

Directors' Report and Financial Statements
For the year ended 31 December 2002

A.C.O.R.D

**(Agency for Cooperation and Research in Development/
Association de Cooperation et de Recherche pour le Developpment)**

A registered charity and a company limited by guarantee

CONTENTS

| | |
|--|-----------|
| ACORD Corporate Directory | 1 |
| Directors' Report | 2 |
| Independent Auditors' Report | 6 |
| Statement of Financial Activities | 7 |
| Balance Sheet | 8 |
| Cashflow Statement | 9 |
| Notes to the Accounts | 10 |

REGISTERED OFFICE

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London SW1P 2AF , UK
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Fax: 0207 799 1868
Website: www.acord.org.uk

Charity Registration Number 283302

Company Registration Number 1573552

ACORD CORPORATE DIRECTORY

MEMBERS ORGANISATIONS (ACORD ASSEMBLY)

| | |
|---|--|
| Comité Catholique contre la Faim et pour le Développement (CCFD) (France) | Nederlandse Organisatie Voor Internationale Ontwikkelingssamenwerking -NOVIB (Netherlands) |
| Groupe Développement (France) | Oxfam Great Britain (United Kingdom) |
| Swiss Interchurch Aid - HEKS (Switzerland) | Oxfam Hong Kong (Hong Kong) |
| Inter Pares (Canada) | The Stromme Memorial Foundation (Norway) |
| Mani Tese (Italy) | Vredeseilanden (Belgium) |

BOARD OF DIRECTORS as at 31 December 2002

| Name | Nationality | |
|-----------------------------------|-------------|---|
| Molly Kane (Chair) | Canadian | <i>Michael Herzka and Kevin Teopista M Akoyi were appointed on November 08, 2002</i> |
| Moussa Ba | Senegalese | |
| Ivan Godfroid | Belgian | |
| Michael Herzka | Swiss | <i>Nigel Cross, Makhnun Gamaledin-Ashami and Manuel Etter retired on November 08, 2002.</i> |
| Kevin Teopista M Akoyi | Ugandan | |
| Marie Goretti Nyirarukundo | Belgian | |
| Maggie Pankhurst (Hon. Treasurer) | British | |
| Fernando Pachec dos Santos | Angolan | |

CORPORATE MANAGEMENT TEAM as at 31 December 2002

David Waller, Executive Director
Golam Morshed, Director of Finance and Company Secretary
Bonaventure Wakana, Programming Director
Debra Vidler, Director of Organisational Development
Naftali Onchere, Director of Funding

PRINCIPAL PROFESSIONAL ADVISORS

| BANKERS | SOLICITORS | AUDITORS |
|--|---|---|
| National Westminster Bank plc 2 Waterhouse Square 138-142 Holborn London EC1N 2TH, UK | Bates, Wells & Braithwaite Cheapside House 138 Cheapside London EC2V 6BB, UK | Deloitte & Touche Chartered Accountants Verulam Point, Station Way St Albans AL1 5HE, UK |

DIRECTORS' REPORT

The directors are pleased to present their report and the audited financial statements for the year ended 31 December 2002.

1. THE OBJECTIVES OF THE CHARITY

The memorandum of association states that the objectives of the charity are *to relieve poverty, to advance education, to relieve sickness and to preserve and protect health, all of which may be carried out anywhere in the world.*

ACORD's main role is to improve understanding of the specific causes of poverty and find ways to remove them and to help poor women and men to win their basic rights and cope with conflict and build peace in Africa.

In order to achieve its objectives ACORD pursues operational activities in Africa, as well as research and policy activities, which are designed to improve the quality of ACORD programmes and scale up the impact of the charity's work by disseminating the results to others.

ACORD works in 19 African countries mostly concentrating in the most marginalised communities. The charitable programmes aim to promote sustainable development in particular regions and to enable those communities to strengthen their ability to become empowered. The programme also includes advocacy, education and campaigning work on issues that are central to the achievements of ACORD's charitable objectives.

2. ORGANISATION AND DECISION MAKING STRUCTURE

ACORD is a company limited by guarantee and a registered charity governed by memorandum and articles of association. ACORD is a consortium of ten non-governmental organisations (NGOs) from Europe, Asia and North America. These ten members form the General Assembly, the sovereign body of the charity, which meets once a year. The Assembly approves the annual accounts, board member appointments and the organisation's strategic plan. It also determines broad policy issues.

The Board exercises the functions of the trustees of the charity and the directors of the company, controlling the work of the charity. The Board usually meets twice a year. Normally, one third of the directors/trustees must be elected annually by a majority vote of the Assembly.

The Board is assisted by three sub-committees. The Policy and Programme External Review Group (PPERG) is designed as part of an overall quality assurance structure to submit comments and recommendations on the design and performance of ACORD programmes; the Gender Committee which comments and makes recommendations on the full integration of the "gender in society" policy of ACORD in all aspects of its activities; and the Finance and Audit Committee which meets periodically to monitor ACORD's financial position and budget and reviews the annual audited accounts and internal controls with ACORD's auditors.

The Secretariat is currently based in London and is in the process of relocating to Nairobi, Kenya. However an office will remain in London as a registered office and will take care of its legal obligation to relevant bodies. This office will also have an advocacy, representation and fundraising role. During the year the Programme Department (which was made up of 4 regional "desks") and the Research and Policy Programme (RAPP) were replaced by a single Programming Department responsible for all aspects of programming including research, policy advocacy, programme

DIRECTORS' REPORT

development and other programme related activities. Programme management is also being restructured and is set to move from Programme/ Country Co-ordinators to Area and Thematic Programme Managers.

ACORD employs 481 staff in its overseas programmes of whom 473 were employed on local contracts.

3. FINANCIAL RESULTS AND FUTURE ACTIVITIES

FINANCIAL RESULTS

REVIEW OF ACTIVITIES: At the end of 2002, ACORD was implementing 47 programmes in 19 African countries. Natural and man-made disasters, in particular drought, flood, and war beset many of these countries. ACORD initiated the process of consolidating existing programmes and introduced thematic programmes in addition to geographically based longer-term development programmes.

REVIEW OF TRANSACTIONS: There was an increase in income from £7.9 million to £8.2 million during the year. ACORD's six largest donors (Novib, DFID, the EC, Community Funds, HEKS and Oxfam Hong Kong) made grants totalling £5.5 million in 2002 representing 67% of income for the year. Member contributions represented 46% of total income, compared with 45% in the previous year. Expenditure on programmes and its related support was at £7.3 million, and represented 97% of expenditure for the year. Cost of administering the charity increased to £201k (2001: £162k).

FINANCIAL POSITION AND RESERVES: Restricted funds carried forward at the end of the year increased to £930k representing a rise in the level of unexpended grants. Unrestricted funds decreased to £443k due to additional expenditure related to the change process.

FUNDING : During 2002 ACORD received flexible funding from four of its members, Inter Pares, Novib, Oxfam GB and Oxfam Hong Kong. In addition subsidised travel has continued to be provided through Groupe Developpement enabling ACORD to reduce travel costs.

ONGOING CHALLENGES

Implementation of the Change Process that started with the 1999 Strategic Review continues. Changes were agreed and implementation commenced to the structure of programmes and their management and to the organisation's strategic aims. Programmes have started to reorganise themselves into larger units. These and further changes will continue to be carried out in the coming years.

Following the Pan African workshop in Naivsha, plans were put in place for the gradual establishment of area programmes consisting of 15-18 larger interventions instead of 47 smaller-scale ones. A global programme has been established to fight the root causes of poverty. Five core themes will provide an over-arching policy framework for these programmes: conflict, gender, social exclusion, livelihoods and HIV/AIDS. Research was confirmed as being at the heart of each of the organisation's interventions, a tool for improved programming and policy change.

4. RESERVES POLICY

DIRECTORS' REPORT

The trustees have examined the requirement for free reserves which are those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed. The policy objective is "to maximise the programme impact of beneficiaries and maximise the value of net income". The trustees consider that given the nature of our work, ideally the general reserve should be within the range of £500k to £800k, which gives flexibility to cover temporary timing differences for grant claims, adequate working capital for our core costs, and will allow us to respond quickly in unexpected situations.

ACORD has put measures in place to gradually build the general reserve from historically low level to reflect the long term nature of ACORD's work. The Board of trustees has reviewed the policy and will continue to do so on an annual basis.

5. RISK MANAGEMENT

The board of trustees reviews ACORD's key risks annually as part of a strategic plan. It considers that maintaining ACORD's general reserves at the level stated above, combined with the review of controls over key financial systems carried out through a structured audit programme of each country of operation have, in the past, provided ACORD with adequate risk assurance.

The board of trustees is in the process of developing a more comprehensive mechanism to identify, monitor, review and manage the major operational and business risks that ACORD faces on a regular basis. This will enable the trustees to assess, review and manage the key risks in a more controlled manner. However, the nature of some of ACORD's work in marginalised areas of Africa affected by extreme poverty and conflict, requires active acceptance and management of some risks in undertaking activities in order to achieve the objectives of the charity.

6. INVESTMENT POLICY

ACORD's investment objective is to maximise the return of its investment funds while maintaining maximum security and a high degree of liquidity to allow a response to operational needs. To meet this objective ACORD invests in fixed term or call deposits with a high security rating and either fixed interest rates or with a fixed relationship to base rates. There is no equity investment held by ACORD. The board of trustees review ACORD's investment policy annually.

7. DIRECTORS/TRUSTEES

The name of the trustees who have acted during the year are given on page 1. New trustees are nominated by the board of trustees and approved by assembly members and serve until retirement or when they reach age 70 years of age.

As part of the development of the organisation the composition of the Board is changing. Michael Herzka and Kevin Teopista M Akoyi were appointed to board while Nigel Cross, Makhnun Gamaledin-Ashami and Manuel Etter left during the year. The Board is grateful to the retiring members for the many years support and advice, which they have given to ACORD.

8. STATEMENT OF TRUSTEES' RESPONSIBILITIES

DIRECTORS' REPORT

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity at the year end and of its incoming resources and resources expended during that year. In preparing those financial statements, the trustees are required to:

- ❑ Select suitable accounting policies and then apply them consistently;
- ❑ Make judgements and estimates that are reasonable and prudent;
- ❑ State whether applicable accounting standards and statements of recommended practice 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

9. STAFF AND VOLUNTEERS

The trustees wish to record their appreciation to all staff and volunteers for their devoted work, often beyond the duty required of them. Without this commitment the work of ACORD could not continue.

ACORD has well established arrangements for consulting and involving staff in its work. All managers are expected to hold regular meetings with their staff to provide an opportunity for communication of information and discussion of events as they developed. Equal opportunities in employment within ACORD are seen as an integral part of its overall aim and objectives.

10. AUDITORS

Deloitte & Touche have expressed their willingness to continue in office and a resolution proposing their reappointment as auditors of the company will be submitted to the next Annual General Meeting in accordance with section 384 of the Companies Act 1985.

Approved by the Board of Directors/Trustees and signed on their behalf by:



Molly Kane
Chair of the Board

June 09' 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements of ACORD for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, cash flow statement and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

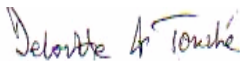
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

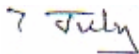
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

2003



Chartered Accountants and Registered Auditors
Verulam Point
Station Way
St Albans
AL1 5HE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

**THE STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Statement)
Year ended 31 December 2002**

| | Note | Unrestricted funds £'000 | Restricted funds £'000 | Total funds 2002 £'000 | Total funds 2001 £'000 |
|---|------|--------------------------------|------------------------------|---------------------------------|---------------------------------|
| INCOMING RESOURCES | | | | | |
| Donations | 2 | 15 | 33 | 48 | 51 |
| Activities in furtherance of the charity's objects: | | | | | |
| Grants receivable from government and other institutions | 3 | 1,135 | 6,976 | 8,111 | 7,874 |
| Interest receivable | 4 | 4 | - | 4 | 10 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL INCOMING RESOURCES | | 1,154 | 7,009 | 8,163 | 7,935 |
| RESOURCES EXPENDED | | | | | |
| Direct charitable expenditure: | | | | | |
| Cost of activities in furtherance of charity's objects | 5 | 83 | 6,277 | 6,360 | 7,516 |
| Support costs | 5 | 955 | - | 955 | 861 |
| Other expenditure: | | | | | |
| Management and administration | 5, 6 | 201 | - | 201 | 162 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL RESOURCES EXPENDED | | 1,239 | 6,277 | 7,516 | 8,539 |
| NET INCOMING /(OUTGOING) RESOURCES | | | | | |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | (85) | 732 | 647 | (604) |
| TOTAL FUNDS BROUGHT FORWARD | | | | | |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 528 | 198 | 726 | 1,330 |
| TOTAL FUNDS CARRIED FORWARD | | | | | |
| | 14 | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 443 | 930 | 1,373 | 726 |
| | | ===== | ===== | ===== | ===== |

ALL INCOME AND EXPENSES ARISE FROM CONTINUING ACTIVITIES

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

BALANCE SHEET As at 31 December 2002

| | Note | 2002 | 2001 |
|---|------|---------|---------|
| | | £'000 | £'000 |
| FIXED ASSETS | | | |
| Tangible assets | 8 | 33 | 28 |
| CURRENT ASSETS | | | |
| Debtors | 9 | 1,778 | 1,469 |
| Cash at bank and in hand | 10 | 636 | 546 |
| | | 2,414 | 2,015 |
| CREDITORS: amounts falling due within one year | 11 | (1,074) | (1,317) |
| NET CURRENT ASSETS | | 1,340 | 698 |
| NET ASSETS | | 1,373 | 726 |
| FUNDS | | | |
| Restricted funds | 14 | 930 | 198 |
| Unrestricted funds | 14 | 443 | 528 |
| Total Funds | | 1,373 | 726 |

These financial statements were approved by the Board of Directors and signed on their behalf.


Molly Kane, Chair
09/06/03


Maggie Pankhurst, Treasurer
09/06/03

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

CASH FLOW STATEMENTS Year ended 31 December 2002

| | 2002 | 2001 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Net cash inflow (outflow) from operating activities | 597 | (442) |
| Returns on investment and servicing of finance | | |
| Interest received | 4 | 10 |
| Capital expenditure | | |
| Purchase of tangible fixed assets | (334) | (265) |
| | <u>267</u> | <u>(697)</u> |
| Increase (decrease) in cash in the year | 267 | (697) |

Cash is represented as follows:

| | 2002 | 2001 |
|--------------------------|--------------|--------------|
| | £'000 | £'000 |
| Cash at bank and in hand | 636 | 546 |
| Bank overdraft | (528) | (705) |
| | <u>108</u> | <u>(159)</u> |
| | 108 | (159) |

RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

| | 2002 | 2001 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Net incoming (outgoing) resources | 647 | (604) |
| Depreciation - fixed assets | 329 | 282 |
| Profit on sale of tangible fixed assets | | - |
| Increase in debtors | (309) | (71) |
| Decrease in creditors | (66) | (39) |
| Investment income | (4) | (10) |
| | <u>597</u> | <u>(442)</u> |
| Net cash inflow/(outflow) from operating activities | 597 | (442) |

Analysis of Changes in Net Funds:

| | 2002 | 2001 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Increase/(decrease) in cash in the period | 267 | (697) |
| Net funds/ (debt) at 1 January | (159) | 538 |
| | <u>108</u> | <u>(159)</u> |
| Net funds/(debt) at 31 December | 108 | (159) |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS Year ended 31 December 2002

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and they comply with the requirements of the charity's governing document. Specifically, they have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in October 2000.

Since the Statement of Financial Activities provides the information required by the Companies Act 1985, no separate statement of income and expenditure has been provided.

Fund accounting

General unrestricted funds comprise accumulated surplus and deficits on general funds and are available for use at the discretion of the trustees in furtherance of the objects of the charity.

Restricted funds are funds subject to specific conditions imposed by the donors. The purpose of the restricted funds are set out in the notes to the financial statements.

Incoming resources

Incoming resources are all reported gross and the statement of financial activities recognises all incoming resources becoming available to the charity during the year.

Grants receivable are accounted for when received with the exception of pledged grants which are recognised when there is reasonable assurance of receipt.

Where a grant for expenditure in a future accounting period is received in advance its recognition has been deferred. Deferred income is shown separately in creditors. Where only part of the grant is restricted to future accounting periods, the grant is apportioned over time on a pro rata basis.

Resources expended

Resources expended are shown as gross and an accruals adjustment has been made for all known liabilities at the year end.

Expenditure on overseas programmes comprises all direct programme expenditure, and all the staff and related costs of country and regional offices.

Programme support costs comprise expenditure incurred in respect of the UK based staff responsible for management and supervision of, and support to, overseas programmes and an appropriate allocation of central overheads.

Programme research costs comprise expenditure incurred in respect of the UK based staff responsible for research and policy work in support of overseas programmes and an appropriate allocation of central overheads.

Central overheads are allocated to programme support and programme research only on the basis of their use of central support services.

Management and administration costs comprise central management and administration costs not allocated to other activities, that is the costs of management of the charity's assets, organisational (as opposed to programme) management and administration, and compliance with constitutional and statutory requirements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS Year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost. Depreciation is calculated to write off the cost of tangible fixed assets by equal annual instalments over their expected useful lives as follows:

| | |
|---------------------------------------|------------------------------|
| Office equipment | 25% |
| Computer equipment | 33% |
| Leasehold premises | over the period of the lease |
| Assets held overseas (all categories) | 100% |

The directors consider it prudent to depreciate fully equipment and motor vehicles purchased or donated for use overseas in the year of their acquisition, since their anticipated lives cannot be readily determined due to the uncertainty and diversity of conditions overseas. It is the charity's policy to write these assets out of the accounting records after a period of three years, although assets continue to be monitored after this period by means of fixed asset inventories.

Foreign currencies

Transactions in foreign currencies during the year are translated into sterling at the rates ruling in the country at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the year end exchange rate. All transaction differences arising are dealt with in the statement of financial activities.

Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions payable by the charity.

Operating leases

Rentals payable under operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis.

Credit funds

All inputs to credit funds are treated as expenditure in the year of the input. All bank and cash balances held in Africa relating to credit funds are included in bank and cash balances, but are also included in creditors as funds immediately available for lending.

Credit loans and interest due to ACORD are not included in the accounts as debtors because the funds are operated as revolving credit funds, with repayments and interests received being used to make further loans.

Loans made to individuals by ACORD are managed and monitored by ACORD, whilst grants made to intermediary organisations who manage the loans continue to be monitored by ACORD until phase out of the programme.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

2. DONATIONS

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2002 £'000 | Total 2001 £'000 |
|-------------------------|---|---------------------------------------|---------------------------------|---------------------------------|
| Membership subscription | 15 | - | 15 | 23 |
| Miscellaneous income | - | 33 | 33 | 28 |
| | <u>15</u> | <u>33</u> | <u>48</u> | <u>51</u> |

3. ACTIVITIES IN FURTHERANCE OF CHARITABLE ACTIVITIES

GRANT RECEIVABLES FROM GOVERNMENT AND OTHER INSTITUTIONS

| | Note | Unrestricted funds £'000 | Restricted funds £'000 | Total 2002 £'000 | Total 2001 £'000 |
|-----------------------------------|-------------|---|---------------------------------------|---------------------------------|---------------------------------|
| Members | | 99 | 3,633 | 3,732 | 3,596 |
| Other private institutions | | 79 | 1,716 | 1,795 | 1,373 |
| Multilateral funding institutions | | 43 | 1,379 | 1,422 | 1,224 |
| Bilateral funding institutions | | - | 1,162 | 1,162 | 1,681 |
| Reallocation | | 914 | (914) | - | - |
| | 19 | <u>1,135</u> | <u>6,976</u> | <u>8,111</u> | <u>7,874</u> |

4. INVESTMENT INCOME

| | Note | Unrestricted funds £'000 | Restricted funds £'000 | Total 2002 £'000 | Total 2001 £'000 |
|---------------------------------|-------------|---|---------------------------------------|---------------------------------|---------------------------------|
| Interest earned | | 4 | - | 4 | 10 |
| TOTAL INCOMING RESOURCES | | <u>1,154</u> | <u>7,009</u> | <u>8,163</u> | <u>7,935</u> |

5. ANALYSIS OF TOTAL RESOURCES EXPENDED

| | Note | Unrestricted funds £'000 | Restricted funds £'000 | Total 2002 £'000 | Total 2001 £'000 |
|--|-------------|---|---------------------------------------|---------------------------------|---------------------------------|
| Costs in furtherance of charity's subjects | 13 | 83 | 6,277 | 6,360 | 7,516 |
| Support costs | 6 | 955 | - | 955 | 861 |
| Managing and administering the charity | 6 | 201 | - | 201 | 162 |
| TOTAL CHARITABLE EXPENDITURE | | <u>1,239</u> | <u>6,277</u> | <u>7,516</u> | <u>8,539</u> |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS Year ended 31 December 2002

6. ANALYSIS OF UK EXPENDITURE

| | 2002 £'000 | 2001 £'000 |
|---|---------------|---------------|
| Staff costs | 1,016 | 922 |
| Depreciation | 20 | 19 |
| Premises | 95 | 84 |
| Communications | 34 | 20 |
| Public information and reports | 13 | 28 |
| Office expenses | 68 | 65 |
| Computer expenses | 22 | 14 |
| Auditors' remuneration | 15 | 18 |
| Board/Assembly/PEC meetings | 10 | 15 |
| Bank interest | 9 | 38 |
| Pan African workshop | 84 | 89 |
| Change management | 134 | 19 |
| Exchange rate loss/(gain) | (3) | - |
| | 1,517 | 1,331 |
| TOTAL UK EXPENDITURE | 1,517 | 1,331 |
| Apportioned as follows: | | |
| Unrestricted | | |
| Support costs | 955 | 861 |
| Cost in furtherance of the charity's objectives (Global Programmes) | 83 | 49 |
| Management and administration | 201 | 162 |
| | 1,239 | 1,072 |
| | 1,239 | 1,072 |
| Restricted | | |
| Costs in furtherance of the charity's objective (Global Programmes) | 278 | 259 |
| | 278 | 259 |
| Total | 1,517 | 1,331 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS Year ended 31 December 2002

7. EMPLOYEES

The average number of UK contracted employees throughout the year was:

| | 2002 £'000 | 2001 £'000 |
|---------------------|-----------------------------|-----------------------------|
| Overseas programmes | 8 | 11 |
| UK expenditure | 25 | 27 |
| | <u>33</u> | <u>38</u> |

The total remuneration of UK based employees was:

| | 2002 £'000 | 2001 £'000 |
|-----------------------|-----------------------------|-----------------------------|
| Salaries | 603 | 697 |
| Social security costs | 58 | 68 |
| Pension costs | 44 | 51 |
| Total | <u>705</u> | <u>816</u> |

The total remuneration of UK contracted employees wholly working in Africa was:

| | 2002 £'000 | 2001 £'000 |
|----------|-----------------------------|-----------------------------|
| Salaries | <u>186</u> | <u>228</u> |

There were no employees (2001: nil) whose emoluments exceeded £50,000.

Pension Information

There were no Pension contribution for Money Purchase Schemes for employees (2001: nil) with salaries over £50,000.

There were no employees (2001: nil) with salaries over £50,000 with Money purchase and Retirement Benefit Schemes.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

8. TANGIBLE FIXED ASSETS

| | Leasehold property £'000 | Office and computer equipment £'000 | Assets held overseas £'000 | Total £'000 |
|---------------------------------|---|--|---|------------------------|
| Cost | | | | |
| At 1 January 2002 | 35 | 122 | 1,287 | 1,444 |
| Additions | - | 25 | 309 | 334 |
| Disposals | - | (46) | (602) | (648) |
| At 31 December 2002 | 35 | 101 | 994 | 1,130 |
| Accumulated depreciation | | | | |
| At 1 January 2002 | 17 | 112 | 1,287 | 1,416 |
| Charge for the year | 4 | 16 | 309 | 329 |
| Disposals | - | (46) | (602) | (648) |
| At 31 December 2002 | 21 | 82 | 994 | 1,097 |
| Net book value | | | | |
| At 31 December 2002 | 14 | 19 | - | 33 |
| At 31 December 2001 | 18 | 10 | - | 28 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

9. DEBTORS

| | 2002 | 2001 |
|---------------|--------------|--------------|
| | £'000 | £'000 |
| Trade debtors | 1,641 | 1,321 |
| Other debtors | 73 | 86 |
| Prepayments | 64 | 62 |
| | 1,778 | 1,469 |
| | 1,778 | 1,469 |

10. CASH AT BANK AND IN HAND

| | 2002 | 2001 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Cash held in UK | 13 | 19 |
| Cash held in Africa | 392 | 439 |
| Credit scheme funds held in Africa | 231 | 88 |
| | 636 | 546 |
| | 636 | 546 |

11. CREDITORS: amounts falling due within one year

| | 2002 | 2001 |
|-------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Bank overdraft | 528 | 705 |
| Trade creditors | 4 | - |
| Other creditors | 127 | 206 |
| Accruals | 37 | 38 |
| Deferred income | 147 | 258 |
| Credit scheme funds (note 12) | 231 | 89 |
| Taxation and social security | - | 21 |
| | 1,074 | 1,317 |
| | 1,074 | 1,317 |

12. CREDIT SCHEME FUNDS

This amount represents credit scheme funds held in ACORD offices in Sudan, Ethiopia and Tanzania.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS Year ended 31 December 2002

13. RESTRICTED FUNDS

| Programmes * | Balance 1 January 2002 £'000 | Movement incoming £'000 | Movement outgoing £'000 | Balance 31 Dec 2002 £'000 |
|-------------------|---------------------------------------|-------------------------------|-------------------------------|------------------------------------|
| Angola | 60 | 277 | (323) | 14 |
| Botswana | (8) | 262 | (236) | 18 |
| Burundi | 11 | 589 | (344) | 256 |
| Congo (Dem. Rep.) | 27 | 145 | (168) | 4 |
| Eritrea | 37 | 574 | (546) | 65 |
| Ethopia | 87 | 570 | (537) | 120 |
| Global programmes | - | 278 | (278) | - |
| HIV/AIDS | (12) | 140 | (132) | (4) |
| Lake Chad | 39 | 232 | (210) | 61 |
| Lake Victoria | (89) | 772 | (668) | 15 |
| Liberia | (28) | 37 | (9) | - |
| Mozambique | 54 | 346 | (324) | 76 |
| Namibia | (5) | 81 | (80) | (4) |
| Northern Uganda | (49) | 526 | (482) | (5) |
| Rwanda | 6 | 394 | (322) | 78 |
| Sahel | 67 | 411 | (450) | 28 |
| Southern Sudan | 6 | 979 | (734) | 251 |
| Sudan | (5) | 396 | (434) | (43) |
| | 198 | 7,009 | (6,277) | 930 |

- The programme has been reorganised according to new management arrangement and the opening balance has been restated.

The trustees anticipate that any deficit balances above will be covered by future income in excess of expenditure. Hence the trustees have decided to carry forward these deficits into future years.

14. ANALYSIS ON NET ASSETS BETWEEN FUNDS

| | Unres- tricted Funds £'000 | Restricted funds £'000 | Total funds £'000 |
|--|-------------------------------------|------------------------------|----------------------|
| Fund balances at 31 December 2002 are represented by: | | | |
| Tangible fixed assets | 33 | - | 33 |
| Current assets | 773 | 1,641 | 2,414 |
| Current liabilities | (363) | (711) | (1,074) |
| Total net assets | 443 | 930 | 1,373 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS Year ended 31 December 2002

15. TRUSTEES REMUNERATION

No fees paid to trustees for their services. Directly incurred travel and hotel expenses were reimbursed if claimed, and in 2002 totalled £3,457 (2001 £3,338).

Indemnity insurance is provided for all trustees and for three principal officers of ACORD. Premium paid in 2002 were £5,512 (2001 £ 4,724).

16. OPERATING LEASE COMMITMENTS

| | Land and buildings £'000 | Others £'000 | 2002 Total £'000 | 2001 Total £'000 |
|-------------------------|--------------------------------|-------------------|------------------------|------------------------|
| On leases which expire: | | | | |
| In years two to five | 95 | 23 | 118 | 88 |
| Over five years | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

17. TAXATION

ACORD is a registered charity and is not liable for corporation tax on its income under section 505 of the Income and Corporation Taxes Act 1988 to the extent that it is applied to its charitable activities. The charity has borne VAT on its expenditure where appropriate.

18. STATUS

The charity is a company limited by guarantee and has no share capital. The maximum liability of each of its member is £1.

19. GRANT RECEIVABLE FROM GOVERNMENT AND OTHER INSTITUTIONS

| | 2002 £'000 | 2001 £'000 |
|------------------------------|-------------------|-------------------|
| MEMBERS ORGANISATIONS | | |
| CCFD | 315 | 77 |
| Groupe Développement | 176 | 264 |
| Inter Pares | 73 | 87 |
| HEKS (Swiss Interchurch Aid) | 538 | 414 |
| NOVIB | 1,889 | 2,248 |
| Oxfam Hong Kong | 442 | 407 |
| Oxfam GB | 151 | - |
| Stromme Memorial Foundation | 148 | 99 |
| | <u> </u> | <u> </u> |
| | <u>3,732</u> | <u>3,596</u> |

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

19. GRANT RECEIVABLES FROM GOVERNMENT AND OTHER INSTITUTIONS (CONTINUED)

| | 2002 | 2001 |
|---|--------------|--------------|
| | £'000 | £'000 |
| OTHER PRIVATE INSTITUTIONS | | |
| Bernard Van Leer | 78 | 22 |
| Brot furdie Weit | 28 | 3 |
| Christian Aid | 20 | 30 |
| Comic Relief (UK) | 253 | 382 |
| Community Fund (UK) | 786 | 303 |
| Development and Peace (Canada) | 22 | 22 |
| Diana Princess of Wales Memorial Fund | - | 64 |
| Early Child Education | 166 | 77 |
| International Institute for Environment and Development | - | 40 |
| Intermon (Spain) | 44 | 143 |
| Namibia Institute of Forestry | 1 | - |
| NCOS – Belgium Survival Fund | 151 | - |
| Others | 91 | 116 |
| Oxfam – Belgium | 40 | - |
| Oxfam Canada | 19 | 54 |
| PPP – Healthcare Medical trust | 79 | 84 |
| Stichting Vluchteling (Netherlands) | - | 25 |
| Warwick University | 17 | 4 |
| | <hr/> | <hr/> |
| | 1,795 | 1,369 |
| MULTILATERAL FUNDING INSTITUTIONS | <hr/> | <hr/> |
| European Community | 832 | 759 |
| International Rescue Committee | 177 | 137 |
| OPEC Fund for International Development | - | 32 |
| UNESCO | - | 17 |
| UN FAO | 16 | 21 |
| UNDP | 154 | 4 |
| UNHCR | 162 | 234 |
| UNICEF | 12 | 14 |
| UNIFEM | 69 | 10 |
| | <hr/> | <hr/> |
| | 1,422 | 1,228 |
| BILATERAL FUNDING INSTITUTIONS | <hr/> | <hr/> |
| British Council | - | 16 |
| Canadian Embassy (Eritrea) | 15 | - |
| Chad – Ministry of Agriculture | 7 | - |
| DANINDA (Denmark) | - | 179 |
| DFID (UK) | 1,015 | 1,387 |
| Isle of Man Govt | 10 | - |
| Ministry of Agriculture (Uganda) | 6 | 14 |
| SIDA (Sweden) | 40 | 12 |
| States of Jersey | 69 | 73 |
| | <hr/> | <hr/> |
| | 1,162 | 1,681 |
| | <hr/> | <hr/> |
| GRAND TOTAL | 8,111 | 7,874 |
| | <hr/> | <hr/> |