

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

This example is an unincorporated charity seeking to relieve poverty, deprivation and distress 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).

This example is a concise illustration and trustees and their professional advisers are recommended to also refer to the early adopters 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).

### The Trustees' Annual Report

The annual report sections follow the order set out in the SORP. The *risk management* statement goes beyond the disclosure required by the SORP and includes additional information on the risks assessed and arrangements to mitigate risk.

The *objectives and activities section* includes details of the charity's objects and identifies the four major programmes undertaken. Note that the information on programmes undertaken is at a high level, with a fuller elaboration of achievements and programme content following in the section on *activities, achievements and performance*. The grant making policy has been grouped with the other policy disclosures after the *financial review* section.

The narrative, by programme detailed in the *activities, achievements and performance* section includes quantitative information on the assistance given and qualitative information regarding changes made to social infrastructure and life chances. The extent of reporting will reflect the existing information used in the routine monitoring of the programmes undertaken and the SORP requirement to summarise measures or indicators (SORP paragraph 53(a)) represents an opportunity to present existing information. The section concludes with a discussion on those factors outside of the control of the charity which are relevant to the achievement of its objectives (SORP paragraph 53(d)). The review of fundraising activities and subsidiary undertakings is discussed in the *financial review* section.

The fundraising activities are of potential interest to beneficiaries, donors and the wider public and an aspect of activity for which additional information could be provided (SORP paragraph 39). 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 concluding section on *future plans* restates the four areas of ongoing activity and also sets out the broader strategic vision and steps being taken to develop performance reporting. (The level of performance reporting is not prescribed in the SORP, instead charities must consider and report performance to a level of detail appropriate to their context, SORP paragraph 53(a).)

In this example, the report does not conclude with a statement of trustees' responsibilities in relation to the financial statements. 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) reports the main charitable activities undertaken separately from the governance costs of the charity and 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 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). All grants have been paid or represent liabilities due to creditors (notes 20 and 21).

Governance costs are disclosed in note 9 and support costs and their allocation are analysed in note 11.

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 programme related investments are shown separately (SORP paragraph 308).

The charity requires a cash flow statement (SORP paragraph 351) that cross references to note 25 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 19.

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 26 respectively. The trading results of the charity (SORP paragraph 397) are disclosed in note 27.

# **Aid Overseas**

## **Report of the Trustees**

### **For the year ended 30 September 2005**

The trustees present their report along with the financial statements of the charity for the year ended 30 September 2005. 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.

#### **Legal and administrative information**

##### ***Trustees***

S C Bourne  
I M Gloom  
C Lean  
F Pound FRIC  
J Seer LLB  
L Welling

##### ***Chief Executive***

I M Strong

##### ***Principal Office***

One Office,  
Office Street,  
London  
SE2 3LA

Telephone: 020 7000 0000  
Website: [www.aidoverseas.org.uk](http://www.aidoverseas.org.uk)

##### ***Auditors***

A Charity Auditor, London, WC2 3LA

##### ***Bankers***

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

##### ***Solicitors***

A Charity Solicitor, Bedfordshire, BE33 7PQ

##### ***Fund-raising Consultants***

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

## **Structure, Governance and Management**

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

The trustees who held office during the financial year and at the date of this report are set out on page 3.

The trust deed allows for up to 12 trustees to be appointed. Trustees serve until they either resign or reach 70 years of age at which point the trust deed requires them to retire as a trustee. 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 of the existing trustees has served as a trustee for more than 3 years. When new trustees are appointed they are given an introduction 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. All existing trustees have long experience of being a charity trustee.

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

The charity's 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 is also the secretary to the Trustee Board.

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 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 cooperates to deliver its programmes. The principal partner organisations are set out in note 8 to the accounts.

The trust works closely with the UK Disasters Emergency Committee, other overseas relief organisations, the Department of International Development, and with governments to ensure a co-ordinated effort in the areas in which it operates and to influence longer term strategies to relieve poverty in developing countries.

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. The shops also provide an outlet for publicity material for the charity and collect donations for the general work of the charity. Further details of these activities are set out in notes 3 and 26 to the accounts.

## ***Risk management***

All significant activities undertaken are subject to a risk review as part of the initial project 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;
- 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;
- maintaining reserves in line with set policies; and
- regular summary reports on risk management to the Trustee Board.

In assessing risk the trustees recognise that some areas of our work require the acceptance and management of risk if our key objectives are to be achieved.

## **Objectives and Activities**

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

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 development. The trust concentrates its work in particular regions and aims to enable communities in those regions to become as self sufficient as they can.

The activities currently carried out 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 development**, 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.

The charity delivers its charitable objectives in two ways:

- through direct delivery using its own staff, 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 its own staff. Using 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.

Whichever method of delivery is used, the approach to deciding on what work needs to be funded and how it is monitored is the same. Where possible advice is sought from our field officers, or failing this independent assessors, on the potential value of projects to be funded and that the programme delivery is in accordance with Aid Overseas' own standards. The charity has found from experience that this approach delivers maximum value to the beneficiary groups.

### **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 10 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.

## **Activities, Achievements and 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 projects where we provided grants to assist with the provision of accommodation to people displaced by war or natural disasters. Overall these projects involved spending £4.1m and through our work we were able to reach 25,000 people through the training programme, provide improved water supplies to 2,500 people in 15 villages and provide 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 Development***

During the year we were involved in running 22 programmes to encourage sustainable development 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 and South America. A typical programme here involves provision of training in appropriate skills (e.g. agriculture or an industry suitable to the local environment) and then business and marketing advice to help establish local businesses.

Our work has also highlighted the need to develop institutions, such as community centres, chambers of commerce, clinics, credit unions and cooperatives, to facilitate development. We have helped establish these by providing advice and some pump-priming funding, 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 and enhances the quality of life and the laying down of savings for future years and releasing children to study at school.

Overall this development work has trained or supported around 3000 people during the year, though a number of these are seeking advice for a second time for a different reason. During the year 20 credit unions and cooperatives, predominately in northern India and Peru were established and our total programme has started to make a difference in about 30 communities, 15 of which had seen no outside help from any other agency.

### ***Emergency Relief***

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. The headline events of this year: the Asian Tsunami and the New Orleans disaster brought in donations, including donated food and equipment, of around £1.3m most of which was distributed as quickly as possible. We also distributed blankets and clothing kindly donated by the public which had a value of £40,000 to victims of the Tsunami. 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 £345,000 worth of donated food and £425,000 of donated medical, agricultural and educational equipment in the year to a variety of locations. We distributed emergency aid 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 this programme and our emergency aid was able to provide short term help to around 200,000 people. Many of those in receipt of emergency relief will need further support, though we hope that many of those in receipt of this aid (particularly in North America and the Far East) will be able to rebuild their lives without further help.

### ***Other Programmes***

The trust has a programme of UK education, chiefly to school pupils and concerned groups. The two UK offices have exhibition space and a resource centre 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 by visiting groups and schools. The main aim of the programme is not to raise funds but to provide resources to raise general awareness. The total programme cost in the year was £432,000 and reached 25,000 students and 400 local groups.

This team is also involved in campaigning on development issues. Care is taken that the campaigning remains within Charity Commission guidelines. This year the campaign has been involved in lobbying MPs and MEPs on world trade issues, providing information packs and assisting research particularly in relation to development in the Sudan. The team has 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 militated against the speed of progressing projects 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 and 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 projects 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.

### **Financial review**

During the year, the charity raised, net of costs, almost £13 million from the general public, governments and other agencies and through its shops to carry out the programmes mentioned above. 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, £5 million of income was for particular projects and we still hold £1.3 million which will be used as these projects progress. We have secured an additional £3 million funding for particular ongoing projects for the ensuing year and there are applications under consideration by a variety of bodies for a further £6 million.

A net £5.6 million, after allowing for fundraising costs, was raised through donations and legacies and a contribution of £1.8 million was received from trading activities and events. Trading activities are undertaken wholly through our subsidiary Aid Overseas Trading Limited which currently has 115 shops and this year has run 458 special events. The largest fundraising activity is the network of charity shops, with a net contribution of £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 hidden 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 and our programme to keep them well trained continues.

Fundraising activities are continuously undertaken to encourage donations, in particular legacies, and the costs of fundraising increased by £0.6m reflecting the costs of disaster relief related campaigns and a new legacy campaign involving newspaper and television advertising. The 'freedom of giving' and 'helping hand' campaigns have had a strong initial response, reflected in the increased income from donations, and the free will writing service has been heavily subscribed; the fruition of this work will not be known for many years but the increased in the profile of our work and the level of donations as a result of the campaign is a very encouraging foundation for the future. Both campaigns involved encouraging legacy giving, giving through direct debit mandates and standing orders and the development and revalidation of our donor database.

The balance of our income is grants and investment income, with grants 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 grants with a particular emphasis on programmes that will improve public health and provide sustainable development.

Governance costs are much higher than normal as the trustees felt that it was important to review our governance arrangements, particularly in how we manage staff overseas and whether our current trustee arrangements are adequate. The resulting changes from this review will be introduced in the coming financial year.

**Investment policy**

The trustees have the power to invest in such 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 6% in interest on these deposits, against a target of 3%. The charity has some investment property which it acquired by virtue of vacating one of its premises and letting the remainder of the space to an existing tenant. It is not our policy to hold such properties and therefore we plan to sell the freehold in the forthcoming financial year.

**Reserves policy**

The charity has free reserves of around £4m, which represents around 6 months unrestricted fund expenditure on charitable activities.

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 are needed to fund those contracts where receipts arrive after the contract has been completed (£0.35m). However the main reason for holding reserves is to ensure that the charity has enough resources to fund the programmes it is supporting. For normal projects 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) need to be held for these purposes.

The amount of reserves held (£4m) is therefore broadly in line with the plan and is expected to remain so for the foreseeable future and any excess reserves will be committed early in the new financial year.

The restricted funds held by the charity are only kept for as long as is necessary to organise the use of the funds. Normally the 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 and speedily and effectively. Our grant making policy is reviewed each year to align our grants with our priorities and areas of activity for the year.

Applications for grants are not invited. The 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.

On ethical grounds and to avoid placing our local partners in difficulty, it is our policy not to make or sanction the use of facilitation payments or similar transactions to facilitate our activity.

## Plans for the Future

The need for our aid seems never ending and we plan to continue doing what we can to assist. 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 short discrete projects but then following this with further projects to build on the previous ones. As an example we might initially install a water supply in a village and then the following year help with a school and clinic. Perhaps a year or two later we will help establish a cooperative. At each stage we will work with local people and involve them in decision making and appraisal of what we are doing. For this approach we will continue to need significant amounts of funding and commitment from our regular donors.

The activities existing 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 development**, to maintain or start a total of 28 programmes with the aim of training or supporting 3500 people in the coming year and continue to support the existing 20 credit unions and evaluate the opportunity to use any excess reserves to expand the number of credit unions in Peru;
- **Humanitarian emergency aid**, mainly famine relief; and
- **Other programmes**, to continue a school and public education programmes and our campaigning to world trade issues and launch a new campaign on relieving the debt burden of Sub Saharan Africa.

A major change we intend to make is to review the extent we need to undertake emergency aid. The massive response of the public following the Asian Tsunami requires a significant logistical and operational capability and as a relatively small organisation we believe our focus should be on projects with a long-term impact and so we intend to leave providing major humanitarian aid to other charities. We will still have a small budget for this but we do not plan again to get involved in such major incidents which diverted us from our key objectives for some months. However we do see the need to provide aid in the event that a disaster or major incident affects a locality where we are already active and 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 plan to extend our work and campaigning and we will be planning to raise more money to fund this.

Finally the results of our governance review will be implemented. In particular we intend to recruit additional trustees to fill all 12 available positions and revise our internal controls, management accounting and budget setting processes to establish a better system of reporting on spending, and review our performance reporting. In reviewing performance reporting, the trustees are seeking to balance the availability of local data, particularly in impoverished countries overseas, and the cost and administrative burden in collecting data, with the value that qualitative and quantitative information can bring both to performance reporting to the Trustee Board and to informing our donors, the public and opinion formers of the level of need and our effective response to that need. Overall we hope the outcome of the governance review will enable the charity to have better control of operations with the same cost base.

Approved by the trustees and signed on their behalf by:

**S C Bourne**  
12 December 2005

**Aid Overseas**  
**Consolidated Statement of Financial Activities for the year**  
**ended 30<sup>th</sup> September 2005**

	Note	Unrestricted Funds £'000	Restricted Funds £'000	2005 Total £'000	2004 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>10,736</b>
<b>Charitable activities:</b>	7				
Public health		3,036	1,062	4,098	3,596
Sustainable development		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>157</b>	<b>-</b>	<b>157</b>	<b>70</b>
<b>Total resources expended</b>		<b>16,607</b>	<b>6,395</b>	<b>23,002</b>	<b>21,059</b>
<b>Net incoming (outgoing) resources</b>		<b>938</b>	<b>(1,255)</b>	<b>(317)</b>	<b>(1,741)</b>
Total funds brought forward		5,560	2,617	8,177	9,918
<b>Total funds carried forward</b>		<b>6,498</b>	<b>1,362</b>	<b>7,860</b>	<b>8,177</b>

**Aid Overseas**  
**Consolidated and Charity Balance Sheets at 30<sup>th</sup> September 2005**

	Notes	Group		Charity	
		2,005	2,004	2,005	2,004
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	15	2,403	2,258	2,356	2,224
Programme Related Investments	16	25	-	25	-
Investments	16	196	204	248	206
		<b>2,624</b>	<b>2,462</b>	<b>2,629</b>	<b>2,430</b>
<b>Current assets</b>					
Stocks	17	784	969	260	245
Debtors	18	3,150	2,281	3,554	2,941
Cash at bank and in hand	19	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	20	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>8,197</b>	<b>8,960</b>	<b>7,475</b>	<b>7,484</b>
Creditors: amounts falling due in more than one year	21	337	783	337	783
<b>Net assets</b>		<b>7,860</b>	<b>8,177</b>	<b>7,138</b>	<b>6,701</b>
<b>Unrestricted funds</b>					
General funds		4,095	3,302	3,420	1,860
Designated funds					
Fixed assets		2,403	2,258	2,356	2,224
		<b>6,498</b>	<b>5,560</b>	<b>5,776</b>	<b>4,084</b>
<b>Restricted funds</b>	22	1,362	2,617	1,362	2,617
<b>Total Funds</b>		<b>7,860</b>	<b>8,177</b>	<b>7,138</b>	<b>6,701</b>

The notes at pages 15 to 28 form part of these accounts

Approved by the trustees and signed on their behalf by:

**S C Bourne**  
12 December 2005

**Aid Overseas**  
**Consolidated Cash Flow Statement**  
**for the year ended 30<sup>th</sup> September 2005**

	Notes	2005		2004	
		£'000	£'000	£'000	£'000
<b>Net Cash inflow/(Outflow) from operating activities</b>	25a		(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>			<u><b>63</b></u>		<u><b>236</b></u>
Net cash resources at 1 <sup>st</sup> October 2004			<u>1,394</u>		<u>1,158</u>
<b>Net cash resources at 30 September 2005</b>	25b		<u><b>1,457</b></u>		<u><b>1,394</b></u>

**Aid Overseas**  
**Notes to the consolidated financial statements**  
**Year ended 30 September 2005**

**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 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 held.

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.

**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 unavoidable.

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

Governance costs include those incurred in the governance of its assets and are primarily associated with constitutional and statutory requirements.

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 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.

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.

**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 23.

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.

**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. 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

## 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	2005 Total £'000	2004 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>				
Blankets and clothing	-	285	285	239
Food aid	-	485	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	2005 Total £'000	2004 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>

#### 4 Investment Income

	Unrestricted Funds £'000	Restricted Funds £'000	2005 Total £'000	2004 Total £'000
Deposit interest	165	86	251	221
Dividends 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	2005 Total £'000	2004 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 launching of a 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	2005 Total £'000	2004 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>

## 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	2005 Total £'000	2004 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 development</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	2005	
		£'000	£'000
Central Africa	Maisons Familiales Rurales		727
Southern Sudan and the Horn of Africa	World Food Programme	470	
	Operation Lifeline	401	871
Southern Africa	South African Aid		250
New Orleans Relief	Direct Relief International		473
Indian Sub-continent	Pakistan Rural Relief	580	
	Action Village India	84	
	Bangladeshi flood prevention	500	
	Indian Development International	1,100	
	Unicef	440	2,704
East Africa	Médecins sans Frontières		346
Middle East	Middle East Projects		592
	Fundacion para la cooperacion con Desplazados y Repoblados		
South America	Dalvadoresnos		280
Humanitarian Emergencies	Unicef	200	
	Oxfam	215	415
	<b>Total</b>		<b>6,658</b>

## 9 Governance costs

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

	2005 £'000	2004 £'000
<b>Auditors' remuneration:</b>		
Statutory audit	25	25
Overseas audit	8	4
Other fees	2	2
<b>Internal audit</b>	50	11
<b>Legal and professional (governance review)</b>	33	-
<b>Support costs allocated</b>	39	28
	<b>157</b>	<b>70</b>

## 10 Resources Expended

The resources expended figures are stated after charging:

	2005 £'000	2004 £'000
<b>Hire of vehicles and equipment</b>	71	68
<b>Property rental</b>	1804	1775
<b>Auditor's remuneration:</b>		
Statutory audit	25	25
Overseas audit	8	4
Other fees	2	2

## 11 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.

Basis of apportionment	Management £'000 (Staff)	Office costs £'000 (Area)	Finance and IT £'000 (Work done)	Human resources £'000 (Staff)	2005 Total £'000	2004 Total £'000
<b>Charitable activities</b>						
Public health	64	140	52	105	361	350
Sustainable development	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	400
Grants	10	40	33	16	99	67
Gifts in Kind	3	60	5	5	73	87
<b>Total Voluntary income</b>	<b>35</b>	<b>200</b>	<b>256</b>	<b>56</b>	<b>547</b>	<b>554</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>749</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>2,259</b>

## 12 Staff numbers

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

	<b>2005 Total Number</b>	<b>2004 Total Number</b>
<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
	<u>214</u>	<u>206</u>

## 13 Staff costs

	<b>2005 £'000</b>	<b>2004 £'000</b>
Salaries, wages and benefits in kind	3,286	2,975
Social security costs	315	286
Pension and death benefits	280	279
Total	<u>3,881</u>	<u>3,540</u>

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

	<b>2005 £'000</b>	<b>2004 £'000</b>
£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 (2004: 8,000).

## 14 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 2005, 6 trustees were paid total expenses of £2,412 (2004 £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 'freedom of giving' legacy 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, at a cost of £3,000, concerning the review of the governance of the charity.

## 15 Movement of Tangible Fixed Assets

<u>Group</u>	Freehold Property	Leasehold Property	Furniture and Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 October 2004	1,585	3,382	2,431	379	7,777
Additions	52	205	218	13	488
Disposals	-	(18)	(32)	(88)	(138)
<b>At 30 September 2005</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 2004	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 2005</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 2004</b>	<b>1,282</b>	<b>419</b>	<b>469</b>	<b>88</b>	<b>2,258</b>
<b>At 30 September 2005</b>	<b>1,309</b>	<b>499</b>	<b>527</b>	<b>68</b>	<b>2,403</b>

<u>Charity</u>	Freehold Property	Leasehold Property	Furniture and Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 October 2004	1,585	3,317	2,279	351	7,532
Additions	52	199	211	-	462
Disposals	-	(18)	(32)	(81)	(131)
<b>At 30 September 2005</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 2004	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 2005</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 2004</b>	<b>1,282</b>	<b>402</b>	<b>456</b>	<b>84</b>	<b>2,224</b>
<b>At 30 September 2005</b>	<b>1,309</b>	<b>479</b>	<b>513</b>	<b>55</b>	<b>2,356</b>

## 16 Investments

	Commercial investments At Market Value			Total £'000	Programme Related Investments at cost Unquoted programme related investments £'000
	Freehold property £'000	Quoted invest- ments £'000	Unquoted invest- ments £'000		
<b>Held by charity</b>					
At 1 October 2004	42	162	2	<b>206</b>	-
Additions	-	-	50	<b>50</b>	50
Disposals	(8)	-	-	<b>(8)</b>	-
Impairments	-	-	-	-	(25)
Net gains	-	-	-	-	-
<b>At 30 September 2005</b>	<b>34</b>	<b>162</b>	<b>52</b>	<b>248</b>	<b>25</b>
<b>Held by group</b>					
At 1 October 2004	42	162	-	<b>204</b>	50
Additions	-	-	-	-	-
Disposals	(8)	-	-	<b>(8)</b>	-
Impairments	-	-	-	-	(25)
<b>At 30 September 2005</b>	<b>34</b>	<b>162</b>	<b>-</b>	<b>196</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 commencing 1 January 2006.

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.

## 17 Stocks

	2005 Group £'000	2004 Group £'000	2005 Charity £'000	2004 Charity £'000
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>

**18 Debtors**

	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'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>

**19 Cash at bank and in hand**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'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>

**20 Creditors: amounts falling due within 1 year**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'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>

**21 Creditors: amounts falling in more than 1 year**

	<b>Group</b>	<b>Group</b>	<b>Charity</b>	<b>Charity</b>
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Grants payable	337	783	337	783

## 22 Movement on Restricted Funds

	Balance 1st Oct 2004	Incoming Resources	Charitable Expenditure	Costs of Generating Funds	Balance 30th Sept 2005
Central Africa	357	489	(621)	(18)	207
Southern Sudan and the Horn of Africa	13	638	(572)	(39)	40
Southern Africa	223	397	(592)	(23)	5
New Orleans Relief	-	502	(480)	(22)	-
Asian Tsunami	-	733	(618)	(115)	-
Indian Sub-continent	987	584	(1,162)	(3)	406
East Africa		56	(3)	-	53
Middle East	325	8	(237)	-	96
Eastern Europe	122	420	(434)	(32)	76
South America	-	231	-	(5)	226
Food Aid and other Gifts in Kind	-	487	(450)	(37)	-
Humanitarian Emergencies	590	595	(852)	(80)	253
<b>Total</b>	<b>2,617</b>	<b>5,140</b>	<b>(6,021)</b>	<b>(374)</b>	<b>1,362</b>

## 23 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 2004
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 %

## 24 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	221	-		221
Current Assets	5,508	-	2,341	7,849
Current Liabilities	(1,634)	-	(642)	(2,276)
Long Term Liabilities	-	-	(337)	(337)
<b>Total</b>	<b>4,095</b>	<b>2,403</b>	<b>1,362</b>	<b>7,860</b>

## 25 Notes to the Consolidated cash flow statement

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

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
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

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
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>

## 26 Trading subsidiary: Aid Overseas Trading Limited

The charity owns 100% of the 2000 authorised and issued ordinary shares of the company (note 16) 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.

<b>Summary of subsidiary assets and liabilities</b>	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
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>

**27 Analysis of Statement of Financial Activities between charity and trading subsidiary.**

	<b>Trading Subsidiary 2005 £'000</b>	<b>Charity 2005 £'000</b>	<b>Total 2005 £'000</b>
<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>		<b>13,314</b>	<b>13,314</b>
<b>Governance costs</b>		<b>157</b>	<b>157</b>
<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>