

PARTNERS FOR CHANGE ETHIOPIA

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2018**

The annual report and financial statements were approved by the Trustees on 26
September 2019 and signed on their behalf by:

John Binns, Chair of Trustees

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

What Partners for Change Ethiopia does

Partners for Change Ethiopia was established in 1985 (then known as St Matthew's Children's Fund) to help care for some of the many children orphaned or abandoned following devastating famine and civil war. It continues this work today together with its Ethiopian partner organisation, JeCCDO (the Jerusalem Children and Community Development Organisation), although the emphasis is no longer on providing institutional care but on caring for children in their own communities.

Main activities in 2018

The main focus of Partners for Change in 2018 continued to be the empowerment of community based organisations in developing sustainable approaches to reducing poverty in slum areas. This work was pursued in Bishoftu, Bahir Dar, Debre Berhan, Hawassa and Dire Dawa, a widespread group of communities, but only scratching the surface of the problems facing this immense and populous country.

The mission is carried on in Ethiopia itself by our partner organisation, JeCCDO, based in Addis Ababa and operating through a regional network. JeCCDO is an Ethiopian organisation with Ethiopian staff and an Ethiopian board of trustees which has a deep understanding of the culture and traditions of the country and is trusted by the authorities to deliver valuable and practical projects. An important part of the work of Partners for Change is to support JeCCDO and strengthen its capabilities.

Partners for Change has been an advocate for the needs of Ethiopian children with grant making bodies and a wide community of individual donors. We have developed our Ambassadors programme to harness the enthusiasm and generosity of communities of supporters in various parts of the United Kingdom and direct this for the benefit of families with particular needs in particular locations. This has enabled us to do valuable work in providing breakfast clubs and other facilities for school children in Gende Tesfa and Biruh Tesfa where the challenges of everyday life are especially tough, and also to support women in those areas to establish income-generating businesses. Our supporters in Norwich held a successful ladies evening to raise funds to help older street children in Hawassa set up their own businesses.

Financial summary

Fund raising remains very challenging and our income from grant making bodies fell to £100,000 in 2018 from about £214,500 the previous year. There was a smaller drop in donations from

individuals. This pressure on our income is a major concern for trustees and we are giving careful thought to how to react.

We continue to make significant progress in reducing our administrative costs, coming down to about £42,000 in 2018 from about £48,500 the previous year. There is more we can do in this respect, but we must also shift spending to more productive areas so that we can maintain and improve our capabilities.

In spite of the financial pressures, we were able to send about £120,000 to Ethiopia in 2018.

Because we have not been able to reduce our costs as fast as our loss of income, our measure of costs as a percentage of payments to Ethiopia rose to 35 per cent in 2018. This is unacceptably high and the trustees are determined to achieve a much lower level after the current period of transition. The percentage is inflated as the result of the way our work is organised. Our Director has been spending a considerable proportion of his time in the direct support of JeCCDO's work in Ethiopia, doing essential things which JeCCDO would otherwise have had to finance themselves. It is difficult to arrive at a reliable estimate of what that proportion might be, but if it was 50 per cent, and if that cost were treated as a payment to Ethiopia, the percentage in 2018 would fall from 35 per cent to 15 per cent.

During 2018, our unrestricted funds fell from a surplus of nearly £21,000 to a deficit of £564. The deficit was known to be temporary as the trustees were aware that we were about to receive a generous legacy (which was indeed received early in 2019). Partners for Change remains able to continue operating to carry out its commitments, obligations and objectives.

Public benefit

In reviewing the objectives of Partners for Change Ethiopia, and monitoring its activities, the trustees have taken account of the Charity Commission's guidance on public benefit. They confirm that the charity continues to carry out its purposes for the public benefit.

Income and expenditure outside the UK

During 2018, Partners for Change Ethiopia received no income from outside the UK.

During 2018, Partners for Change Ethiopia made payments of £120,230 to JeCCDO for work in Ethiopia. The charity did not make payments to any other country outside the UK.

No money transferred to Ethiopia during 2018 was outside the regulated banking system. The trustees are satisfied that the risk management policy and procedures adequately address the risks to the charity arising from its activities and where it operates.

Risks

The main risks faced by Partners for Change Ethiopia that are monitored by the trustees are:

- political instability in Ethiopia, which could prevent JeCCDO from carrying out its work, endanger the safety of JeCCDO staff and foreign visitors, and deter potential donors; the trustees monitor this risk with advice from JeCCDO; the risk is constant with limited scope for mitigation.
- pressures on donation and grant income which, if it fell below a critical level, would mean that Partners for Change Ethiopia could no longer operate; the trustees explore established and innovative ways of encouraging existing donors and identifying potential new sources of income; the risk is a major one requiring constant attention, but also offering opportunities.
- inappropriate behaviour by people acting on behalf of Partners for Change Ethiopia or JeCCDO, particularly in relation to children and vulnerable adults, that would be unacceptable in itself and could cause reputational damage deterring donors; a moderate risk in terms of likelihood, but serious if it happened; the trustees have reviewed the safeguarding policy, reminded everyone of its importance, and encouraged JeCCDO to discuss it at every trustee meeting.
- fraud in the administration of resources; procedures are in place for authorising expenditure.
- loss of experienced staff at JeCCDO who have been in post for a long time; Partners for Change Ethiopia trustees regularly consult JeCCDO trustees on this issue; the risk will inevitably occur at some time and requires careful forward planning;
- insufficient knowledge and experience amongst Partners for Change Ethiopia trustees, especially as long-standing members leave for various reasons; a search for new trustees has begun.
- lack of clarity in explaining to a wider audience, especially potential donors, the new direction Partners for Change Ethiopia is taking from institutional to community based care of orphans and vulnerable children.

Trustees

Chairperson: The Revd Dr John Binns

Honorary Treasurer: Roy Warden

Fr Colin Battell OSB

Robert Stallard

Margaret Ingram

Catherine Salway

Will Eckersley

Ruth Salmon

During 2018, Will Eckersley and Ruth Salmon resigned as trustees.

Staff

Peter Jones, Director

Charity information

Registered Charity No: 297391

Address: The Centre for Global Equality, 3a Kings Parade, Cambridge CB2 1SJ

Email: info@pfcethiopia.org

www.pfcethiopia.org

Bankers: Child & Co. 1 Fleet Street, London EC4Y 1BD

Independent Examiner: Gary Bandy CPFA, Clover Cottage, Stubbins Lane, Chinley, High Peak SK23 6AE

**STATEMENT OF FINANCIAL ACTIVITIES AND INCOME AND EXPENDITURE FOR
THE YEAR ENDED 31 DECEMBER 2018**

	Note	Unrestricted funds (£)	Restricted funds (£)	2018 Total (£)	2017 Total (£)
Income from:					
Donations		30,418	9,560	39,978	50,194
Grants and legacies		10,785	89,215	100,000	214,518
Fund raising		413	2,552	2,965	6,501
Interest		54	-	54	67
Total income		41,670	101,327	142,996	271,281
Expenditure on:					
Payments to Ethiopia		20,870	99,260	120,130	229,248
Administration		42,060	-	42,060	48,416
Fund raising		250	-	250	1,042
Total expenditure		63,180	99,260	162,440	278,706
Surplus/(deficit)		(21,510)	2,067	(19,444)	(7,425)
Reconciliation of funds					
Brought forward from 2017		20,946	11,400	32,346	
2018 surplus/(deficit)		(21,510)	2,067	(19,444)	
Carried forward to 2019		(564)	13,467	12,902	

BALANCE SHEET AT 31 DECEMBER 2018

	Note	Unrestricted funds (£)	Restricted funds (£)	2018 Total (£)	2017 Total (£)
Fixed assets					
Tangible assets		-	-	-	-
Current assets					
Debtors		2,070	-	2,070	1,931
Prepayments		-	-	-	707
Cash and bank accounts		29,593	13,467	33,060	47,786
Sub-total: current assets		21,665	13,467	35,131	50,424
Current liabilities					
Creditors: amounts falling due within 1 year		22,229	-	22,229	18,078
Net current assets		(564)	13,467	12,902	32,346
Creditors: amounts falling due after more than 1 year		-	-	-	-
Net assets		(564)	13,467	12,902	32,346
Unrestricted funds				(564)	
Restricted funds				13,467	
Total funds				12,902	

The notes on pages 8 to 10 form part of these financial statements.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 2018**

1. Basis of preparation and accounting policies

1.1 These financial statements have been prepared on an accruals basis under the historical cost convention in accordance with Financial Reporting Standard 102 (which came into effect on 1 January 2016).

1.2 These financial statements have been prepared on the going concern basis.

1.3 Income is recorded in the Statement of Financial Resources when:

- the charity becomes entitled to it (unconditionally entitled in the case of grants and donations);
- the trustees are virtually certain that it will be received; and
- its monetary value can be measured with sufficient reliability.

1.4 Donations on which tax can be reclaimed are recorded at the same time as the donation.

1.5 Income from fund raising activities is recorded gross with any associated costs recorded under expenditure.

1.6 The value of any voluntary help received is not included in the financial statements.

1.7 On grounds of materiality, no attempt has been made to apportion interest income to restricted funds.

1.8 Liabilities are recorded in the financial statements as soon as there is a legal or constructive obligation on the charity to pay.

2. Donations and grants received

Donations included Gift Aid of £4,716 (£4,998 in 2017).

A grant of £100,000 was received from Comic Relief in 2018.

3. Fund raising activities

	Gross income (£)	Expenditure (£)	Net income (£)
Sale of icons	413	-	413
Norwich Ladies evening	2,552	250	2,302

4. Payments to Ethiopia

	£
Empowering community based organisations in Bishoftu, Bahir Dar, Debre Berhan, Hawassa and Dire Dawa to develop sustainable approaches to reducing poverty in slum areas.	89,215
Supporting women from families in Genda Tesfa to generate income.	3,214
Providing breakfast and various facilities for school children in Genda Tesfa.	5,309
Providing breakfast and various facilities for school children in Biruh Tesfa.	1,322
Supporting a family in Bahir Dar.	200
Enabling JeCCDO to strengthen its capabilities.	20,870
Total	120,130

Note: These amounts relate to payments made to Ethiopia in 2018 regardless of when the income to fund the payments was received.

5. Cost of administration

	2018 (£)	2017 (£)
Salary	34,549	34,549
Employer's National Insurance	0	648
Employee's pension	499	215
Payroll fees	636	1,407
Bank charges	189	127
International transfer fees	90	210
Bookkeeping	1,226	3,600
Fund raising fees	479	246
Insurance	707	772
Travel	798	2,963
Printing and postage	877	1,043
Trustee meetings	112	187
Depreciation	0	399
Miscellaneous	1,898	2,050
Total	42,060	48,416

6. Debtors and prepayments

Due from HMRC for Gift Aid on donations made in 2018: £2,070

7. Creditors

Capacity building in JeCCDO in 2018: £20,000

PAYE owed to HMRC in respect of 2018 salaries: £1,918

Other miscellaneous creditors: £310

8. Analysis of funds

	Brought forward from 2017 (£)	Income (£)	Expenditure (£)	Carried forward to 2019 (£)
JeCCDO	8,600	89,215	89,215	8,600
Gende Tesfa Breakfast Club	0	4,140	4,140	0
Woman 2 Woman	2,800	3,214	1,383	1,631
Biruh Tesfa Breakfast Club	0	1,906	1,322	584
Hawassa youth	0	2,552	0	2,552
Bahir Dar family	0	300	200	100
Restricted funds	11,400	101,327	99,260	13,467
Unrestricted	20,946	41,669	63,180	(564)
Total funds	32,346	142,996	162,440	12,902

9. Employee

Throughout 2018 (and 2017), there was one employee. Annual remuneration was less than £60,000. This employment ceased at the end of 2018.

10. Related parties

There were no transactions with related parties in the year ended 31 December 2018. Any donations made by trustees were unconditional.

Independent Examiner's Report to the Trustees of Partners for change Ethiopia

I report on the accounts of the charity for the year ended 31 December 2018 set out in pages 6 to 10.

Respective responsibilities of the Trustees and Independent Examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144 of the Charities Act 2011 (the Charities Act) and that an independent examination is needed. Having satisfied myself that the charity is not subject to audit and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the Charities Act,
- to follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b)) of the Charities Act, and
- to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records.

It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the trustees concerning any such matters.

The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.

Independent examiner's report

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that in, any material respect, the requirements
 - to keep accounting records in accordance with section 130 of the Charities Act; and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the Charities Acthave not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Gary Bandy CPFA
26 September 2019