,805 in 2008 (2007: £3,277,328). The charity made donations of £2,562,834 to its partners in Ethiopia (2007: £1,423,697), £1,070,042 remains pledged to partners. This exceeds our targets and gives ample room for movement for 2009.

The sums pledged to partner projects will be transferred to the partners when the money is required in order to avoid the problems of inflation in Ethiopia which would decrease the real value of the donations.

There were no significant operational problems facing the charity, despite of the current economic climate.

**Partners**

We currently have 23 partner organisations and are one of the largest sources of funding for NGO's working in and around Addis Ababa, Ethiopia's capital.

A breakdown of the support given by Ethiopiaid to our partners in 2008 follows:

*The Addis Ababa Fistula Hospital*  
*New Donations: £333,067*

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 operation that can cure them completely. The Hospital has constructed a village, Desta Mender, to house long-term sufferers.

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**Report of the Trustees  
for the year ended 31 December 2008**

*Addis Ababa University*  
*Pledge Honoured: £424,854*  
*Outstanding pledge: £29,689*

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.

*Addis Development Vision (formerly Voluntary Council for the Handicapped)*  
*New Donations: £32,500*

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.

*Alchemy World*  
*Pledge Honoured: £36,128*  
*Outstanding pledge: £13,872*

Alchemy World is working with the Sabatare blind school to create a school of entrepreneurship which will enable the blind students to create opportunities for themselves once they have left the school instead of going into begging due to the lack of other options available to them.

*BBC World Service Trust*  
*New Donations: £95,812*

The BBC World Service Trust has initiated a media project that involves a radio discussion programme, public service announcements (PSAs), mini-dramas, and the formation of listeners clubs to raise awareness of and improve the sexual and reproductive health of young people in Ethiopia.

*Black Lion Hospital*  
*Pledge Honoured: £17,079*  
*Outstanding pledge: £351,331*

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.

*Cheshire Services Ethiopia*  
*New Donations: £522,162*

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. The Home also has a mobile unit which travels to rural areas across the country.

*Children Aid Ethiopia (CHAD-ET)*  
*New Donations: £30,000*

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.

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### **Report of the Trustees for the year ended 31 December 2008**

*Destitute Elders Welfare and Development Association (formerly Children of Light Welfare Association)*  
*New Donations: £204,337*

Through the Destitute Elders Welfare and Development Association, Ethiopiaid supports 1,100 destitute elders with a monthly pension. They also receive basic food rations, clothing and are helped with housing repairs.

*Eneredada Elder Peoples' Association*  
*New Donations: £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.

*Ethiopiaid Australia*  
*New Donations: £150,000*

Ethiopiaid Australia is Ethiopiaid UK's Australian sister organisation which, like Ethiopiaid UK, provides funding to a number of carefully selected local partners in Ethiopia.

*Ethiopian Red Cross*  
*New Donations: £200,000*

The Ethiopian Red Cross are a volunteer-led humanitarian organisation that helps people in crisis, wherever and wherever they are. This money was provided as part of an Emergency famine relief appeal by Ethiopiaid.

*Facilitators for Change Ethiopia*  
*New Donations: £28,000*

This partner 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*  
*New Donations: £24,000*

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.

*Hope Enterprises*  
*New Donations made: £375,000*

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, initiated by Ethiopiaid. This money was provided as part of an Emergency famine relief appeal by Ethiopiaid

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### **Report of the Trustees for the year ended 31 December 2008**

#### *Hope University College*

*Outstanding pledge: £675,000*

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

#### *Mother Theresa's Missionaries of Charity*

*New Donations: £275,000*

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.

#### *Insamlingsstiftelsen Etiopienfonden*

*New Donation: £77,000*

Insamlingsstiftelsen Etiopienfonden is Ethiopiaid UK's Swedish sister organisation which, like Ethiopiaid UK, provides funding to a number of carefully selected local partners in Ethiopia.

#### *Facing Africa*

*New Donation: £49,251*

Facing Africa provides funds for the visits of teams of voluntary surgeons from the UK, Germany and Holland to Nigeria and Ethiopia to perform facial reconstruction surgery on the victims of the disease Noma.

#### *St. Francis Integrated Development Organisation (FIDO)*

*New Donations: £148,000*

The project's expertise is in construction and infrastructure. They enlist the help of the communities they work in both as an efficient use of resources, but also to provoke a sense of ownership over the work done and pride in its achievement. The communities are directly involved in planning for, constructing and maintaining any new buildings or utilities.

#### *Save The Children UK*

*New Donations: £200,000*

Save the Children work to relieve the suffering of the world's most marginalised children. They aim to make dramatic changes for children in the areas of education and health care. This money was provided as part of an Emergency famine relief appeal by Ethiopiaid

#### *YEHA*

*New Donations: £14,555*

YEHA, is a project which specializes in teaching bio-farming techniques to rural farmers and helping them to generate a sustainable livelihood. Ethiopiaid has provided funding to help set up postgraduate level training in farming and agricultural management, which is endorsed by Addis Ababa University. However, the unique feature of this training is that it is designed to generate a direct improvement to the lives of rural farmers as well as to the students.

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*Operation Smile*  
*New Donation: £150*

Operation Smile volunteers repair childhood facial deformities while building public and private partnerships that advocate for sustainable healthcare systems for children and families.

***Total Donations to partners***  
**£2,562,834**

***Total outstanding pledged to partners***  
**£1,070,042**

**(This has been reduced from £1,747,953 in 2007)**

### **Partner Selection**

There is no formal application process for funding, and therefore proposals are accepted throughout the year. Such proposals are assessed to ensure that they fall within the mandate of the charity, with a focus upon education, health care or poverty reduction. The partners must be innovative and demonstrate that their project has been clearly planned and is based upon a solid foundation of research and experience.

Due diligence is carried out on the potential partners, with audited accounts and reports being requested. If these are of a good quality, the potential partner may be included in the next annual monitoring trip. Those who are then approved will receive a small donation, usually of up to £10,000. This will be monitored and if it is used to complete the work specified in the project proposal efficiently and to a high standard, the partner will then be eligible to receive more funding.

Once accepted, partners are then subject to continuous monitoring through quarterly reports, the submission of annual audited accounts, and annual visits by staff or representatives of the charity.

### **Fundraising**

During 2008 the charity completed two direct mail campaigns to 992,000 and 600,000 individuals using mailing lists bought from mailing houses, and six fundraising mailings to the donors on the charity's database.

The advertising mailings recruited a total of 6,673 (2007: 6,962) new donors to the database who in total contributed £208,825 (2007: £249,000) in cash donations and Bankers Order donations with a predicted lifetime value of £198,000 (2007: £250,000) (based on an estimate that banker's order donors last approximately 50 months on average).

The cost of the advertising mailings has however exceeded the amounts raised. This is not uncommon, as the lifetime value of each new donor is expected to outperform the initial recruitment cost.

The six fundraising mailings raised a total of £650,000 (2007: £756,000) of cash donations, and Banker's Order donations with a predicted lifetime value of £105,000 (2007: £135,000).

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**Report of the Trustees**  
**for the year ended 31 December 2008**

**Finance**

In 2008 the charity's incoming donations were £3,274,982 (2007: £3,105,092).

**Made up from:**

	<b>2008</b>	2007
Bankers/Standing orders	<b>1,309,646</b>	1,275,587
Donation by Card	<b>88,661</b>	74,262
CAF/Justgiving	<b>247,841</b>	196,352
Cash donations	<b>1,074,794</b>	1,027,059
KKL/Missionfish	<b>10,814</b>	629
Office space	<b>21,086</b>	9,000
Legacies	<b>213,345</b>	209,350
Gift Aid	<b>308,795</b>	312,853
<b>Total</b>	<b><u>3,274,982</u></b>	<u>3,105,092</u>

The charity believes that this distribution of income demonstrates a very solid financial basis for the charity, thereby offering security to the partners that it supports. Banker's orders make up a large proportion of the charity's fundraising income, which means that the charity can rely on a relatively stable funding base, as these donations are repeated, requiring no intervention from the donor, and the charity needs to make no major expenditure to maintain the income.

Cash donations from donors on the donor database, and responses to the advertising mailings also make up a significant proportion of the charity's income. The donor database is another important resource of the charity which can be relied upon to maintain security of income for Ethiopiaid's partners.

The increase in the number of bankers orders which the charity receives shows an improvement in the financial health of the charity as it implies an increase in the stability of the funding base, which can be passed on to the charity's partners.

**Investments**

Ethiopiaid does not invest any money donations in the money market, but merely uses deposit accounts to earn interest on any money until it is donated to our projects.

Ethiopiaid uses five separate banks to divide any deposits between them, in case of any bank defaulting on the deposit. As such Ethiopiaid is very cautious about its investments and cash.

In terms of Ethical investments, Ethiopiaid tries to use specific charity related accounts and banks, although the number of banks used prevents this from fully being the case. As no money is invested in stocks and shares, no investments are considered 'unethical'.

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**Report of the Trustees  
for the year ended 31 December 2008**

**Plans for future periods**

**Fundraising**

The charity's main fundraising activities will remain predominantly focused upon direct mail campaigns for the foreseeable future as these have proven to be very successful and generate substantial income for the charity.

To complement the direct mail activities, the charity is also looking to develop new sources of fundraising income, including event fundraising. This will include promoting people participating in a variety of events raising sponsorship money for the charity, and also organising events themselves in order to raise money. The charity is also looking at further developing its online presence by improving its website and promoting online giving.

Within the coming year the charity aims to maintain its current rate of growth of revenue from its mailings, complementing this with income from other sources. It also aims to maintain the growth of its standing order base to further strengthen its financial stability. This will allow the charity's partners to plan their spending further into the future and thereby work more efficiently.

It is not expected that the fundraising plan of the charity will change significantly in the short or medium term.

**Partners**

The charity prefers to maintain long term relationships with its partners as opposed to giving one off donations. This is to ensure stability of funding to the partners, enabling them to focus upon their work.

Currently the charity is looking at a number of new partners to enable it to expand the scope of its work. This will also include looking at funding partners in other cities in Ethiopia as up until the end of 2007 the partners funded by Ethiopiaid have been largely centred upon Addis Ababa.

Other than this it is not expected that the focus of the charity will change significantly within the short or medium term. The charity remains committed to the promotion of education, healthcare and poverty reduction.

**Risks**

A number of risks have been identified which could affect the charity's income. These include the current economic downturn, combined with high levels of inflation which are expected to decrease levels of disposable income, consequently decreasing donations.

Combined with this there is also the risk of the decreasing profile of Ethiopia in the media as it competes with other international charity appeals and the risk of negative portrayal of Ethiopia in the media decreasing people's propensity to donate.

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**Report of the Trustees  
for the year ended 31 December 2008**

**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.

**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 (SORP 2005) as revised in May 2008 and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

.....  
**A E Reed – Trustee**

Dated: 1 October 2009

**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 2008 on pages fifteen to twenty five. 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 thirteen 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.

**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 2008 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: 1 October 2009

**Ethiopiaid**  
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**Statement of Financial Activities for the year ended 31 December 2008**

		2008		2007
	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds £
<b>Incoming Resources</b>				
Donations Received		2,607,431	124,326	2,731,757
Gift Aid		308,795	-	308,795
Legacies		213,344	-	213,344
Intangible income	11	21,086	-	21,086
Interest receivable	8	238,823	-	238,823
		<u>3,389,479</u>	<u>124,326</u>	<u>3,513,805</u>
<b>Resources Expended</b>				
Governance Costs:				
Fundraising & publicity	5	(828,311)	-	(828,311)
Management & administration	6	(146,155)	-	(146,155)
		<u>(974,466)</u>	<u>-</u>	<u>(974,466)</u>
Donations Granted	4	(2,438,508)	(124,326)	(2,562,834)
<b>Total resources expended</b>		<u>(3,412,974)</u>	<u>(124,326)</u>	<u>(3,537,300)</u>
<b>Net (resources expended)/incoming resources</b>		(23,495)	-	(23,495)
<b>Fund balances at beginning of year</b>		2,045,349	-	2,045,349
<b>Fund balances at end of year</b>	2	<u>2,021,854</u>	<u>-</u>	<u>2,021,854</u>

The notes form part of these financial statements

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**Income Statement for the year ended 31 December 2008**

	Notes	2008 £	2007 £
<b>Gross income from continuing operations</b>		<b>3,274,982</b>	3,096,092
Income from non-charitable operations		<b>238,823</b>	181,236
<b>Total income from continuing operations</b>		<b>3,513,805</b>	3,277,328
Total expenditure of continuing activities	3	<b>(3,537,300)</b>	(2,316,361)
<b>Surplus/ (Deficit) for the year</b>		<b>(23,495)</b>	960,967
<b>Surplus brought forward at beginning of year</b>		<b>2,045,349</b>	1,084,382
<b>Surplus carried forward at end of year</b>	2	<b><u>2,021,854</u></b>	<u>2,045,349</u>

The notes form part of these financial statements

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**Balance Sheet as at 31 December 2008**

		<b>2008</b>		<b>2007</b>
<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed Assets</b>				
Intangible asset - Donor base	12	<b>136,667</b>		151,762
<b>Current Assets</b>				
Bank		2,921,659	3,447,228	
Income tax repayment		91,036	231,932	
Other debtors		36,092	7,202	
		<b>3,048,787</b>	<b>3,686,362</b>	
<b>Creditors: Amounts falling due within one year:</b>	13	<b>1,163,600</b>	<b>1,792,575</b>	
<b>Net Current Assets</b>		<b>1,885,187</b>	<b>1,893,787</b>	
		<b>2,021,854</b>	<b>2,045,549</b>	
<b>Funds and Reserves</b>				
Funds	2	<b>2,021,854</b>	<b>2,045,549</b>	

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 1 October 2009 and were signed by:

.....  
A E Reed - Trustee

.....  
D G Beal - Trustee

The notes form part of these financial statements

**Ethiopiaid**  
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**Notes to the financial statements**  
**For the year ended 31 December 2008**

**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' (SORP 2005) as revised in May 2008.

**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. However, Ethiopiaid has not used any volunteers in 2008.

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.

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**Notes to the financial statements**  
**For the year ended 31 December 2008**

**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.

**2. Funds and reserves**

<b>Unrestricted Funds</b>		<b>£</b>
At 1 January 2008		2,045,349
Net Incoming Resources for the year		(23,495)
Transfer to restricted fund		(-)
		2,021,854
<b>At 31 December 2008</b>		<b>2,021,854</b>
<b>Restricted Funds</b>	<b>£</b>	<b>£</b>
At 1 January 2008		-
Funds received in the year		<b>124,326</b>
Funds donated in year:		
Addis Ababa Fistula Hospital	82,864	
Hope Enterprises	12,541	
Save the Children	9,386	
Ethiopian Red Cross	9,386	
Destitute Elders Welfare Association	7,500	
FIDO	1,500	
Missionaries of Charity	489	
Cheshire Home for Disabled Children	130	
Operation Smile	150	
Facing Africa	380	
	(124,326)	
<b>As at 31 December 2008</b>		<b>0</b>

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**Analysis of Net Assets between Funds**

	<b>Intangible fixed assets</b>	<b>Net Current Assets</b>	<b>Total</b>
	£	£	£
Unrestricted Funds	136,667	1,885,187	2,021,854
Restricted Funds	-	-	-
<b>Total</b>	<u>136,667</u>	<u>1,885,187</u>	<u>2,021,854</u>

**3. Income & Expenditure from continuing operations**

**Income**

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

**Expenditure**

	Note	<b>Total 2008</b>	Total 2007
		£	£
Direct charitable expenditure	4	<b>2,562,834</b>	1,423,697
Fundraising and publicity	5	<b>828,311</b>	803,803
Management and administration	6	<u><b>146,155</b></u>	<u>88,861</u>
<b>Total</b>		<u><b>3,537,300</b></u>	<u>2,316,361</u>

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**4. Charitable Activities**

	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
<b>General Grants:</b>				
Cheshire Home for Disabled Children	522,032	130	<b>522,162</b>	125,000
Hope Enterprises	362,459	12,541	<b>375,000</b>	250,000
Addis Ababa Fistula Hospital	250,203	82,864	<b>333,067</b>	273,500
Mother Theresa's Missionaries of Charity	274,511	489	<b>275,000</b>	250,000
Destitute Elders Welfare Association	196,837	7,500	<b>204,337</b>	70,700
Save the Children	190,614	9,386	<b>200,000</b>	
Ethiopian Red Cross	190,614	9,386	<b>200,000</b>	
Ethiopiaid Australia	150,000		<b>150,000</b>	
FIDO	146,500	1,500	<b>148,000</b>	40,000
BBC World Service Trust	95,812	-	<b>95,812</b>	-
Ethiopiaid Sweden	77,000	-	<b>77,000</b>	38,000
Facing Africa	48,871	380	<b>49,251</b>	
Addis Development Vision	32,500	-	<b>32,500</b>	10,000
Children Aid - Ethiopia	30,000	-	<b>30,000</b>	56,480
Facilitators for Change Ethiopia	28,000	-	<b>28,000</b>	7,500
Focus on Children at Risk	24,000	-	<b>24,000</b>	23,000
YEHA	14,555	-	<b>14,555</b>	10,000
Eneredada Elders Association	4,000	-	<b>4,000</b>	4,000
Operation Smile	-	150	<b>150</b>	517
St Pauls Hospital	(200,000)	-	<b>(200,000)</b>	200,000
Alchemy World	-	-	-	50,000
CCSCE	-	-	-	10,000
Medical Missionaries of Mary	-	-	-	5,000
<b>Total</b>	<u>2,438,508</u>	<u>124,326</u>	<u><b>2,562,834</b></u>	<u>1,423,697</u>

Outstanding pledges have been reduced from £1,747,953 to £1,070,042.

The pledge to St Pauls Hospital has been cancelled as we have been informed that this money is no longer needed.

The donation to the Cheshire Home is a donation to cover three years of donations and was made for a specific capital expenditure needed in the home.

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**5. Fundraising & Publicity**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>2008</b>	<b>2007</b>
	<b>Funds</b>	<b>Funds</b>	<b>Total</b>	<b>Total</b>
	£	£	£	£
Advertising	531,899	-	<b>531,899</b>	600,927
Less: amounts capitalised	<u>(46,711)</u>	<u>-</u>	<u><b>(46,711)</b></u>	<u>(47,936)</u>
Net advertising costs	485,188	-	<b>485,188</b>	552,991
Other fundraising costs	196,478	-	<b>196,478</b>	99,313
Database processing costs	84,839	-	<b>84,839</b>	101,676
Amortisation of database	<u>61,806</u>	<u>-</u>	<u><b>61,806</b></u>	<u>49,823</u>
<b>Total</b>	<u><u>828,311</u></u>	<u><u>-</u></u>	<u><u><b>828,311</b></u></u>	<u><u>803,803</u></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.

**6. Management & Administration of the Charity**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>2008</b>	<b>2007</b>
	<b>Funds</b>	<b>Funds</b>	<b>Total</b>	<b>Total</b>
	£	£	£	£
Salaries	100,832	-	<b>100,832</b>	72,652
Audit & accountancy	3,494	-	<b>3,494</b>	3,274
Bank charges	15,814	-	<b>15,814</b>	1,314
Office Costs	21,086	-	<b>21,086</b>	9,000
Miscellaneous	<u>4,929</u>	<u>-</u>	<u><b>4,929</b></u>	<u>2,621</u>
<b>Total</b>	<u><u>146,155</u></u>	<u><u>-</u></u>	<u><u><b>146,155</b></u></u>	<u><u>88,861</u></u>

The additional bank charge in 2008 was for Barclays to provide 15 months of data files and software which enabled Ethiopiaid to claim lost data of various donations and claim Gift aid.

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**7. Staff Costs & Numbers**

	<b>2008</b>	<b>2007</b>
	£	£
Wages and salaries	<u><b>100,832</b></u>	<u>72,652</u>

No employee received emoluments of more than £60,000.

The monthly number of employees during the year was as follows:

Administration	<u><b>3</b></u>	<u>2</u>
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**8. Interest Receivable**

	<b>2008</b>	<b>2007</b>
	£	£
Deposit Account interest	<b>177,996</b>	140,681
Interest received on Tax Repayments	<u><b>60,827</b></u>	<u>31,555</u>
<b>Total</b>	<u><b>238,823</b></u>	<u>172,236</u>

**9. Trustee Remuneration & Related Party Transactions**

No members of the management committee received any remuneration during the year.

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.

**11. Intangible Income**

The intangible income of £21,086 (2007 £9,000) relates to free office space occupied by the Charity, donated by Reed Foundation.

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**For the year ended 31 December 2008**

**12. Intangible Fixed Assets**

	Notes	Donor Base	Donor Base
		£	£
<b>Cost</b> As at 1 January 2008		447,104	
<b>Amortisation</b> As at 1 January 2008		<u>(295,342)</u>	
Net Book Value As at 1 January 2008			151,762
<b>Deduct</b> Cost of lapsed donors written off this year		(79,345)	
Less Amortisation on lapsed donors		79,345	
Net current value of lapsed donors		(-)	
Amortisation charge for this year	5	<u>(61,806)</u>	(61,806)
			<u>89,956</u>
<b>Add</b> Capitalisation of Advertising Costs	5		46,711
			<u>136,667</u>
<b>Net Book Values As at 31 December 2008</b>			<u><u>136,667</u></u>

The number of donors 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**

	2008	2007
	£	£
Accruals	93,558	44,822
Pledged donations	1,070,042	1,747,953
<b>Total</b>	<u><u>1,163,600</u></u>	<u><u>1,792,775</u></u>

A sum of £1,070,042 remains pledged to partners, as follows:

	£
University of Addis Ababa	29,689
Hope University College	675,000
Alchemy World	13,872
Black Lion Hospital	351,331
Operation Smile	150

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**14. Funds & Reserves**

It is the policy of the Trustees that cash available for distribution at the year end is sent to Ethiopia when suitable projects are found.

In these difficult economic times, the Trustees feel that securing the long-term funding of the partner projects is more important than donating more money. A significant buffer is considered necessary before it is known how long and deep this recession will be. As such it is assumed that Project funding will remain at 2008 levels, but not increase.

**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**

Accruals include £76,422 owing to Reed Foundation 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.