

**PROJECT HARAR
(LIMITED BY GUARANTEE)**

**Report and Unaudited Financial Statements
For the year ended
31 October 2010**

Charity number: 1094272

Company number: 4300840

**Prepared by:
Errington Langer Pinner
Chartered Accountants
Pyramid House
956 High Road
London N12 9RX**

PROJECT HARAR (LIMITED BY GUARANTEE)

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PROJECT HARAR (LIMITED BY GUARANTEE)

COMPANY INFORMATION FOR THE YEAR ENDED 31 OCTOBER 2010

Directors	J C L M Crown
Secretary	A M Fernandez
Trustees	J C L M Crown S Bishop S Hayes A Hughes T Hughes M McGurk G Johnston
Manager	T W Hoyle
Company number	4300840
Charity Number	1094272
Principal Office	4c Park End London NW3 2SE
Registered Office	Pyramid House 956 High Road London N12 9RX
Independent Examiner	Michael Pinner ACA Errington Langer Pinner Chartered Accountants Pyramid House 956 High Road London N12 9RX

PROJECT HARAR (LIMITED BY GUARANTEE)

DIRECTORS' AND TRUSTEES' REPORT FOR THE YEAR ENDED 31 OCTOBER 2010

The director and trustees present their report along with the Financial Statements of the charitable company for the year ended 31 October 2010. The Financial Statements comply with current statutory requirements and the Memorandum and Articles of Association of the charitable company.

Objectives and activities

The principal activity during the year was that of charitable activities.

Project Harar exists to improve the lives of people, especially children and young people, with serious facial disabilities living in impoverished and isolated areas of Ethiopia by helping them to access professional medical care. Project Harar secures early and effective medical treatment and after-care services, and promotes full integration back into family and community life.

How our activities deliver public benefit

Project Harar is a health outreach organisation serving remote and impoverished small communities, mainly in eastern Ethiopia. The principal area of charitable activity is the securing of professional medical services to members of the public, especially children and young people, identified by outreach work, who are unable to access or afford the medical care they require for injuries, disabilities and diseases affecting the face, head and neck.

We secure life-changing professional medical care for our young patients to improve health, rebuild facial function and appearance, and give new prospects in life.

The services currently provided by our small team of field workers, based in Harar, are concentrated on those resident in eastern Ethiopia. Since 2008, efforts to increase the territories covered contiguously have been very successful. The incidence of untreated facial disfigurement is recognised to be proportionately high in this region, and many families struggle to overcome the barriers to receiving proper medical care for a facial disability – too often caused by geographic remoteness, social isolation and poverty.

Now collaborating with five hospitals, all based in the Ethiopian capital Addis Ababa, Project Harar assists rural communities and the Ethiopian health system through the following main tasks:

Outreach services – visiting communities and families, liaising with local health officials, providing healthcare information.

Transport and logistics – arranging hospital appointments with patients and guardians, hiring minibuses and drivers, organising accommodation, making arrangements with medics, families and local officials, providing round-trip travel.

Partnerships with health professionals in Ethiopia – implementing agreements to treat patients presenting a range of medical needs affecting the face, head and neck; supporting training of Ethiopian health professionals; as and when necessary, arranging visits of volunteer medical specialists to assist in treatment and capacity-building, and helping to equip surgical units.

Patient follow-up, research and evaluation – recording medical information and pre- and post-treatment photography; arranging follow-up visits and secondary care if required; monitoring patients' social progress; gaining feedback from patients and local stakeholders; and completing relevant health and rural outreach research.

Project Harar acts as a bridge, enabling poor rural children to access life-changing care so that they can eat, smile and speak – just like everyone else.

Performance and achievements

In the calendar year 2010 Project Harar secured the treatment of over 550 patients with severe facial disabilities, an increase of 16% on the 475 patients helped in 2009.

Under the direction of Sebsibe Ayele in Ethiopia, we sustained a very high work-rate in 2009/10 for a charity of just three full-time staff: carrying out on average over five missions per month, sometimes concurrently, and securing treatment for almost 50 patients per month.

PROJECT HARAR (LIMITED BY GUARANTEE)

DIRECTORS' AND TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2010

Performance and achievements (continued)

In addition to increasing the charity's reach and the number of patients helped, the charity has worked hard to improve the timeliness and effectiveness of the care received by the youngest patients (who accrue the most benefit). Some 95 children aged under three years received cleft repairs in 2010, compared to 62 in 2009 – an indication of our commitment, and our partner hospital's growing capacity, to intervene early to help infants reduce their exposure to longer-term problems, such as malnutrition and speech impairment. The average age of a patient fell from 14-15 years to 12-13 years between 2009 and 2010.

Overall, some 86% of Project Harar patients are aged under 25 years (83%: 2009) – a sign that, though we are a charity of children and young adults, we do not turn down older people where we can help. Around 35% of our cleft patients are female. This is broadly reflective of the higher incidence of cleft lip/palate in boys, but we expect an improvement in future years as 'cleft-palate only' services improve. A small majority of patients coming forward with noma and other complex conditions such as burn contractures are female.

Despite the very difficult economic climate, which held income from trusts and foundations constant at £83,000 per year in 2009 and 2010, we are pleased to report an increase in overall income of over 10%. We would like to thank individual donors to the charity and participants in fundraising events such as the London 10K and their sponsors for their generosity.

The charity has improved the cost-effectiveness of the outreach and group cleft missions through a combination of scale economies in transport, awareness-raising workshops to better inform local health administrators, and an improved exchange rate. We have also reached cost-sharing agreements with partner hospitals on services for cleft patients.

Continuing work begun in August-September 2009 to develop the provision of facial reconstructive care for the most severely impaired young patients (those with noma, animal attack wounds, infections, tumours, and other complex conditions) at the new surgical hospital, CURE in Addis Ababa, in 2009/10 we funded patients treated by the surgeons Paul Lim, Goetz Geissler and Peter Cornelius. Some 12 patients with very complex needs were cared for between November 2009 and May 2010, at a cost to Project Harar of £15,885.

Although this additional commitment meant that the charity was unable to build reserves in the financial year, the charity feels it was wholly justified in order to meet the urgent and severe needs of patients, for whom life-changing facial reconstructive care would be beyond reach without our efforts.

Contributing greatly to the charity's public profile and the quality of its programmes – and compensating for a reduction in UK staffing – the charity is grateful for the trustees' extra assistance this year. We are pleased that after some years supporting the charity in various ways, Prof Mark McGurk and Giles Johnston have joined the board of trustees. Furthermore, we would like to thank Tom Hughes and his colleagues working pro bono for the development of the new, more interactive, website www.projectharar.org, and to Lorena Bona, who drafted the new logo. We also thank Bethelhem Ketsela Moulat for her help as a volunteer in the London office.

The donations of the director (founder) and other members of the board, and the free office space and overheads kindly provided by Jonathan Crown Limited, mean that the donations received from the public and other organisations continue to go in full towards our charitable Ethiopian project costs.

Future developments

Project Harar aims to maintain and improve upon current income levels, and to further diversify income, enabling the charity to plan further ahead and help many hundreds more Ethiopian children with facial disabilities living out of reach of desperately needed medical care.

PROJECT HARAR (LIMITED BY GUARANTEE)

DIRECTORS' AND TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2010

Future developments (continued)

Project Harar is anxious to see an improvement in the quality and availability of facial reconstructive surgery and other care, and we will continue to work intelligently and flexibly with hospitals and other NGOs to secure these improvements. We are keen to forge partnerships with medical specialists to fill some of the remaining gaps in treatment and develop the skills and resources of local doctors, nurses and allied professionals to provide year-round advanced care.

We look forward to the further expansion in surgical and rehabilitative services for children with cleft lip/palate and we will continue the effort to reach children at an earlier age.

To ensure our work is evidence-based and driven by the needs and wishes of our patients, in February 2011 we will commence a unique field study, evaluating the social impact of cleft care. Supported by surgical and speech therapy specialists from Kings College London, Manchester Medical School, the Children's Hospital Dublin and our partner hospitals in Addis Ababa, the research team will catch up with our rural patients, provide a check-up and evaluate the difference treatment has, or has not, made to schooling, economic opportunities and other aspects of life.

We expect the audit of cleft care and the feedback from patients to strongly inform the design of future cleft services, and our rural health outreach more broadly. The analysis and planning will contribute to the next strategic plan which will take us to 2014.

While one child in 600 is born with a cleft lip and/or palate and many others are affected by serious conditions affecting the face (such as burns, tumours, animal attack and noma) and with drought and food insecurity ever present, Project Harar can expect to play a vital role in eastern Ethiopia for the foreseeable future. We will do our utmost to support Ethiopian health professionals so that poor, rural families, as much as the wealthy and urban population, benefit from the great improvements in facial reconstructive care becoming available.

Reserves policy

It is the policy of the charity that unrestricted funds that are not designated for any particular use should be maintained at a level equivalent to four month's expenditure and placed on bank deposit. The trustees consider that this level of reserves should ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised.

Due to the pressing need to meet the costs of a special medical project between November 2009 and May 2010 (explained in performance and achievement), the charity did not meet the reserves policy at the close of the previous financial year. The charity is now working hard to improve its unrestricted income and, therefore, reserve level, while at the same time maintaining the quantity and quality of patient outreach and care. Building reserves now becomes a more pressing task in 2010/11.

Structure, governance and management

Project Harar (Limited by guarantee) is a company limited by guarantee having no share capital.

The company is governed by its Memorandum and Articles of Association and the provisions and recommendations of the Charity Commission. The company is managed by its six trustees.

The charitable company relies on the generous donations of the public, businesses and private charitable trusts.

PROJECT HARAR (LIMITED BY GUARANTEE)

DIRECTORS' AND TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2010

Director and trustees

The following have held office since 1 November 2009:

J C L M Crown (director and founder trustee)
S Bishop (trustee)
S Hayes (trustee) (resigned 7 December 2010)
A Hughes (trustee)
T Hughes (trustee)
M McGurk (trustee) (appointed 7 July 2010)
G Johnston (trustee) (appointed 12 January 2010)

Review of transactions and financial position

Overall expenditure in the current year was £193,848 (2009 - £192,994), a decrease of 4%. At the balance sheet date, the total funds of the charity were £10,784 (2009 - £16,933).

Risk management

The company director has considered the risks to which the charitable company is exposed and has reviewed those risks and established systems and procedures to manage those risks.

Investments

Under its Memorandum and Articles of Association the charitable company has the power to make investments which the trustees see fit. In previous years the company invested £10,000 in UK and overseas unit trusts. At the balance sheet date these investments had been disposed (2009 - £8,186).

Trustees responsibilities in relation to the financial statements

The trustees are responsible for preparing the report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Practice.

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing the statements, the director should follow best practice and

- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ascertain the financial position and ensure that the financial statements comply with the Companies Act 2006. The trustees are responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

J C L M Crown
Director
30 November 2010

PROJECT HARAR (LIMITED BY GUARANTEE)

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF PROJECT HARAR FOR THE YEAR ENDED 31 OCTOBER 2010

I report on the accounts of the company for the year ended 31 October 2010, which are as set out on pages 5 to 12.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purpose of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 43 (2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

Having satisfied myself that the company is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 43 of the 1993 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 43 (7) (b) of the 1993 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the 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 financial statements, and seeking explanations from you as 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 statement

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

- (1) which gives me reasonable cause to believe that in any material respect the requirements
- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Name: Michael Pinner ACA

Relevant professional body: Institute of Chartered Accountants in England and Wales

Address: Errington Langer Pinner
Pyramid House
956 High Road
London N12 9RX

Date: 30 November 2010

PROJECT HARAR (LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 OCTOBER 2010

	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Incoming resources				
Legacies	-	-	-	5,000
Donations and grants	92,703	85,654	178,357	160,518
Gifts in kind	9,000	-	9,000	3,500
Interest receivable	101	-	101	652
Other income	41	-	41	-
Profit on disposal of investments	200	-	200	-
Total incoming resources	102,045	85,654	187,699	169,670
Resources expended				
Consultancy fees	16,786	-	16,786	23,137
Ethiopia project management and staffing	19,704	10,235	29,939	27,836
Ethiopia travel, medical and educational expenses	32,852	97,598	130,450	123,402
Fundraising and sponsorship costs	5,859	-	5,859	1,688
Computer and internet costs	4,715	-	4,715	2,690
Printing, postage and stationery and newsletters	195	-	195	-
	543	-	543	2,164
Governance costs	170	-	170	786
Staff and volunteer medics travel	1,663	-	1,663	8,580
Telephone	291	-	291	481
Bank and money transfer charges	1,259	-	1,259	918
Professional fees	353	-	353	345
Sundry expenses	1,625	-	1,625	967
Transfer from unrestricted to restricted funds	22,179	(22,179)	-	-
Total resources expended	108,194	85,654	193,848	192,994
Net (outgoing)/incoming resources for the year ended 31 October 2010	(6,149)	-	(6,149)	(23,324)
Other recognised gains and loss				
Increase/(decrease) in value of investments	-	-	-	1,577
Fund balances brought forward at 1 November 2009	16,933	-	16,933	38,680
Fund balances carried forward at 31 October 2010	10,784	-	10,784	16,933

PROJECT HARAR (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) and the Charities Act 1993.

1.2 Grants and donations

Grants and donations for immediate expenditure are accounted for when received. Donations received for specific purposes are treated as restricted funds. Gifts in kind are included at estimated monetary value.

1.3 Investments

Investments are stated at cost less provision for diminution in value.

1.4 Restricted and unrestricted funds

Restricted funds are funds to be used for specified purposes as laid down by the donor. Expenditure that meets these criteria is identified in the fund. Unrestricted funds are donations and other income received or generated for the objects of the charity without a further specified purpose and are available as general funds. Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

2. Investments

	Unit Trusts £
Cost or valuation	
At 1 November 2009	8,186
Increase in value	-
Disposals	(8,186)

At 31 October 2010	-

Net book values	
At 31 October 2010	-
	=====
At 31 October 2009	8,186
	=====

PROJECT HARAR (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONTINUED)

3.	Debtors	2010	2009
		£	£
	Sundry debtors	4,595	1,263
		<hr/>	<hr/>
		4,595	1,263
		=====	=====
4.	Cash at bank and in hand	2010	2009
		£	£
	Current account	8,128	8,825
	Deposit account	109	459
	Cash in hand	578	578
		<hr/>	<hr/>
		8,815	9,862
		=====	=====
5.	Limited by guarantee		

Every member undertakes to contribute such amount as may be required (not exceeding £10) to the charity's assets if it should be wound up whilst he or she is a member or within one year after he or she ceases to be a member, for payment of the charity's debts and liabilities contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up and the adjustment of rights of the contributories amongst themselves.

PROJECT HARAR (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONTINUED)

6. Analysis of charitable funds

Analysis of unrestricted funds movements

	Balance at 1 November 2009	Incoming Resources resources expended	Resources expended	Balance at October 31 2010
	£	£	£	£
General fund	16,933	69,193	(75,342)	10,784
Designated	-	32,852	(32,852)	-
	<u>16,933</u>	<u>102,045</u>	<u>(108,194)</u>	<u>10,784</u>
	=====	=====	=====	=====

Analysis of restricted funds movement

	Balance at 1 November 2009	Incoming Resources resources expended	Resources expended	Balance at October 31 2010
	£	£	£	£
Young patients	(210)	22,137	(28,667)	(6,740)
Care of noma patients	420	-	-	420
Ethiopia Project Fund	(210)	63,517	(56,987)	6,320
	<u>-</u>	<u>85,654</u>	<u>(85,654)</u>	<u>-</u>
	=====	=====	=====	=====

Name of the fund	Description, nature and purpose of the fund
Young patients	To provide for outreach field work, travel, medical facilities, care and medication for children and young people (under 18 years) in Ethiopia and the associated project management and local staffing and administration costs
Care of noma patients	To support a patient with the noma disease between initial and secondary surgical treatment, by providing for items such as food, clothing, medicine and bedding
Ethiopia Project Fund	To provide generally for outreach field work, travel, medical facilities, care and medication for any patient and Ethiopian project management and local staffing and administration costs

PROJECT HARAR (LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2010 (CONTINUED)

7. Staff costs

	2010 £	2009 £
UK staff	38,679	44,098
Ethiopia staff	8,046	6,875
	=====	=====

The average weekly number of staff remunerated during the year, calculated on a full time equivalent basis was:

	2010	2009
Administration in UK	1.5	2
Ethiopia project management	2.5	3
	=====	=====

The trustees received no remuneration or reimbursements in the current or previous year.

8. Transactions with directors

The director had no material interest in any contract of significance to which the company was a party during the year.

Donations of £28,250 (2009 - £27,581) were received from the director.

The director provided office space and overheads to the company at an estimated value of £10,000 (2009 - £10,000).

9. Related party transactions

The controlling related parties are the director and the trustees. During the year the company received the following donated amounts from trustees;

	£
S Bishop	150
S Hayes	500
A Hughes	1,645
G Johnston	150
	=====

Taking into account the donation of office space and overheads from the director, the trustees' donations cover all UK administration and fundraising costs.

There were no other transactions with related parties other than as disclosed elsewhere in the financial statements.

10. Tax exempt status

As a registered charity the company is exempt from corporation tax.

PROJECT HARAR (LIMITED BY GUARANTEE)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2010

	Notes	2010 £	2009 £
Turnover		187,357	169,018
Administrative expenses		(193,848)	(192,994)
Operating (loss)		(6,491)	(23,976)
Increase/(reduction) in value of investments		-	1,577
Other income		241	-
Bank interest received		101	652
(Loss) on ordinary activities before taxation		(6,149)	(21,747)
Tax on profit on ordinary activities	10	-	-
(Loss) for the year		(6,149)	(21,747)

PROJECT HARAR (LIMITED BY GUARANTEE)

BALANCE SHEET FOR THE YEAR ENDED 31 OCTOBER 2010

		2010		2009	
	Notes	£	£	£	£
Investments					
Unit trusts	2		-		8,186
Current assets					
Debtors	3	4,595		1,263	
Cash at bank and in hand	4	8,815		9,862	
			13,410		11,125
Creditors: amounts falling due within one year					
			(2,626)		(2,378)
Net current (deficit)/assets			(1,076)		8,747
Total assets			10,784		16,933
Reserves					
General funds - unrestricted	6		10,784		16,933
Restricted funds	6		-		-
Total reserves			10,784		16,933

For the financial year ended 31 October 2010 the company was entitled to exemption from audit under section 477 Companies Act 2006. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The director acknowledges his responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 30 November 2010

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J C L M Crown
Director

Company Registration No. 4300840