

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

We have audited the accompanying Statement of Income and Expenditure of Link Community Development Ethiopia for the period 1 June 2007 to 30 June 2008. This financial statement is the responsibility of the management. Our responsibility is to express an opinion on it.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. Audit also includes assessing the accounting principles used, significant estimates made by management, as well as evaluating the overall statement presentation.

1. Bank statement and/or bank book of the organization for the period before January 2008 was not made available for our review. Consequently, we couldn't check the fund transfer from Link Community Development Ireland before January 2008 in the bank account of the organization.
2. Bank interest on the bank balances before January 2008 was not included in the Statement of Income & Expenditure of the organization. As the bank statements and/or bank book of the organization before January 2008 was not made available for our review, we couldn't quantify the unaccounted bank interest.
3. Unidentified difference of Birr 52,876 is noted between the fund balance and the cash balances of the organization as at 30 June 2008. We came to understand that the difference might be a cash balance remained in

the bank account of the organization before January 2008 that was not transferred to the new bank account.

4. The cash on hand amounting to Birr 41,849 was not substantiated by year end cash count. We, therefore, are unable to ensure existence of the above cash as at 30 June 2008

In our opinion, except for the effect of the matters discussed in the preceding paragraphs, the Statement of Income and Expenditure presents fairly the Income received and Expenditures incurred during the period 1 June 2007 to 30 June 2008.

Addis Ababa  
December 12, 2008

Ama - Hai  
Chartered Certified Accountants

**LINK COMMUNITY DEVELOPMENT ETHIOPIA  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE PERIOD 1 JUNE 2007 TO 30 JUNE 2008**

**CURRENCY: BIRR**

**INCOME**

	<u>Note</u>	
Transfer	4	1,129,640
Interest		878
		<hr/> 1,130,518

**EXPENDITURE**

Office furniture & equipment	179,667	
Communications	21,798	
Electricity & water	3,399	
Office supplies	9,993	
Office rent	109,500	
Capacity building	13,734	
Motor bicycles for woreda	62,064	
Vehicle repair & maintenance	60,865	
Fuel & lubricants	31,207	
Motor bicycles maintenance	3,479	
Travel & per diem	12,217	
Accommodation & subsistence	21,578	
SPR delivery	119,090	
Consultancy fee	45,200	
Education Advisor's cost	13,852	
Office maintenance	15,759	
Staff cost & Casual labour	16,287	
Advisory Committee	2,456	
Seminars & networking	3,693	
Study tour	14,666	
Miscellaneous	2,309	
		<hr/> (762,813)

**EXCESS OF INCOME OVER EXPENDITURE**

**367,705**

**REPRESENTED BY:**

Cash at bank	272,980
Cash on hand	41,849
	<hr/> <b><u>314,829</u></b>

# **LINK COMMUNITY DEVELOPMENT ETHIOPIA NOTES TO THE FINANCIAL STATEMENT FOR THE PERIOD 1 JUNE 2007 TO 30 JUNE 2008**

## **1. BACKGROUND**

Link Community Development is an International Non-Governmental Organization based in Ireland 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.

Link Community Development Ethiopia has obtained certificate with number 3764 on September 17, 2008 from the Federal Democratic Republic of Ethiopia Ministry of Justice.

## **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 ETHIOPIA  
NOTES TO THE FINANCIAL STATEMENT  
FOR THE PERIOD 1 JUNE 2007 TO 30 JUNE 2008**

**3. ACCOUNTING POLICIES**

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

**a) Fixed Assets**

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. INCOME**

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 Birr</u>
20/6/07	LCD – South Africa	8,287
17/8/07	LCD – Ireland	5,805
30/8/07	LCD – Ireland	163,179
05/11/07	LCD – Ireland	521,653
01/4/08	LCD – Ireland	430,716
		<b><u>1,129,640</u></b>