

## Commentary on the model Trustees' Annual Report and accounts: Aid Overseas

This example is an unincorporated international aid and development charity established to relieve poverty and deprivation throughout the world. The Trust has unrestricted and restricted funds and an income of £22.7m and net assets of £7.8m. Trustees should ensure that the content and depth of reporting provides a fair review of the charity's structure, aims, objectives, activities and performance (SORP paragraph 36) and supplement the statutory requirements with such additional information or analysis as may be required (SORP paragraphs 10 and 21).

Trustees and their professional advisers are recommended to also refer to the ICAEW/ CAF OnLine Awards winners cited on the Charity Commission website which illustrate a number of imaginative approaches to conveying the activities and achievements of large and complex charities through their annual reports. Larger charities also often supplement their annual reporting with annual reviews and other publications to which reference may be made in the annual report (SORP paragraph 39).

### Reporting public benefit

The example has been updated to refer to the Commission's guidance on public benefit. The report begins with a *mission statement* and a summary section on *activities* which sets out the programmes undertaken for relieving poverty for the public benefit and gives the required disclosure confirming that the trustees have had regard to the Charity Commission's guidance on public benefit. In the *how we work* section the report also looks at how the charity maximises the benefit to beneficiaries by identifying and minimising those aspects of its work that might reduce the benefit to the communities served. In this section the report also explores what poverty means in the context of the charity's operations.

### The Trustees' Annual Report

The trustees may choose to order the required contents of the trustees' annual report as they wish and this example illustrates that freedom by not following the order as set out in the SORP.

Having opened with the charity's mission statement which concisely says what the charity is seeking to do, the *activities* section identifies the four major programmes undertaken for the public benefit. The *how we work* section of the report identifies what is meant by poverty and the factors that determine where the charity operates to maximise the benefit of its programmes.

The *activities, achievements performance and public benefit* section includes quantitative information on the assistance given and qualitative information regarding changes made to social infrastructure and life chances for each of the four programmed activities. The SORP requirement to summarise measures or indicators (SORP paragraph 53(a)) represents an opportunity to present information the charity is likely to hold already. The extent of reporting will reflect the existing information used in the routine monitoring of the programmes undertaken. The report also includes details case studies for two of the programmes undertaken in the year to indicate that the trustees' report may properly contain case studies where these are available. Case studies are a useful tool to engage the reader with the charity's work. These may often be accompanied by images, charts, graphics and quotes from beneficiaries, however charities filing with Companies House will find that these options are not currently available. This section concludes with a discussion of those factors outside of the control of the charity which are relevant to the achievement of its objectives (SORP paragraph 53(d)) and a profile of the partners the charity works with.

The fundraising activities are of potential interest to beneficiaries, donors and the wider public and an aspect of activity for which additional information should be provided (SORP paragraph 39) where fundraising is a material activity. The example, for illustrative purposes, incorporates a brief summary of fundraising activities in the *financial review* section. The performance of the trading subsidiary is reported against a comparable benchmark, together with investment policy and

performance, reserves policy and grant making policy. (No disclosure is made of the policy for social or programme related investments because these are not material, SORP paragraph 50.) The grant making policy has been grouped with the other policy disclosures, investments and reserves, after the *financial review* section.

The section on *plans for the future* sets out the broader strategic vision and explains how each of the four programme areas are to be taken forward. The trustees identify the circumstances where humanitarian aid is to be offered and highlight the impact of HIV/ AIDS in Africa and steps being taken to assist AIDS orphans.

The report concludes with more administrative information in the section *objects, structure, governance and management*. This section includes the *risk management* statement which goes beyond a formulaic statement to include additional information on the risks assessed and arrangements to mitigate risk.

The report closes with a statement of trustees' responsibilities in relation to the financial statements which includes the additional paragraph required where the report and accounts are also published on the charity's website. Such a statement, if not provided by the trustees, may be a feature of the audit report in accordance with APB Audit Standard ISA580. The statement of trustees' responsibilities is not a requirement of the SORP.

In addition to this statement, the auditors may also request the trustees of larger charities to provide an audit assurance, similar to that of the directors of comparable commercial companies subject to audit, and request that the trustees state in their report that:

There is no relevant audit information of which the charity's auditors are unaware; and the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

## **The accounts**

The Statement of Financial Activities (SoFA) has varied the order of items in the SoFA (SORP paragraph 91) in order to report an additional sub total of net incoming resources after costs of generating funds (SORP paragraph 88). The main charitable activities undertaken are shown separately from the governance costs of the charity. The four programme areas include resources expended on grants. The analysis in note 7 identifies activities undertaken directly and grants across each programme area (SORP paragraph 193) and includes support costs (SORP paragraph 192). The institutional grants disclosed (SORP paragraphs 198 and 207) in note 8 are analysed by area of activity (SORP paragraphs 204 and 206) and reconcile with the total grants paid (SORP paragraph 203). Governance costs are disclosed in note 9 and support costs and their allocation are analysed in note 10. All grants have been paid or represent liabilities due to creditors (notes 19 and 20).

On the face of the balance sheet, the types of fund are disclosed, including a designated fund representing fixed assets funded from unrestricted funds (SORP Appendix 1 paragraph GL51.2). Note that the programme related investments are shown separately (SORP paragraph 308).

The charity requires a cash flow statement (SORP paragraph 351) that cross references to note 24 which reconciles the net movement in funds (SORP paragraph 355) to net cash flow from operating activities, and the opening and closing cash and 1 day deposits as disclosed in note 18.

The option of providing a consolidated SoFA has been exercised (SORP paragraph 397). The trading results and the assets and liabilities of the trading subsidiary (SORP paragraph 401) are disclosed in notes 3 and 25 respectively. The trading results of the charity (SORP paragraph 397) are disclosed in note 26.



## **Report of the Trustees For the year ended 30 September 2009**

The trustees present their report along with the consolidated financial statements of the charity and its subsidiary for the year ended 30 September 2009. The financial statements have been prepared based on the accounting policies set out in note 1 to the financial statements and comply with the charity's trust deed. Aid Overseas is a charity registered with the Charity Commission under registration number 987654.

### **Mission Statement**

We believe that the earth has sufficient resources for all if managed sustainably but the way that these resources are shared is inequitable and damaging to human welfare. We see it as our responsibility to match resources and need by working with local groups to overcome poverty and suffering. Our longer term goal is to safeguard the future self sufficiency of the localities in which we work.

### **Activities**

Aid Overseas undertakes some disaster relief work. However the trustees consider that the best long-term method of achieving the aim of tackling world poverty is through promoting sustainable communities. The trust concentrates its work in particular regions and aims to enable communities in those regions to become as self sufficient as possible.

The activities currently carried out for the public benefit by the charity can be broadly categorised into the following groups of programmes:

**Public health**, which includes nutrition, water supply and sanitation, and shelter and accommodation;

**Sustainable communities**, which includes development of agriculture and sustainable industries, social institution development and education and training;

**Humanitarian emergency aid**, mainly famine relief; and

**Other programmes** including campaigning and public education.

In setting our programme each year we have regard to both the Charity Commission's general guidance on public benefit and prevention and relief of poverty for the public benefit. The trustees always ensure that the programmes we undertake are in line with our charitable objects and aims. Our ambitious aim is to eradicate poverty in the areas where we work.

### **How we work**

The charity delivers its charitable aims in two ways:

through direct delivery especially in relation to work in the UK and overseas in areas where we have our own staff; and

through grant making, chiefly using our partner organisations.

Work carried out by the partner organisations is especially useful where the trust has no established infrastructure for managing staff and operations or where it provides a more economic approach than using our own staff. Using both partner organisations and our own local staff helps utilise local knowledge effectively and assists in our educational work. During the year, £6.7 million of our programmes were delivered in partnership with a combination of both international and local organisations.



## **Report of the Trustees For the year ended 30 September 2009**

Longer term solutions require that we address the underlying social and economic circumstances. Economic inequality is a continuing source of human suffering throughout the world and through our work we campaign against and fight inequality and so transform the lives of families and communities. We see the practical expression of our charitable aims as to ensure all people in the areas we are working enjoy a minimum standard of nutrition, access to shelter, safe drinking water, sanitation and healthcare and the opportunity to go to school and to have the life skills to earn a secure livelihood.

We decide on where we work, taking into account the following factors:

- World bank data on relative levels of poverty for countries across the world;
- Incidence of natural disasters and patterns of adverse weather;
- Honouring our existing commitments to prevent or relieve poverty;
- Information from partners about areas not well served by other NGOs and international support where our input would be needed;
- Availability of local partners with their willingness and capabilities to work with us; and
- The degree of stability, safety and security in the area of operation.

We have an ethical stance where we seek to provide our programmes without detriment to the local economy or community. To this end where beneficial we seek to locally source labour, materials and supplies in order to ensure that the benefits of our work are maximised across the economy. This approach underpins local businesses, local employment prospects and the viability of the local community, thereby reducing or avoiding internal migration.

However this approach may cause local prices to rise to the disadvantage of indigenous economic activity, and it may encourage aid dependency where the community looks to external agencies to solve local problems rather than organising to address social problems themselves in partnership with external agencies such as ourselves. Our concern is that our time limited involvement, whilst bringing initial benefit, does not, through causing skill and resource scarcity, disadvantage or undermine the sustainability of the communities we serve. In order to minimise any detriment our activities may cause, we carefully assess when to source externally and to bring in labour and resources, and when to source locally.

Over the year we have worked directly with more than a quarter of a million poor and disadvantaged people in 15 different countries and indirectly we believe our work to support sustainable in the communities has enhanced the lives of many more. We seek to help people regardless of race, sexual orientation, religion, creed, disability, age, or gender. We regard our plans as indicators and not absolute targets because the key is to resource the right programmes.

As a large charity with so many programmes inevitably this report is a summary and for examples of the effect we have had on rescuing individuals and families from poverty view the 'life stories' section of our web site [aidoverseas.org.web.uk](http://aidoverseas.org.web.uk)

### **Voluntary help and gifts in kind**

The trustees are very grateful to the hundreds of volunteers who helped by staffing our shops, carrying out fund-raising on our behalf and in particular those who work overseas. The public has been very generous in providing gifts in kind, particularly donations of clothing for resale through our shops and blankets and clothing provided for disaster relief. Each of our shops has a team of around 20 volunteers and would be unable to operate without their help. Volunteers also provide assistance with events, giving time and supplies to make them a success.

## **Report of the Trustees For the year ended 30 September 2009**

### **What we did: Activities, Achievements, Performance**

#### ***Public Health***

All but two of the sixteen public health programmes delivered during the year were carried out in Africa. The programmes address three specific areas: health and nutrition training, largely delivered by our staff in the field; water and sanitation programmes, most of which involved our staff providing technical assistance in improving water supplies; and three smaller programmes where we provided grants to assist with the provision of accommodation to people displaced by war or natural disasters.

The largest of our health and nutrition training programmes was based in the Bahr el Ghazal region of Southern Sudan. This area became the epicentre of a famine in 1998 caused by a number of factors including the civil war and prior year flooding. Nutritional status has not improved in recent years despite the signing of the Comprehensive Peace Agreement (CPA). The Aliap 2005 programme has been working with children from 8 to 11 in the town, training them in the importance of good nutrition and has set up a small demonstration farm where the young people can learn about what foods grow well in the area and how these contribute to balanced nutrition. There is further work with the girls to educate them on the importance of breastfeeding and good infant nutrition.

By working with young people in this way the whole community's awareness of these issues has been raised and the parents of the future will be better equipped to raise healthy children.

Overall our plan for the year was for 14 programmes and a spend of £4m to assist 28,000 people and the outcome was a total of 16 programmes spending £4.1m and through our work we were able to reach 25,000 people. We improved water supplies to 2,500 people in 15 villages and provided permanent accommodation for around 400 families. The long term impact of this is difficult to judge but initial estimates suggest that this programme will improve the quality of life of over 35,000 people and reduce infant mortality.

#### ***Sustainable Communities***

During the year we were involved in running 22 programmes to encourage sustainable communities and spent £5.6m. The main work in agricultural development and education and training was in Africa and the Indian sub-continent. Institutional development and promotion of sustainable industries involved a wider range of countries including Eastern Europe, South and Central America.

One of our flagship programmes this year has been the training scheme set up for coffee farmers in Nicaragua on the benefits of organic growing. We have worked with Producecoop in Nicaragua who are delivering the training to poor and subsistence farmers. We have financed the cost of teaching materials and travel costs for coffee farmers to meet farmers in other parts of the country who are already involved in organic production. 25 farmers were enrolled in the course this year. 15 of them were already trading through Fairtrade networks. By the end of the training course all 25 were in a position to take up contracts where they would initially earn a fair-trade premium and where after transition they will be earning an additional organic premium. The hurricane in the autumn seriously affected the coffee crop in the North East but it gave students on the course graphic evidence that organic producers were better able to survive the hurricane as their less intensive methods left them less exposed.

## **Report of the Trustees For the year ended 30 September 2009**

Our work this year highlighted the need to support the development of institutions, such as community centres, chambers of commerce, clinics, credit unions and cooperatives, to facilitate sustainable communities. We have helped establish these by providing advice and some pump-priming funding or social investment, some of which has been used for revolving loans. Access to credit, especially in remote rural areas, is a key factor in breaking the cycle of poverty. The loans facility enables business investment which improves livelihoods. By laying down savings for future years this creates resilience and so families can afford for their children to study at school.

Overall we had planned to help 40 communities and 4,000 people but the outcome was that we supported only 30 larger programmes and trained or supported around 3,000 people during the year. During the year we worked with 20 credit unions and cooperatives, predominately in Central America and Peru and advanced loans to 2 new credit unions established in Mozambique. Of the communities we helped this year 15 had received no outside help from any other agency. When working with new communities not used to assistance from NGOs there is much to explain and discuss with community leaders and the people of the area. Overall we were happy with the achievements this year but will feed some of the lessons learned into our future planning.

### ***Humanitarian Emergency Aid***

The world is still in great need of emergency relief and we regularly receive many unsolicited donations in times when crises are reported in the media. We have a contingency plan for emergency relief and earmark fundraising capacity to support this work. This year the disastrous flooding in Bangladesh and hurricane Brigitta which devastated the Atlantic coast of Nicaragua brought in donations of money, food and medicines, blankets and clothing which was distributed as quickly as possible. In addition we continue to co-operate in distributing emergency relief in partnership with the World Food Programme and the European Union. We distributed over £285,000 worth of donated food and £485,000 of donated medicines, blankets and clothing in the year to a variety of locations. We also distributed emergency aid funds of around £800,000 in the Southern Sudan as a necessary first step to bringing more sustained improvement programmes.

Taken overall we committed £3.2m to these aid programmes and our emergency aid was able to provide short term help to around 225,000 people. Many of those in receipt of emergency relief will need further support before sustainable communities are re-established.

### ***Other Programmes***

The trust has a well established programme in the UK education, chiefly to school pupils and concerned groups. Our two UK offices have exhibition space and resource centres which are used by a large variety of school and college pupils studying world development issues. A small team of staff provide lectures and seminars both at the offices and they also visit groups and schools. The main aim of the programme is not to raise funds but to raise general awareness. The total programme cost in the year was £432,000 and reached 25,000 students and 400 local groups against a plan for 22,000 students and 350 local groups.

This team is also involved in campaigning on development issues. Our campaigning involved lobbying MPs and MEPs on world trade issues, providing information packs and assisting research particularly in relation to development in the Sudan.





## **Report of the Trustees For the year ended 30 September 2009**

We were pleased to join with the faith based *Poverty We Challenge* campaign to lobby Heads of State to honour the commitments made by international and national decision-makers of both rich and poor nations, to fulfil their public promise to achieve the Millennium Development Goals and so halve absolute global poverty by 2015. The campaign involved active Parliamentary briefings and lobbying, and marches and rallies at locations across the country. In all our campaigning we were careful to ensure that our campaigning materials and approach complied with Charity Commission guidelines.

The team managed to get 50 articles published in the national press, which has kept both the name of the charity and the issue of development on the media stage.

### **External factors affecting achievement**

The charity works in difficult circumstances where both social and political factors may give rise to security or access problems that frustrate our ability to put in place the infrastructure and long-term initiatives necessary to alleviate poverty. The continued instability, due to civil unrest, in a number of countries has obstructed both the speed of progressing our programmes and access to areas in need.

Additional difficulties can arise, particularly in urgent relief situations, where local government bodies and the available infrastructure are insufficient to handle the intended relief activity, leading to a requirement to adopt alternative approaches or curtail the level of aid activity. On occasion our local partners have also encountered difficulty where the local governmental infrastructure has broken down or there is an unforeseen imposition of additional requirements. Whilst addressing these issues, progress on programmes may be impeded or even halted until a satisfactory outcome is achieved.

The commitment of the local communities, our staff and local partners, to surmount these problems and make a difference continues to be both a strong motivator and a source of inspiration to encourage us on in our mission to make a difference and help to make poverty history.

### **Our partners**

We are in a second year of collaboration with Producecoop which is a cooperative operating in Nicaragua to develop improved farming, storage, distribution and marketing of coffee crops by member producers. Registered with Fair trade, this local organisation has a track record of success in transforming the productivity of member growers and prospering their communities. Producecoop is our twelfth partner (details of all our partners is given in note 8 to the accounts) and joins a mixture of governmental bodies, non governmental organisations, charities and social enterprises with whom we work. Whilst not all of partners are charities, for example credit unions, we can partner with them on common initiatives that fulfil our charitable aims. For more information about our partners including a summary of how we work together please view the 'partners together' section of our web site [aidoverseas.org.web.uk](http://aidoverseas.org.web.uk).

We are also a member of NGOs TransInternational which is a network of non-governmental bodies working internationally. Through the network we gain access to expertise and share experience and skills of working worldwide with similar organisations. Through this network we can also work together on the ground to work effectively, avoid waste and duplication and to provide mutual assistance. We also work closely with the UK Disasters Emergency Committee, other overseas relief organisations, the Department of International Development, and with governments in the areas of operation to ensure a co-ordinated effort in the areas in which it operates and to influence longer term strategies to prevent or relieve poverty in developing countries.



## **Report of the Trustees For the year ended 30 September 2009**

### **Financial review**

During the year, the net funds raised from the general public, governments and through our network of shops other agencies to fund the programmes mentioned was just over £13.1 million. All of this income, and a small amount from reserves were used in the current year.

As shown in the restricted funds column in the Statement of Financial Activities, net restricted income after costs was £4.8 million which was raised for particular programmes. We still have £1.3 million left which will be used as these programmes progress. We also have applications under consideration by a variety of bodies for a further £6 million to continue this work.

Donations and legacy income is our largest source of funding and in total we raised net income of £10.2m from this source. A net contribution of £1.8 million was received from trading activities and events. The aim of our trading activities is to generate a profit to fund our work. Trading activities are undertaken wholly through our subsidiary Aid Overseas Trading Limited which currently has 115 shops. The largest fundraising activity is the network of charity shops, with a net contribution of almost £1.7m on a turnover of £8.5m representing a rate of return of 20% which matches the UK charity shop average. Besides providing a much needed injection of cash to the charity's operations, the shops provide the presence of our name on many high streets. A further benefit is that they provide an outlet for some goods from the countries we are seeking to help. Volunteers continue to be the mainstay of the shops. Aid Overseas Trading also ran 158 events ranging in size from small fundraisers through to our annual Gala Dinner. Not all the events were as successful as we hoped and this is reflected in the modest net contribution of £78,000. This was due in part to adverse Summer weather reducing turnout for our *open skies in the park* events and the economic recession which significantly reduced corporate giving.

Fundraising activities are not restricted to events alone. Aid Overseas seeks to encourage donations through volunteer fundraising and giving mail shots and promotional presentations. We focus in particular on legacies, and the costs of fundraising for the charity itself increased by £0.6m to £2.3m reflecting the costs of disaster relief related campaigns and the new 'Orphan Villages' campaign involving newspaper and television advertising. The 'freedom of giving' and 'helping hand' campaigns continue to have a strong response, reflected, and the take-up of our free will writing service with 50% of those taking up the service including us in their will for a future gift.

The balance of our net income is from contracts and investment income worth between them £1.1m. We received contract income totalling £0.9m, from Governmental bodies and agencies to deliver aid and other development programmes. Our key partner, the Department for International Development, has been especially helpful in facilitating EC and UK Government contracts with a particular emphasis on programmes that will improve public health and provide sustainable development.

### **Investment policy**

The trustees have a general power of investment and so enjoy considerable freedom to invest in such investment assets as they see fit.

The charity sometimes needs to react very quickly to particular emergencies and has a policy of keeping any surplus liquid funds in a combination of short-term deposits, normally 7 day notice, and 1 day deposits which can be accessed readily. The charity has an active treasury management department and is pleased to report that it has managed to obtain a return of nearly 8% in interest on these deposits, against a target of 6%. The charity also has an investment property of a block of garages, previously used for operational purposes but which became surplus to requirements. The garages are let pending their disposal and 1 garage was sold during the year. The trustees are seeking to dispose of the garages as the opportunity arises.





## **Report of the Trustees For the year ended 30 September 2009**

### **Reserves policy**

The charity and its subsidiary have combined reserves of around £4.1m. This represents around 6 months unrestricted fund expenditure on charitable activities. In calculating our reserves we exclude those funds tied up in buildings, vehicles and equipment necessary to undertake our work.

In reviewing its reserve requirement, the trustees have decided that the charity needs to hold a small amount of reserves (£0.4m) to cover emergency situations such as urgent property repairs and rapid repatriation of overseas staff. In addition the charity has a small number of contracts and reserves (£0.35m) are needed to fund this work because contract payments are made in arrears. However the main reason for holding reserves is to ensure that the charity has enough resources to fund the programmes it is supporting. For planned programmes the charity takes around 3 months to make funding decisions and it is policy never to commit funds that it does not have. Therefore to prevent disruption to overseas programmes it is felt that around 5 months reserves of unrestricted expenditure (£3.1m) needs to be held.

The amount of reserves held (£4.1m) is therefore broadly in line with the trustees' view of reserves needs (£3.85m). Reserves are expected to remain at or the about the planned level for the foreseeable future. Any excess reserves will be committed early in the new financial year.

The restricted funds are not included in the trustees' view of reserve needs because these restricted funds are held by the charity for only as long as is necessary to organise the relevant programmes. Normally these funds are spent within 6 months of receipt.

### **Grant making policy**

The trustees consider grant making an effective means of delivering aid using local partners. Local partners have access to facilities, expertise, staff or other resources, in the field and they may be better placed to deliver aid speedily and effectively.

Applications for grants are not invited. Instead our activity sub committees develop the programmes for the year, identify whether it is most effective to deploy our own staff and resources or whether to seek a local partner for some or all the planned programmes for each geographical locality. Where a local partner is preferable, those organisations active in the target area are reviewed for their track record in the field, financial transparency and operational capability. Those potential partners that meet the criteria are contacted and a dialogue initiated to see if they would act as partners for Aid Overseas. Unconditional grants are then awarded where local partnerships are established. Our grant making policy is reviewed each year to align our grants with our priorities and programmes of activity for the year.

### **Plans for the Future**

The need for aid due to adverse weather, war and instability and social breakdown can make it seem that demand is never ending and we plan to continue doing what we can to assist, inspired by those who give so generously and those whose lives are transformed. However the trustees realise that we must use the resources we have wisely and so we will continue to target those problems where we have expertise to make the most difference. Studies have also shown that short term involvement is often counter-productive and leaves beneficiaries sometimes worse off than they were before.

We therefore intend to continue our approach of funding discrete programmes but then following this up with further involvement to build sustainable communities.



## **Report of the Trustees For the year ended 30 September 2009**

Taking two of the programmes already reviewed in this report, we have planned further work with the coffee farmers in Nicaragua to build new primary schools in two of the local villages and to fund a marketing course for participants in the five growing co-operatives from which our original students were drawn. In Sudan, the Ajiep 2005 programme is also being extended and we plan to open a primary healthcare centre in the region offering support to women and children.

More generally the following programmes carried out by the charity will be continued:

**Public health**, to maintain the existing 16 public health programmes and launch 2 additional programmes in northern Somalia with the aim of securing through our public health programme improved quality of life for 37,000 people;

**Sustainable communities**, to maintain or start a total of 28 programmes with the aim of training or supporting 3500 people in the coming year. We will continue to work with our non-charitable credit union partners to further our aim to relieve poverty because the availability of credit is a key factor in establishing sustainable farming. We will therefore will evaluate the opportunity to use any excess reserves we have to assist, by way of social investment loans, in the establishment of new credit unions in central America and Peru;

**Humanitarian emergency aid**, mainly famine relief; and

**Other programmes**, to continue a school and public education programmes and our campaigning on world trade issues and launch a new campaign on relieving the debt burden of Sub Saharan Africa.

In 2006 we reviewed the extent to which we should undertake emergency aid. As a relatively small organisation we believed our focus should be on programmes with a long-term impact and so we decided to leave providing major humanitarian aid to other charities. However in the past year major disasters have occurred in areas where we are involved long term and we have therefore spent as much on disaster relief as we did in 2008. However we have decided not to be involved in humanitarian relief in areas where we do not have other long term programmes running. We continue to be committed to the need to provide aid in the event that a disaster or major incident affects a locality where we are already active where the provision of emergency aid will safeguard the local communities and people with whom we are working.

Our work in Africa has for a long time brought us face to face with the AIDS epidemic. We have done much to tackle this but we feel it is becoming essential to do more work in this area as high death rates from AIDS is now the biggest single factor affecting development in some areas. Therefore we have launched our 'orphan villages' fundraising campaign and are aiming to raise an additional £5 million in 2010 to launch educational and support work with AIDS orphans in five villages as well extending AIDS campaigning work.

Finally we plan to look again at our governance arrangements, following the last review in 2004. We have commissioned a new review in the latter part of 2009 to look at how we have carried out the recommendations of the previous review both at home and overseas. Our trustees will be holding a series of Blue Skies and Review days towards the end of the next financial year as part of this process. We will also be ensuring that all trustees have the opportunity to visit programmes in the regions for which they take special responsibility to renew the links between our field workers and the board.



## **Report of the Trustees For the year ended 30 September 2009**

### **Objects, Structure, Governance and Management Our legal objects**

Aid Overseas is an international non-governmental, non-political, non-religious organisation established in 1972. It is constituted under a trust deed dated 10 March 1972 (as amended on 15<sup>th</sup> November 2002). It is registered as a charity with the Charity Commission. The Trust deed defines the charity's Objects as being:

'To relieve poverty and deprivation throughout the world and to relieve suffering, whether chronic or acute, by way of emergency intervention and/or establishing rehabilitation programmes.'

Our Charity Commission registration number is 987654.

### ***Trustees and organisational structure***

The trust deed allows for up to 12 trustees to be appointed. Following the governance review in 2004 trustees now serve for a renewable term of 4 years with no more than 3 trustees retiring in any one year. Trustees can serve until they either resign or their term ends without renewal. All our existing trustees have long experience of being a charity trustee and aside from expenses were not remunerated for their trusteeship. Our trustees are unpaid and details of trustee expenses and any related party transactions are disclosed in note 13 to the accounts.

### **Trustees**

Our trustees are responsible for setting the strategy and are responsible in law for the running of Aid Overseas. All the trustees, except where otherwise stated, served for the whole year:

S C Bourne

I M Gloom

C Lean

F Pound FRIC

J Seer LLB (reappointed 1 September 2009 for a further 4 year term)

L Welling (reappointed 1 September 2009 for a further 4 year term)

Where new trustees are appointed they are given a formal induction to the work of the trust and provided with the information they need to fulfil their roles, which includes information about the role of trustees and charity law. New trustees are nominated by members of the board of trustees, interviewed by a panel of three trustees and appointed where they have the necessary skills to contribute to the charity's management and development.

Each trustee takes responsibility for monitoring the trust's activities in specific operational areas, chairing sub-committees of the trustee board. The main sub-committee is the Finance and General Purposes Committee which meets 10 times a year. There are also activity sub-committees with delegated spending authority to cover each of the three main areas of work and membership of these committees includes staff and volunteers.

Supporting the work of the activity sub-committees we have Regional sub-committees, each with members with knowledge of the particular region in which the charity works. The Regional sub-committees meet at least quarterly to promote co-ordination and to review the performance of the different strands of work in their area. Each committee or sub-committee reports action points to our board meetings which are held at least quarterly.



## **Report of the Trustees For the year ended 30 September 2009**

### **Chief Executive**

Our Chief Executive is responsible for the day to day operation of the charity and manages the staff of the charity on behalf of the trustees. He heads up our staff team who advise on and deliver the strategy and programmes of Aid Overseas.

Our Chief Executive Mr I M Strong is well experienced in the aid field. He joined us on 12 May 1978 and has undertaken a number of senior roles before becoming our Chief Executive in November 1998.

### **Advisers**

To help us in our work we retain a number of professional advisers:

Auditor: A Charity Auditor, London, WC2 3LA

Banker: ABC Bank plc, 28 Bank Street, London, EC3 3BC

Solicitor: A Charity Solicitor, Bedfordshire, BE33 7PQ

Consultancy: A Fund-raising Consultant & Co, Leeds, Yorkshire, LE98 7EB

### ***Risk management***

All significant activities undertaken are subject to a risk review as part of the initial activity assessment and implementation. Major risks are identified and ranked in terms of their potential impact and likelihood.

Major risks, for this purpose, are those that may have a significant effect on:

Operational performance, including risks to our personnel and volunteers;

Financial sustainability, including stability and security of income;

Achievement of our aims and objectives; or

Meeting the expectations of our beneficiaries or supporters

The trustees review these risks on an ongoing basis and satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. The following framework is central to ensuring adequate risk assurance:

Regular monitoring of major risks and development of action plans;

Embedding risk identification and assessment within operating procedures;

A clear structure of delegated authority and control;

Review of key systems and procedures through internal audit arrangements;

Income and profit targets for our trading and fundraising activities;

Maintaining reserves in line with set policies; and

regular summary reports on risk management to the Trustee Board.

We have paid particular attention during the year to increasing the coverage of internal audit and to addressing the heightened risks to our British staff operating in areas of unrest. We are therefore reviewing our training programme for British workers going overseas and have instigated a thorough review of all programmes in war zones to assess whether local staff would be more appropriate for certain programmes. In assessing risk our trustees recognise that some areas of our work require the acceptance and management of risk if our key objectives are to be achieved.



## **Report of the Trustees For the year ended 30 September 2009**

### **Principal Office**

One Office,  
Office Street,  
London SE2 3LA  
Telephone: 020 7000 0000  
Website: [www.aidoverseas.org.uk](http://www.aidoverseas.org.uk)

The trust has its headquarters in London and has an office in Manchester. It has overseas offices in Rio de Janeiro, Nairobi and in New Delhi which it uses to direct operations in South and Central America, Africa and the Far East. Operations in the Middle East and Eastern Europe are managed from the Manchester office. The charity has a number of partner organisations with whom it co-operates to deliver its programmes. The principal partner organisations are set out in note 8 to the accounts.

In addition, the trust raises funds through a network of charity shops which are operated through a wholly-owned trading subsidiary. The shops sell both second hand goods donated by the public and bought in goods, provide an outlet for publicity material for the charity, and collect donations for the general work of the charity.

### **Trustees' responsibilities in relation to the financial statements**

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. The law applicable to charities in England and Wales requires the trustee(s) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and enable them to ascertain to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the interest of transparency and accountability to our donors we publish our annual report, accounts and scrutiny report on the website. The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the trustees and signed on their behalf by:

**S C Bourne**

12 December 2009

## Report of the Trustees

### For the year ended 30 September 2009

	Note	Unrestricted Funds £'000	Restricted Funds £'000	2009 Total £'000	2008 Total £'000
<b>Incoming resources from generated funds</b>					
<b>Voluntary income:</b>					
Donations and legacies	2	7,524	5,054	12,578	8,881
<b>Activities for generating funds:</b>	3				
Shop sales		8,530	-	8,530	8,573
Events		468	-	468	462
<b>Investment income</b>	4	173	86	259	229
<b>Incoming resources from charitable activities</b>					
Operational programmes	5	850	-	850	1,173
<b>Total incoming resources</b>		<b>17,545</b>	<b>5,140</b>	<b>22,685</b>	<b>19,318</b>
<b>Less: Cost of generating funds</b>					
<b>Voluntary income:</b>					
Donations and legacies	6	1,925	374	2,299	1,665
<b>Fundraising trading:</b>	3				
Shop Sales		6,842	-	6,842	6,544
Events		390	-	390	353
<b>Total costs of generating funds</b>		<b>9,157</b>	<b>374</b>	<b>9,531</b>	<b>8,562</b>
<b>Net incoming resources available for charitable activities</b>		<b>8,388</b>	<b>4,766</b>	<b>13,154</b>	<b>10,756</b>
<b>Charitable activities:</b>	7				
Public health		3,036	1,062	4,098	3,596
Sustainable communities		3,076	2,507	5,583	5,239
Humanitarian (emergency) aid		749	2,452	3,201	3,190
Other programmes		432	-	432	402
<b>Total charitable activity costs</b>		<b>7,293</b>	<b>6,021</b>	<b>13,314</b>	<b>12,427</b>
<b>Governance costs</b>	9	<b>107</b>	<b>50</b>	<b>157</b>	<b>70</b>
<b>Total resources expended</b>		<b>16,557</b>	<b>6,445</b>	<b>23,002</b>	<b>21,059</b>
<b>Net incoming (outgoing) resources from operations</b>		<b>988</b>	<b>(1,305)</b>	<b>(317)</b>	<b>(1,741)</b>
Unrealised gain on investment assets	15	8	-	8	-
<b>Net incoming (outgoing) resources for the year</b>		<b>996</b>	<b>(1,305)</b>	<b>(309)</b>	<b>(1,741)</b>
Total funds brought forward		5,560	2,617	8,177	9,918
<b>Total funds carried forward</b>		<b>6,556</b>	<b>1,312</b>	<b>7,868</b>	<b>8,177</b>



## Report of the Trustees For the year ended 30 September 2009

	Notes	Group		Charity	
		2009	2008		
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	14	2,403	2,258	2,356	2,224
Programme Related Investments	15	25	-	25	-
Investments	15	204	204	256	206
		<b>2,632</b>	<b>2,462</b>	<b>2,637</b>	<b>2,430</b>
<b>Current assets</b>					
Stocks	16	784	969	260	245
Debtors	17	3,150	2,281	3,554	2,941
Cash at bank and in hand	18	3,915	4,563	3,130	3,057
		<b>7,849</b>	<b>7,813</b>	<b>6,944</b>	<b>6,243</b>
Creditors: amounts falling due within one year	19	2,276	1,315	2,098	1,189
<b>Net current assets</b>		<b>5,573</b>	<b>6,498</b>	<b>4,846</b>	<b>5,054</b>
<b>Total assets less current liabilities</b>		<b>8,205</b>	<b>8,960</b>	<b>7,483</b>	<b>7,484</b>
Creditors: amounts falling due in more than one year	20	337	783	337	783
<b>Net assets</b>		<b>7,868</b>	<b>8,177</b>	<b>7,146</b>	<b>6,701</b>
<b>Unrestricted funds</b>					
General funds		4,153	3,302	3,478	1,860
Designated funds					
Fixed assets		2,403	2,258	2,356	2,224
		<b>6,556</b>	<b>5,560</b>	<b>5,826</b>	<b>4,084</b>
<b>Restricted funds</b>	21	1,312	2,617	1,312	2,617
<b>Total Funds</b>		<b>7,868</b>	<b>8,177</b>	<b>7,146</b>	<b>6,701</b>

The notes at pages 17 to 30 form part of these accounts

Approved by the trustees and signed on their behalf by:

**S C Bourne**  
12 December 2009

## Report of the Trustees For the year ended 30 September 2009

		2009		2008	
	Notes	£'000	£'000	£'000	£'000
<b>Net Cash inflow/(Outflow) from operating activities</b>	24a		(859)		(387)
<b>Returns on investments and servicing of finance</b>					
Deposit interest received		251		221	
Investment income		<u>8</u>	<b>259</b>	<u>8</u>	<b>229</b>
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(488)		(106)	
Receipts from the sale of tangible fixed assets		40		-	
Disposal of fixed asset investments		<u>8</u>	<b>(440)</b>	<u>-</u>	<b>(106)</b>
<b>Net cash inflow before management of liquid resources and financing</b>			<b>(1,040)</b>		<b>(264)</b>
<b>Management of liquid resources</b>					
Cash taken from short term deposits			1,103		500
<b>Increase/ (decrease) in cash in the year</b>			<b>63</b>		<b>236</b>
Net cash resources at 1 <sup>st</sup> October 2008			<u>1,394</u>		<u>1,158</u>
<b>Net cash resources at 30 September 2009</b>	24b		<u>1,457</u>		<u>1,394</u>

## **Report of the Trustees For the year ended 30 September 2009**

### **1 Accounting policies**

The principal accounting policies, all of which have applied consistently throughout the year, are set out below. Where a change of accounting policy or treatment has occurred, the prior year figures have been adjusted to reflect the new treatment.

#### **a) Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments at market value, and are in accordance with trust law, applicable accounting standards and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005.

The results and balance sheet of the charity's sole subsidiary have been consolidated on a line by line basis.

#### **b) Fund accounting**

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

Designated funds are unrestricted funds set aside at the discretion of the trustees for specific purposes. The designated fund for fixed assets is that part of unrestricted funds that represents fixed assets used in the day to day operations of the charity.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose and the restriction means that the funds can only be used for specific projects or activities.

#### **c) Incoming resources**

Voluntary income, including donations, gifts and legacies and grants that provide core funding or are of a general nature, are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Shop income and income derived from events is recognised as earned (that is, as the related goods or services are provided).

Investment income is recognised on a receivable basis.

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract or where entitlement to grant funding is subject to specific performance conditions. Grant income included in this category provides funding to support programme activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

#### **d) Resources expended**

Expenditure is recognised when a liability is incurred. Funding provided through contractual agreements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that results in the payment being an unavoidable commitment.

Costs of generating funds are those costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

## **Report of the Trustees For the year ended 30 September 2009**

Governance costs include those incurred in the governance by the trustees of the charity's assets and are primarily associated with constitutional and statutory requirements of operating the charity.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating office property costs by floor areas, management and human resources costs by the number of staff, and finance and IT costs by work done.

### **e) Donated Goods and volunteer and other donated services**

Donated goods are recognised in different ways dependent on how they are used by the charity:

- (i) Those donated for resale produce income in the trading subsidiary are recognised when they are disposed of.
- (ii) Those donated for onward transmission to beneficiaries (chiefly clothing, food and medical supplies) are included in the statement of financial activities as incoming resources and resources expended when they are distributed. They are valued at the amount the charity would have had to pay to acquire them at the time of donation.

The charity has not received any goods for use by the charity itself.

The value of services provided by volunteers is not incorporated into these financial statements.

Where services are provided to the charity as a donation that would normally be purchased from our suppliers this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity had the charity purchased them.

### **f) Pension costs**

The charity and its subsidiary participate in the International Aid Consortium Pension Scheme (IACPS). This pension scheme is open to UK staff of the charity. The assets of the scheme are held separately in a fund administered by a committee of 12 elected by the scheme participants. The scheme is a multi-employer defined benefit final salary scheme where the share of the assets and liabilities applicable to each employer is not identified. Accordingly, these financial statements include pension costs payable on a defined contribution basis in accordance with Financial Reporting Standard 17. The current overall position of the fund and the assumptions made are provided in note 22.

Contributions to the scheme are based on applicable pension costs across the participating organisations taken as a whole. The pension charge recorded in these accounts is the amount of contributions payable in the accounting year.

### **g) Foreign currencies**

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction. Monetary assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities. The charity does not own any non-monetary assets abroad.

## Report of the Trustees For the year ended 30 September 2009

### h) **Taxation**

Irrecoverable VAT is not separately analysed and is charged to the statement of financial activities when the expenditure to which it relates is incurred and is allocated as part of the expenditure to which it relates.

Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates.

### i) **Operating leases**

Rental payments under operating leases are charged as expenditure as incurred over the term of the lease.

### j) **Tangible fixed assets and depreciation**

Tangible assets are stated at cost and depreciated over their useful economic lives at the following rates:

Land	Not depreciated
Freehold and long leasehold buildings	50 years
Short leasehold buildings	Period of lease
Office furniture and equipment	5 – 10 years
Computer equipment	3 years
Motor vehicles	4 years

Where the recoverable amount of a tangible asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant expenditure category of the statement of financial activities. Where an asset is not primarily used to generate income its impairment is assessed by reference to its service potential on its initial acquisition. In the year, the charity currently has no tangible fixed assets to which impairment provisions apply.

### k) **Investments**

Fixed asset investments, other than programme related investments, are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of financial activities in the year of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

Programme related investments are made in furtherance of the charity's objects and any investment return is secondary to the charitable purpose supported by the investment. Such investments are included at their cost. Any loss or impairment arising from such investments is charged as part of charitable activities within the statement of financial activities.

### l) **Stocks**

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective stock where appropriate. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed

## Report of the Trustees For the year ended 30 September 2009

### 2 Voluntary Income

Voluntary income for the year falls into the following categories. Gifts in kind for resale are passed to the trading company and the gross receipts from their sale are reported in note 3 below.

	Unrestricted Funds £'000	Restricted Funds £'000	2009 Total £'000	2008 Total £'000
<b>Donations and legacies</b>				
Committed giving	4,763	-	4,763	4,147
Legacies	1,238	-	1,238	1,043
Appeals and donations	1,523	1,906	3,429	1,860
	<b>7,524</b>	<b>1,906</b>	<b>9,430</b>	<b>7,050</b>
<b>Grants</b>				
UK Government sources	-	858	858	500
Other agencies	-	260	260	
Trusts and foundations	-	1,260	1,260	-
	<b>-</b>	<b>2,378</b>	<b>2,378</b>	<b>500</b>
<b>Gifts in kind</b>				
Medicines, Blankets and clothing	-	485	285	239
Food aid	-	285	485	1,092
	<b>-</b>	<b>770</b>	<b>770</b>	<b>1,331</b>
<b>Total voluntary income</b>	<b>7,524</b>	<b>5,054</b>	<b>12,578</b>	<b>8,881</b>

### 3 Fundraising trading

All fundraising trading from is undertaken through the trading subsidiary Aid Overseas Trading Limited (refer to note 26). All the profit from the trading subsidiary is passed to the charity each year.

	Shops £'000	Events £'000	2009 Total £'000	2008 Total £'000
<b>Incoming resources</b>				
Sale of donated goods	6,852	-	6,852	6,985
Sale of purchased goods	1,678	-	1,678	1,588
	<b>8,530</b>	<b>-</b>	<b>8,530</b>	<b>8,573</b>
Income from events	-	468	468	462
<b>Total incoming resources</b>	<b>8,530</b>	<b>468</b>	<b>8,998</b>	<b>9,035</b>
<b>Cost of activities</b>				
Shop activities	6,612	-	6,612	6,359
Staging of events	-	360	360	343
Support costs allocated to activities	230	30	260	195
<b>Total cost of activities</b>	<b>6,842</b>	<b>390</b>	<b>7,232</b>	<b>6,897</b>
<b>Net incoming resources</b>	<b>1,688</b>	<b>78</b>	<b>1,766</b>	<b>2,138</b>



## Report of the Trustees For the year ended 30 September 2009

### 4 Investment Income

	Unrestricted Funds £'000	Restricted Funds £'000	2009 Total £'000	2008 Total £'000
Deposit interest	165	86	251	221
Interest on UK quoted investments (Treasury Stock)	8	-	8	8
	<b>173</b>	<b>86</b>	<b>259</b>	<b>229</b>

### 5 Incoming resources from charitable activities

Contractual income (incl. fees) for operational programmes

	Unrestricted Funds £'000	Restricted Funds £'000	2009 Total £'000	2008 Total £'000
European Union	255	-	255	400
UK government	234	-	234	305
Other UK agencies	43	-	43	25
Non-UK governments	170	-	170	222
United Nations agencies	85	-	85	169
Other international agencies	63	-	63	52
	<b>850</b>	<b>-</b>	<b>850</b>	<b>1,173</b>

### 6 Costs of generating voluntary income

Exceptional fundraising costs of £354,000 were incurred in the new legacy campaign 'freedom of giving' – which offers a free will writing service to potential donors and made available nationally through appointed solicitors. The benefits from this campaign will fall in future accounting periods.

	Unrestricted Funds £'000	Restricted Funds £'000	2009 Total £'000	2008 Total £'000
<b>Donations and legacies</b>				
Fundraising costs	1,218	97	1,315	810
Exceptional costs – legacy campaign	354	-	354	-
Support costs allocated	353	22	375	142
	<b>1,925</b>	<b>119</b>	<b>2,044</b>	<b>952</b>
<b>Grants</b>				
Fundraising costs	-	63	63	352
Support costs allocated	-	99	99	62
	<b>-</b>	<b>162</b>	<b>162</b>	<b>414</b>
<b>Gifts in kind</b>				
Fundraising costs	-	20	20	254
Support costs allocated	-	73	73	45
	<b>-</b>	<b>93</b>	<b>93</b>	<b>299</b>
<b>Total cost of generating voluntary income</b>	<b>1,925</b>	<b>374</b>	<b>2,299</b>	<b>1,665</b>

## Report of the Trustees For the year ended 30 September 2009

### 7 Details of Charitable Activities

The amount spent on charitable activities, including support costs is analysed by programme area as follows:

	Operational programmes £'000	Grant funding £'000	Donated Goods £'000	Support Costs £'000	2009 Total £'000	2008 Total £'000
<b>Public health</b>						
Health and nutrition	724	958	-	190	1,872	1,662
Water and sanitation	511	655	-	167	1,333	1,144
Shelter and accommodation	-	889	-	4	893	790
	<b>1,235</b>	<b>2,502</b>	<b>-</b>	<b>361</b>	<b>4,098</b>	<b>3,596</b>
<b>Sustainable communities</b>						
Agricultural development	456	1,596	-	123	2,175	1,768
Sustainable industries	726	446	-	166	1,338	1,079
Institutional development	220	287	-	37	544	511
Education and training	714	689	-	123	1,526	1,881
	<b>2,116</b>	<b>3,018</b>	<b>-</b>	<b>449</b>	<b>5,583</b>	<b>5,239</b>
<b>Humanitarian (emergency) aid</b>	<b>897</b>	<b>1,138</b>	<b>770</b>	<b>396</b>	<b>3,201</b>	<b>3,190</b>
<b>Other programmes</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>277</b>	<b>432</b>	<b>402</b>
<b>Total spend: charitable activities</b>	<b>4,403</b>	<b>6,658</b>	<b>770</b>	<b>1,483</b>	<b>13,314</b>	<b>12,427</b>

### 8 Grants Payable

Grant funding is mainly undertaken via partner organisations. The key grants provided to these organisations were as follows:

Area	Partner Organisation	2009	
		£'000	£'000
Central Africa	Maisons Familiales Rurales		727
Southern Sudan and the Horn of Africa	World Food Programme	750	
	Operation Lifeline	401	1151
Southern Africa	South African Aid		250
Central America	Producecoop	473	
	CECOCAFEN	1100	1573
Indian Sub-continent	Pakistan Rural Relief	580	
	Bangladesh flood prevention	584	
	Unicef	440	1604
East Africa	Médecins sans Frontières		346
Middle East	Middle East Projects		592
Humanitarian Emergencies	Oxfam		415
	<b>Total</b>		<b>6,658</b>

## Report of the Trustees For the year ended 30 September 2009

### 9 Governance costs

The governance costs of the charity consisted of the following direct and indirect costs:

	2009 £'000	2008 £'000
<b>Auditors' remuneration:</b>		
Statutory audit	55	29
Other fees – accountancy and payroll advice	11	-
<b>Internal audit</b>	50	11
<b>Trustee expenses</b>	2	2
<b>Support costs allocated</b>	39	28
	<b>157</b>	<b>70</b>

### 10 Support Costs

The support costs of the charity consisted of four cost elements: management, office costs, finance and information technology and human resources (personnel). These costs have been apportioned across the work of the charity on the basis disclosed in note 1(d) and allocated to each of the charity's activities as set out in the table below.

	Operations Management £'000 (Staff)	Office costs £'000 (Area)	Finance and IT £'000 (Work done)	Human resources £'000 (Staff)	2009 Total £'000	2008 Total £'000
<b>Charitable activities</b>						
Public health	64	140	52	105	361	350
Sustainable communities	106	100	72	171	449	532
Humanitarian (emergency) aid	22	260	80	34	396	367
Other programmes	9	200	54	14	277	233
	<b>201</b>	<b>700</b>	<b>258</b>	<b>324</b>	<b>1,483</b>	<b>1,482</b>
<b>Income generation</b>						
<b>Voluntary income</b>						
Donations and Legacies	22	100	218	35	375	142
Grants	10	40	33	16	99	62
Gifts in Kind	3	60	5	5	73	45
<b>Total Voluntary income</b>	<b>35</b>	<b>200</b>	<b>256</b>	<b>56</b>	<b>547</b>	<b>249</b>
<b>Shops and Events</b>	30	100	82	48	260	195
	<b>65</b>	<b>300</b>	<b>338</b>	<b>104</b>	<b>807</b>	<b>444</b>
<b>Governance</b>	1	20	16	2	39	28
<b>Total costs allocated</b>	<b>267</b>	<b>1,020</b>	<b>612</b>	<b>430</b>	<b>2,329</b>	<b>1,954</b>

## Report of the Trustees For the year ended 30 September 2009

### 11 Staff numbers

The average number of persons employed, including part-time staff, calculated on a full-time equivalent basis analysed by activity was:

	2009 Total Number	2008 Total Number
<b>UK activities</b>		
Charitable activities	23	22
Shops and events	18	17
Fundraising and marketing	29	31
Governance	1	1
<b>Overseas activities</b>		
Charitable activities	143	135
Total	214	206

### 12 Staff costs

	2009 £'000	2008 £'000
Salaries, wages and benefits in kind	3,286	2,975
Social security costs	315	286
Pension and death benefits	280	279
Total	3,881	3,540

The number of employees whose emoluments (salaries, wages and benefits in kind) fell within the following bands:

	2009 £'000	2008 £'000
£60,000 - £69,999	2	1
£70,000- £79,999	1	-

During the year pension contributions on behalf of these staff amounted to £26,000 (2008: £8,000).

### 13 Trustees' expenses and remuneration and related party transactions

Trustees are not remunerated. They are paid expenses for attending meetings and duties directly related to their duties as trustee. In 2009, 6 trustees were paid total expenses of £2,412 (2008 £1,896) for travel and subsistence.

I M Gloom is a director of Bloom and Merchant, a fundraising consultancy company, which provided consultancy services for the development and launch of the 'Orphan Villages' campaign. The contract was awarded through competitive tender and the consultancy cost of £86,576 is included in the costs of generating voluntary income.

The trust deed includes a professional charging clause permitting remuneration of trustees who are solicitors, accountants and other professionals. J Seer is a senior charity law partner of Seer, Brewer and Laps LLP and provided legal advice, concerning the forthcoming governance review of the charity at a cost of £3,000.

## Report of the Trustees For the year ended 30 September 2009

### 14 Movement of Tangible Fixed Assets

<u>Group</u>	Freehold Property £'000	Leasehold Property £'000	Furniture and Equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 October 2008	1,585	3,382	2,431	379	7,777
Additions	52	205	218	13	488
Disposals	-	(18)	(32)	(88)	(138)
<b>At 30 September 2009</b>	<b>1,637</b>	<b>3,569</b>	<b>2,617</b>	<b>304</b>	<b>8,127</b>
<b>Depreciation</b>					
At 1 October 2008	303	2,963	1,962	291	5,519
Charge for the year	25	112	155	11	303
Disposals	-	(5)	(27)	(66)	(98)
<b>At 30 September 2009</b>	<b>328</b>	<b>3,070</b>	<b>2,090</b>	<b>236</b>	<b>5,724</b>
<b>Net Book Value</b>					
<b>At 1 October 2008</b>	<b>1,282</b>	<b>419</b>	<b>469</b>	<b>88</b>	<b>2,258</b>
<b>At 30 September 2009</b>	<b>1,309</b>	<b>499</b>	<b>527</b>	<b>68</b>	<b>2,403</b>

  

<u>Charity</u>	Freehold Property £'000	Leasehold Property £'000	Furniture and Equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 October 2008	1,585	3,317	2,279	351	7,532
Additions	52	199	211	-	462
Disposals	-	(18)	(32)	(81)	(131)
<b>At 30 September 2009</b>	<b>1,637</b>	<b>3,498</b>	<b>2,458</b>	<b>270</b>	<b>7,863</b>
<b>Depreciation</b>					
At 1 October 2008	303	2,915	1,823	267	5,308
Charge for the year	25	109	149	7	290
Disposals	-	(5)	(27)	(59)	(91)
<b>At 30 September 2009</b>	<b>328</b>	<b>3,019</b>	<b>1,945</b>	<b>215</b>	<b>5,507</b>
<b>Net Book Value</b>					
<b>At 1 October 2008</b>	<b>1,282</b>	<b>402</b>	<b>456</b>	<b>84</b>	<b>2,224</b>
<b>At 30 September 2009</b>	<b>1,309</b>	<b>479</b>	<b>513</b>	<b>55</b>	<b>2,356</b>

## Report of the Trustees For the year ended 30 September 2009

### 15 Investments

	Commercial investments At Market Value			Total	Programme Related Investments at cost £'000
	Freehold property	Quoted invest- ments	Unquoted invest- ments		
	£'000	£'000	£'000	£'000	
<b>Held by charity</b>					
At 1 October 2008	42	162	2	<b>206</b>	-
Additions	-	-	50	<b>50</b>	50
Disposals	(8)	-	-	<b>(8)</b>	-
Impairments	-	-	-	-	(25)
Net gains	-	8	-	<b>8</b>	-
<b>At 30 September 2009</b>	<b>34</b>	<b>170</b>	<b>52</b>	<b>256</b>	<b>25</b>
<b>Held by group</b>					
At 1 October 2008	42	162	-	<b>204</b>	-
Additions	-	-	-	-	50
Disposals	(8)	-	-	<b>(8)</b>	-
Impairments	-	-	-	-	(25)
Net gains	-	8	-	<b>8</b>	-
<b>At 30 September 2009</b>	<b>34</b>	<b>162</b>	<b>-</b>	<b>204</b>	<b>25</b>

The investment property has been valued by Mr. Pound FRIC, a trustee of the charity, on an open market basis, in accordance with guidelines issued by the Royal Institute of Chartered Surveyors.

The addition to unquoted investments represents a loan to the charity's subsidiary company and is secured by a fixed and floating charge. Interest is charged at 5.5 percent and is repayable over 5 annual instalments which commenced on 1 January 2010.

The charity has provided interest free loan investment to two credit union schemes operated by farming co-operative in Mozambique. The nature of this investment, and the likely foreign exchange loss on their repayment, means the trustees have made an impairment provision to reflect this situation.



## Report of the Trustees For the year ended 30 September 2009

### 16 Stocks

	<b>2009 Group £'000</b>	<b>2008 Group £'000</b>	<b>2009 Charity £'000</b>	<b>2008 Charity £'000</b>
Trading stocks	524	724	-	-
Humanitarian supplies	174	166	174	166
Other stocks	86	79	86	79
<b>Total</b>	<b>784</b>	<b>969</b>	<b>260</b>	<b>245</b>

### 17 Debtors

	<b>2009 Group £'000</b>	<b>2008 Group £'000</b>	<b>2009 Charity £'000</b>	<b>2008 Charity £'000</b>
Trade debtors	533	231	-	-
Amounts due from donors	1,852	1,352	1,852	1,352
Amounts due from subsidiary	-	-	588	660
Tax recoverable	-	-	380	231
Prepayments	765	698	734	698
<b>Total</b>	<b>3,150</b>	<b>2,281</b>	<b>3,554</b>	<b>2,941</b>

### 18 Cash at bank and in hand

	<b>Group 2009 £'000</b>	<b>Group 2008 £'000</b>	<b>Charity 2009 £'000</b>	<b>Charity 2008 £'000</b>
Short term deposits	1,964	3,067	2,002	2,158
1 day notice deposits	810	567	-	-
Cash and bank balances	1,141	929	1,128	899
<b>Total</b>	<b>3,915</b>	<b>4,563</b>	<b>3,130</b>	<b>3,057</b>

### 19 Creditors: amounts falling due within 1 year

	<b>Group 2009 £'000</b>	<b>Group 2008 £'000</b>	<b>Charity 2009 £'000</b>	<b>Charity 2008 £'000</b>
Bank Overdraft	494	102	466	70
Grants payable	257	198	257	198
Trade Creditors	699	344	650	297
Deferred Income	48	68	48	68
Accruals	682	496	581	449
Other Tax and Social Security	96	107	96	107
<b>Total</b>	<b>2,276</b>	<b>1,315</b>	<b>2,098</b>	<b>1,189</b>

## Report of the Trustees For the year ended 30 September 2009

### 20 Creditors: amounts falling in more than 1 year

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Grants payable	337	783	337	783

### 21 Movement on Restricted Funds

	Balance 1st Oct 2008 £'000	Incoming Resources £'000	Costs of Generating Funds £'000	Charitable Expenditure £'000	Governance £000	Balance 30th Sept 2009 £'000
Central Africa	357	489	(18)	(621)	(5)	202
Southern Sudan and the Horn of Africa	13	638	(39)	(572)	(5)	35
Southern Africa	223	397	(23)	(592)	(5)	
Atlantic Hurricane Relief	-	502	(22)	(480)		-
Bangladesh Flood Relief	-	733	(115)	(618)		-
Indian Sub-continent	987	584	(3)	(1,162)	(5)	401
East Africa		56	-	(3)	(3)	50
Middle East	325	8	-	(237)	(5)	91
Eastern Europe	122	420	(32)	(434)	(3)	73
South America	-	231	(5)	-	(5)	221
Food Aid and other Gifts in Kind	-	487	(37)	(450)		-
Humanitarian Emergencies	590	595	(80)	(852)	(14)	239
<b>Total</b>	<b>2,617</b>	<b>5,140</b>	<b>(374)</b>	<b>(6,021)</b>	<b>(50)</b>	<b>1,312</b>

### 22 Pension scheme

The charity participates in the International Aid Consortium Pension Scheme (IACPS), a multi-employer defined benefit final salary scheme where the share of the assets and liabilities applicable to each employer is not identifiable.

The results and assumptions of the most recent valuation of the scheme are as follows:

Valuation date	30 September 2008
Valuation method	Projected unit credit
Value of assets	£375 million
Value of liabilities	£425 million
Funding level for accrued benefits	88 %
Investment return on future contributions per annum	6.7 %
Investment return on accumulated assets per annum	7.2 %
Salary scale increase per annum	4.25 %
Pension increases per annum	2.5 %
Rate of price inflation	2.5 %

## Report of the Trustees For the year ended 30 September 2009

### 23 Analysis of group net assets between funds

	Unrestricted Funds £'000	Designated Funds £'000	Restricted Funds £'000	Total Funds £'000
Tangible Fixed Assets		2,403		2,403
Investment Assets	229	-		229
Current Assets	5,508	-	2,341	7,849
Current Liabilities	(1,584)	-	(692)	(2,276)
Long Term Liabilities	-	-	(337)	(337)
<b>Total</b>	<b>4,153</b>	<b>2,403</b>	<b>1,312</b>	<b>7,868</b>

### 24 Notes to the Consolidated cash flow statement

#### a) Reconciliation of net movement in funds to net cash flow from operating activities

	2009 £'000	2008 £'000
Net movement in funds for the year	(317)	(1,741)
Investment income	(259)	(229)
Depreciation charges	303	291
(Increase) in programme related investments	(25)	-
Decrease in stocks	185	256
(Increase)/decrease in debtors	(869)	625
Increase/(decrease) in creditors	510	(56)
Increase (decrease) in grants payable	(387)	467
<b>Net cash flow from operating activities</b>	<b>(859)</b>	<b>(387)</b>

#### b) Analysis of net cash resources

	2009 £'000	2008 £'000
Cash in hand (note 19)	1,141	929
Deposits on one day notice (note 19)	810	567
Overdrafts (note 20)	(494)	(102)
	<b>1,457</b>	<b>1,394</b>

## Report of the Trustees For the year ended 30 September 2009

### 25 Trading subsidiary: Aid Overseas Trading Limited

The charity owns 100% of the 2000 authorised and issued ordinary shares of the company (note 15) Aid Overseas Trading Limited which operates a chain of charity shops and organises fundraising events in support of the charity. The assets and liabilities of the trading subsidiary are shown below and the trading results of the subsidiary are analysed in note 3.

Summary of subsidiary assets and liabilities	2009 £'000	2008 £'000
Tangible fixed assets	47	34
Stocks	524	724
Debtors	184	190
Cash at bank and in hand	785	1,506
Creditors falling due within one year:		
Gift aid payment to charity	(588)	(850)
Loan due to charity	(50)	-
Other creditors	(178)	(126)
<b>Net assets</b>	<b>724</b>	<b>1,478</b>
Shareholders' equity	2	2
Profit and loss account	722	1,476
<b>Total shareholders' funds</b>	<b>724</b>	<b>1,478</b>

### 26 Analysis of Statement of Financial Activities between charity and trading subsidiary.

	Trading Subsidiary 2009 £'000	Charity 2009 £'000	Total 2009 £'000
<b>Incoming resources</b>			
Voluntary income	-	12,578	12,578
Activities for generating funds	8,998	-	8,998
Investments:			
Investment income	-	259	259
Incoming resources from charitable activities	-	850	850
<b>Total incoming resources</b>	<b>8,998</b>	<b>13,687</b>	<b>22,865</b>
<b>Resources Expended</b>			
Costs of generating voluntary income	-	2,299	2,299
Fundraising trading costs	7,232	-	7,232
<b>Costs of Charitable Activity</b>	-	13,314	13,314
<b>Governance costs</b>	-	157	157
<b>Total resources expended</b>	<b>7,232</b>	<b>15,770</b>	<b>23,002</b>
<b>Net incoming resources</b>	<b>1,766</b>	<b>(2083)</b>	<b>(317)</b>
<b>Gift aid receivable/ payable</b>	<b>(2,520)</b>	<b>2,520</b>	<b>-</b>
<b>Net movement in funds</b>	<b>(754)</b>	<b>437</b>	<b>(317)</b>