

ETHIOPIAID

(A company limited by guarantee)

**Report and Financial Statements
for the Year Ended 31 December 2007**

Ethiopiaid
(A company limited by guarantee)

Financial Statements
for the year ended 31 December 2007

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Legal and Administrative Information
for the year ended 31 December 2007

TRUSTEES:	A E Reed CBE FCMA SCIPD K F Livesey MA FCA P G Green MRAC CDA S Pridgeon BA D J Beal BA FCA A Abernethy PGDL LLP
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 HSBC Knightsbridge Branch 202 Sloane Street London SW1X 9RG Bank of Scotland PO Box No 10 Second Floor 38 St Andrew Square Edinburgh EH2 2YR

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Legal and Administrative Information
for the year ended 31 December 2007

LEGAL ADVISERS:	Wilson Steynings House Fisherton House Salisbury SP2 7RJ
COMPANY REGISTRATION NUMBER:	2435882
CHARITY REGISTRATION NUMBER:	802353

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Report of the Trustees
for the year ended 31 December 2007

The trustees, who are also directors, present their report with the audited accounts of the company for the year ended 31 December 2007. 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, but two do step down at each Annual General Meeting. In 2007 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 teams 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 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.

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Report of the Trustees
for the year ended 31 December 2007

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. 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 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

Ethiopiaid enjoyed a very successful year in 2007 raising a total of £3,277,328 (2006: £3,350,328). The charity sent £1,423,697 to its partners in Ethiopia (2006: £2,029,737), £1,747,953 remains pledged to partners. This left a surplus of £960,967 (2006: £690,161) which is being held whilst a review of project proposals takes place.

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.

Partners

We currently have 19 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 2007 follows:

The Addis Ababa Fistula Hospital

New Donations: £273,500

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.

Addis Ababa University

New Donations: £0
Previous year's outstanding pledge: £454,543

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.

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Addis Development Vision (formerly Voluntary Council for the Handicapped)

New Donations: £10,000

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.

Alchemy World

New Donations: £0
Pledged this year: £50,000

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 the lack of other options available to them.

Black Lion Hospital

New Donations: £0
Previous years' outstanding pledge: £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.

CCSCE

New Donation: £10,000

CCSCE is starting a women's only healthcare facility in Addis Ababa which will screen women for a number of common conditions and provide an advisory service on issues including HIV, contraception and pregnancy.

Cheshire Services Ethiopia

New Donations: £125,000

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.

Children Aid Ethiopia (CHAD-ET)

New Donations: £56,480

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.

Destitute Elders Welfare and Development Association (formerly Children of Light Welfare Association)

New Donations: £70,700

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.

Facilitators for Change Ethiopia

New Donations: £7,500

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.

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for the year ended 31 December 2007

Focus on Children at Risk

New Donations: £23,000

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: £250,000

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.

Hope University College

New Donations: £0

Previous years 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.

Medical Missionaries of Mary

New Donations: £5,000

Ethiopiaid has been working with Medical Missionaries of Mary since 1994 to address the huge problem of HIV/AIDS in Ethiopia.

Mother Theresa's Missionaries of Charity

New Donations: £250,000

Pledge honoured: £250,000

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: £38,000

Insamlingsstiftelsen Etiopienfonden is Ethiopiaid UK's Swedish sister organisation which operates under the same model as Ethiopiaid UK. This donation was provided as matched funding for donations sent to Ethiopiaid's other partners in Ethiopia.

Operation Smile

Pledge Honoured: £58,573

New Donation: £517

Operation Smile takes groups of surgeons to Ethiopia to operate on children who are born with cleft lip and palate. This condition can lead to them contraction infections, having difficulty eating and speaking, and few of these children get the opportunity to go to school

St. Francis Integrated Development Organisation (FIDO)

New Donations: £40,000

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

St. Paul's Hospital

New Donations:£0

Pledged this year: £200,000

St. Paul's Hospital aims to train doctors in Addis Ababa. They are currently in need of accommodation blocks for visiting doctors who will be teaching at the hospital.

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YEHA

New Donations: £10,000

Yeha Natural Resources Management Institute for Eastern Africa conducts research and teaching to improve the understanding, prediction, and control of threats to food security, energy generation and use, and the best use of natural resources to provide sustainable growth and prosperity.

Total Donations to partners £1,423,697

Total outstanding pledged to partners £1,747,953

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 2007 the charity completed two direct mail campaigns to 1,000,000 and 700,000 individuals using mailing lists bought from mailing houses, and seven fundraising mailings to the donors on the charity's database.

The advertising mailings recruited a total of 6962 (2006: 3599 from one 1,000,000 recipient mailing) new donors to the database who in total contributed £249,000 (2006: £130,000) in cash donations and Bankers Order donations with a predicted lifetime value of £250,000 (2006: £166,000) (based on an estimate that banker's order donors last approximately 50 months on average). This showed an improvement of 12.7% (per mailing recipient) for cash donations, but a decrease of 12% expected value for bankers order donations, compared with 2006.

The seven fundraising mailings raised a total of £756,000 (2006: £709,000) of cash donations, and Banker's Order donations with a predicted lifetime value of £135,000 (2006: £120,000). This was an 11% improvement for cash donations and 12% improvement for bankers orders compared with 2006.

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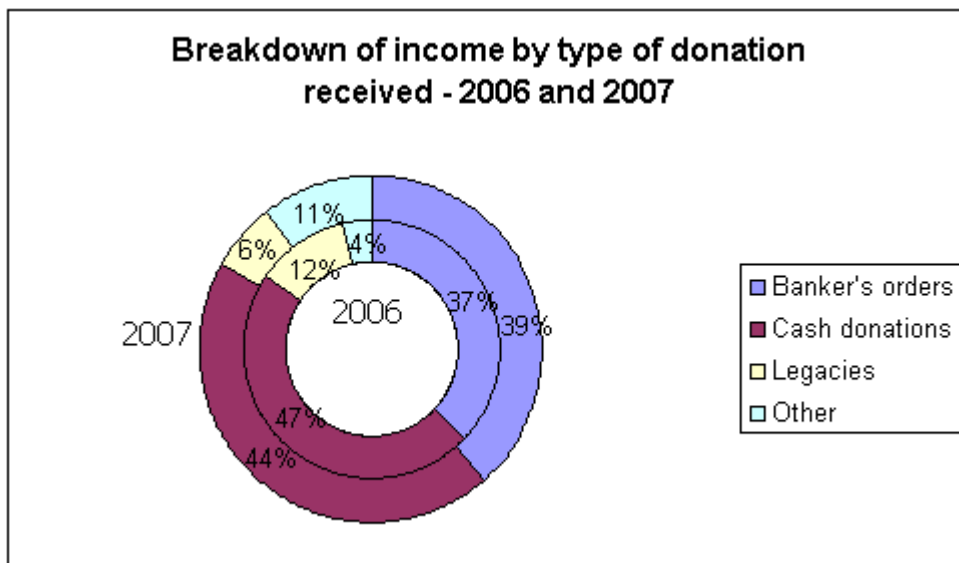
Report of the Trustees
for the year ended 31 December 2007

Finance

In 2007 the charity's income was £3,277,328 (2006: £3,350,405).

Made up from:

Banker's orders:	£1,269,285	(2006: £1,242,802)
Cash donations:	£1,448,257	(2006: £1,581,806)
Legacies:	£ 209,350	(2006: £ 405,053)
Other (Gift Aid, interest etc.)	£ 350,436	(2006: £ 120,744)



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 nearly 40% 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.

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Problems faced by the charity

In 2007 the charity had to change database provider due to severe problems with the previous database meaning that it was never fully operational. The implementation of the new database continued throughout 2007, the charity therefore did not have complete access to its database and donation records.

This also impeded the charity completing its Gift Aid claims from HMRC. It is expected that the database will be fully functional and all Gift Aid claims up to date by the end of 2008.

Plans for future periods

Fundraising

The charity's main fundraising activities will remain predominantly focussed 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 focuses 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 2007

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 (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

.....
A E Reed – Trustee

Dated:

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 2007 on pages fourteen to twenty two. 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 eleven 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 2007 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:

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Statement of Financial Activities for the year ended 31 December 2007

	Unrestricted	Restricted	2007	2006
	Funds	Funds	Total	Total
Notes	£	£	Funds	Funds
			£	£
Incoming Resources				
Donations	2,809,470	77,272	2,886,742	2,849,338
Legacies	188,350	21,000	209,350	405,053
Intangible income	11 9,000	-	9,000	9,000
Interest receivable	8 <u>172,236</u>	<u>-</u>	<u>172,236</u>	<u>87,014</u>
	<u>3,179,056</u>	<u>98,272</u>	<u>3,277,328</u>	<u>3,350,405</u>
Resources Expended				
Governance Costs:				
Fundraising & publicity	5 803,803	-	803,803	528,106
Management & administration	6 <u>88,861</u>	<u>-</u>	<u>88,861</u>	<u>102,401</u>
	892,664	-	892,664	630,507
Charitable Activities	4 <u>1,325,425</u>	<u>98,272</u>	<u>1,423,697</u>	<u>2,029,737</u>
Total resources expended	<u>2,218,089</u>	<u>98,272</u>	<u>2,316,361</u>	<u>2,660,244</u>
Net (resources expended)/ incoming resources	960,967	-	960,967	690,161
Fund balances at beginning of year	<u>1,084,382</u>	<u>-</u>	<u>1,084,382</u>	<u>394,221</u>
Fund balances at end of year	2 <u>2,045,349</u>	<u>-</u>	<u>2,045,349</u>	<u>1,084,382</u>
	=====	=====	=====	=====

The notes form part of these financial statements

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Income and Expenditure Account for the year ended 31 December 2007

	Notes	2007 £	2006 £
Gross income from continuing operations		3,096,092	3,254,391
Income from non-charitable operations		<u>181,236</u>	<u>96,014</u>
Total income from continuing operations		3,277,328	3,350,405
Total expenditure of continuing activities	3	<u>2,316,361</u>	<u>2,660,244</u>
Surplus for the year		960,967	690,161
Surplus brought forward at beginning of year		<u>1,084,382</u>	<u>394,221</u>
Surplus carried forward at end of year	2	<u>2,045,349</u> =====	1,084,382 =====

The notes form part of these financial statements

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Balance Sheet as at 31 December 2007

	Notes	£	2007 £	£	2006 £
Fixed Assets					
Intangible asset - Donor base	12		151,762		153,649
Current Assets					
Bank		3,447,228		2,264,415	
Income tax repayment		231,732		887,569	
Other debtors		<u>7,202</u>		<u>12,584</u>	
			3,686,362		3,164,568
Creditors: Amounts falling due within one year:					
	13		<u>1,792,775</u>		<u>2,233,835</u>
Net Current Assets					
			<u>1,893,587</u>		<u>930,733</u>
			<u>2,045,349</u>		<u>1,084,382</u>
Funds and Reserves					
Funds	2		<u>2,045,349</u>		<u>1,084,382</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 11th September 2008 and were signed by:

.....
A E Reed - Trustee

.....
D G Beal - Trustee

The notes form part of these financial statements

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Notes to the financial statements
For the year ended 31 December 2007

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.

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Notes to the financial statements
For the year ended 31 December 2007

2. Funds and reserves

Unrestricted Funds	£
At 1 January 2007	1,084,382
Net Incoming Resources for the year	960,967
Transfer to restricted fund	(-)
	<hr/>
At 31 December 2007	<u>2,045,349</u>

Restricted Funds	£	£
At 1 January 2007		-
Funds received in the year		98,272
Funds donated in year:		
Addis Ababa Fistula Hospital	81,567	
Hope Enterprises	16,585	
Destitute Elders Welfare Association	60	
Missionaries of Charity	60	
		<u>(98,272)</u>
As at 31 December 2007		<hr/> -

Analysis of Net Assets between Funds

	Intangible fixed assets	Net current assets	Total
	£	£	£
Unrestricted Funds	151,762	1,893,587	2,045,349
Restricted Funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total	<u>151,762</u>	<u>1,893,587</u>	<u>2,045,349</u>

3. Income & Expenditure from continuing operations

Income

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

Expenditure

	Total 2007	Total 2006
	£	£
Direct charitable expenditure (Note 4)	1,423,697	2,029,737
Fundraising and publicity (Note 5)	803,803	528,106
Management and administration (Note 6)	88,861	102,401
	<u>2,316,361</u>	<u>2,660,244</u>

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Notes to the financial statements
For the year ended 31 December 2007

4. Charitable Activities

	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
	£	£	£	£
General Grants:				
Addis Ababa Fistula Hospital	191,933	81,567	273,500	250,000
Mother Theresa's Missionaries of Charity	249,940	60	250,000	500,000
Hope Enterprises	233,415	16,585	250,000	250,398
St Pauls Hospital	200,000	-	200,000	-
Cheshire Home for Disabled Children	125,000	-	125,000	250,000
Destitute Elders Welfare Association	70,640	60	70,700	74,660
Children Aid - Ethiopia	56,480	-	56,480	40,000
Alchemy World	50,000	-	50,000	-
FIDO	40,000	-	40,000	35,000
Ethiopiaid Sweden	38,000	-	38,000	-
Focus on Children at Risk	23,000	-	23,000	11,500
YEHA	10,000	-	10,000	-
Addis Development Vision	10,000	-	10,000	25,000
CCSCE	10,000	-	10,000	-
Facilitators for Change Ethiopia	7,500	-	7,500	15,000
Medical Missionaries of Mary	5,000	-	5,000	31,760
Eneredada Elders Association	4,000	-	4,000	4,000
Operation Smile	517	-	517	69,034
Black Lion Hospital	-	-	-	368,410
BBC World service Trust	-	-	-	100,000
MANGO	-	-	-	4,975
Addis Ababa University	-	-	-	-
Total	<u>1,325,425</u>	<u>98,272</u>	<u>1,423,697</u>	<u>2,029,737</u>

Addis Ababa University has been pledged £454,543 but no donations were paid out from this either in 2006 or 2007.

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For the year ended 31 December 2007

5. Fundraising & Publicity

	Unrestricted	Restricted	2007	2006
	Funds	Funds	Total	Total
	£	£	£	£
Advertising	600,927	-	600,927	343,235
Less: amounts capitalised	<u>47,936</u>	<u>-</u>	<u>47,936</u>	<u>32,508</u>
Net advertising costs	552,991	-	552,991	310,727
Other fundraising costs	99,313	-	99,313	90,379
Database processing costs	101,676	-	101,676	67,759
Amortisation of database	<u>49,823</u>	<u>-</u>	<u>49,823</u>	<u>59,241</u>
Total	<u>803,803</u>	<u>-</u>	<u>803,803</u>	<u>528,106</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 2007 were substantially higher than the previous year as we did two cold mailing campaigns (as opposed to one in 2006).

6. Management & Administration of the Charity

	Unrestricted	Restricted	2007	2006
	Funds	Funds	Total	Total
	£	£	£	£
Salaries	72,652	-	72,652	83,796
Audit & accountancy	3,274	-	3,274	3,124
Bank charges	1,314	-	1,314	691
Monitoring & evaluation of projects	-	-	-	2,257
Office Costs	9,000	-	9,000	9,000
Miscellaneous	<u>2,621</u>	<u>-</u>	<u>2,621</u>	<u>3,533</u>
Total	<u>88,861</u>	<u>-</u>	<u>88,861</u>	<u>102,401</u>

7. Staff Costs & Numbers

	2007	2006
	£	£
Wages and salaries	72,652	83,796
	=====	=====

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

	2007	2006
	£	£
Deposit Account interest	140,681	87,014
Interest received on Tax Repayments	31,555	-
	<u>172,236</u>	<u>87,014</u>

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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 £9,000 (2006 £9,000) relates to free office space occupied by the Charity, some donated by Reed Foundation and the remainder by Reed Executive.

12. Intangible Fixed Assets	Donor Base	Donor Base
	£	£
Cost As at 1 January 2007	435,001	
Amortisation As at 1 January 2007	<u>(281,352)</u>	
Net Book Value As at 1 January 2007		153,649
Deduct Cost of lapsed donors written off this year	(35,833)	
Less Amortisation on lapsed donors	35,833	
Net current value of lapsed donors	<u>(-)</u>	
Amortisation charge for this year	Note 5	<u>(49,823)</u>
		<u>(49,823)</u>
		103,826
Add Capitalisation of Advertising Costs	Note 5	<u>47,936</u>
Net Book Values As at 31 December 2007		<u>151,762</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.

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13. Creditors

	2007	2006
	£	£
Accruals	44,822	242,061
Pledged donations	1,747,953	1,991,774
	<hr/> 1,792,775	<hr/> 2,233,835

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. A sum of £1,747,953 remains pledged to partners, including: £454,543 pledged to the University of Addis Ababa, £200,000 pledged to St Pauls Hospital, £675,000 pledged to Hope University College, £50,000 pledged to Alchemy World and £368,410 pledged to the Black Lion Hospital.

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 £14,422 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.