

# LINK COMMUNITY DEVELOPMENT

## AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2010

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**Ama - Hai Chartered Certified Accountants & Auditors**

Partners

Amanuel Bahta, FCCA (U.K.)

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**AUDITORS' REPORT  
ON FINANCIAL STATEMENT OF  
LINK COMMUNITY DEVELOPMENT**

We have audited the accompanying financial statements of Link Community Development which comprise the Balance Sheet as of 31 December 2010 and the related Statement of Income & Expenditure for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

The Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.



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**LINK COMMUNITY DEVELOPMENT  
BALANCE SHEET  
AS AT 31 DECEMBER 2010**

CURRENCY: BIRR

**ASSETS EMPLOYED**

**Note**

**2009**

**CURRENT ASSETS**

Cash & bank balance

4

**367,375**

**451,031**

**REPRESENTED BY:**

Fund balance

**367,375**

**451,031**



**LINK COMMUNITY DEVELOPMENT  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: BIRR

<u>INCOME</u>	<u>Notes</u>		<u>2009</u>
Transfer	5	2,270,377	1,823,557
Direct payment	6	840,881	372,972
Interest		399	960
		<u>3,111,657</u>	<u>2,197,489</u>
<b><u>EXPENDITURE</u></b>			
ADMINISTRATION COST	7	948,808	372,876
PROJECT COST	8	<u>2,246,505</u>	<u>1,511,181</u>
		<u>(3,195,313)</u>	<u>11,884,057</u>
<b>EXCESS OF EXPENDITURE OVER INCOME</b>		(83,656)	313,432
<b>FUND BALANCE BROUGHT FORWARD</b>		<u>451,031</u>	<u>137,592</u>
		<b><u>367,375</u></b>	<b><u>451,031</u></b>



**LINK COMMUNITY DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**1. BACKGROUND**

Link Community Development is an International Non-Governmental Organization and it had signed a memorandum of understanding with SNNPRS Bureau of Finance and Economic Development on May 2007 to conduct a baseline survey (School Performance Review) and preparation of project design on two Woredas of the Wolaita Zone, Bolosso Soro Woreda and Damot Gale Woreda. It then signed a project agreement in January 2009 to operate the Woreda School Improvement Project for a period of three years in a total of four woredas in Wolaita Zone, including Damot Pulasa and Damot Sore woredas

Link Community Development has obtained a re-registration certificate with number 1017 on November 20, 2009 from the Federal Democratic Republic of Ethiopia Ministry of Justice Charities and Societies Agency.

**2. OBJECTIVES**

The major objectives of Link Community Development are the following:-

- To develop the skills of the Woreda and Zone departments of education so that they are better equipped to work with schools and communities for improved performance.
- To build the capacity of teachers so that they are more capable of creating conditions for effective learning.
- To develop strong, well functioning school management and governance structures, with supportive links to wider community and local kebele/woreda governments.
- To build capacity at all levels to use data effectively to inform planning and decision-making
- To support government education policy by using lessons learnt at the grass roots level to inform education development strategies and education sector reviews.
- To facilitate educational partnerships for mutually beneficial development and learning.



**LINK COMMUNITY DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**3. ACCOUNTING POLICIES**

The major accounting policies adopted by the organization are as follows:-

**a) Property, Plant & Equipment**

Fixed assets are expensed on acquisition

**b) Consumables**

Consumables like office supplies are expensed on acquisition regardless of their usage.

**c) Income & Expense Recognition**

Income is recognized when received and expenses are recorded when paid.

**4. CASH & BANK BALANCES**

CURRENCY: BIRR

**2009**

Cash on hand	4,814	99,819
Cash at bank	362,561	351,212
	<b>367,375</b>	<b>451,031</b>



**LINK COMMUNITY DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: BIRR

**5. TRANSFER**

The income reported on the Income & Expenditure statement represents funds transferred from Link Community Development Ireland and South Africa which are recorded net of bank charges. The transfers are converted into Birr on the exchange rate ruling on the date of receipt.

<u>Date of Transfer</u>	<u>Transferred from</u>	<u>Amount in GBP</u>	<u>Amount in Birr</u>
18/02/2010	LCD - Ireland	37,551	683,575
26/06/2010	LCD - England	16,325	330,811
23/08/2010	LCD - England	8,320	175,367
19/11/2010	LCD - Ireland	57,000	157,134
13/12/2010	LCD - E & W	19,585	508,763
21/12/2010	LCD - E & W	16,125	414,727
		<b>154,906</b>	<b>2,270,377</b>

**6. DIRECT PAYMENT**

This represents GBP 32,936 transferred from LCD Ireland directly to the supplier for cost of motor vehicle and motorbikes delivered to LCD Ethiopia.

**7. ADMINISTRATIVE COST**

Staff cost & causal	601,867
Professional fee	1,600
Office rent	117,600
Communication	15,552
Electricity & water	4,901
Travel & per diem	110,425
Accommodation & subsistence	28,105
Miscellaneous	8,901
Office supplies	38,270
Office Maintenance	12,387
Audit fee	9,200
	<b>948,808</b>



**LINK COMMUNITY DEVELOPMENT  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

CURRENCY: BIRR

**8. PROJECT COST**

Communication	13,132
Electricity & water	2,827
Office supplies	7,548
Office furniture & equipment	18,134
Motor vehicles	761,846
SIP Support	377,405
Woreda capacity building	69,648
School & cluster centers	205,096
Woreda motorbikes	373,406
Running cost for woreda motorbikes	40,413
Special projects	9,598
Travel & perdiem	43,840
Seminar/networking	3,557
Advisory committee costs	16,550
Office rent	135,240
Educational advisory operating	11,248
Vehicle insurance & license	23,895
Vehicles fuel & maintenance for field	112,052
Accommodation & subsistence	5,618
Filed office maintenance	1,452
Staff costs	12,000
Monitoring & evaluating	2,000
	<u>2,246,505</u>

