

**VETAID**

**ANNUAL REPORT**  
**YEAR ENDED 31 MARCH 2008**

Company Registered Number: SC121960

Scottish Charity Number: SC004913



**VETAID**

**ANNUAL REPORT  
YEAR ENDED 31 MARCH 2008**

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**VETAID**

**PROFESSIONAL ADVISORS**  
**YEAR ENDED 31 MARCH 2008**

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**PRINCIPAL ADDRESS**

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Pentlands Science Park  
Bush Loan  
Penicuik  
Midlothian  
EH26 0PZ

[www.vetaid.org](http://www.vetaid.org)

Company Number: SC121960  
Scottish Charity Number: SC004913

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**SOLICITORS**

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Tods Murray WS  
Edinburgh Quay  
133 Fountainbridge  
Edinburgh  
EH3 9AG

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**EXTERNAL AUDITORS**

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Scott-Moncrieff  
17 Melville Street  
Edinburgh  
EH3 7PH

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**INTERNAL AUDITORS**

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Henderson Logie  
10 Great Stuart Street  
Edinburgh  
EH3 7TN

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**BANKERS**

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Bank of Scotland  
Head Office  
The Mound  
Edinburgh  
EH1 1YZ

## **VETAID**

### **DIRECTORS' REPORT YEAR ENDED 31 MARCH 2008**

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The directors, who are also the charity's trustees, present their annual report together with the audited financial statements for the year ended 31 March 2008.

#### **PRINCIPAL ACTIVITIES**

VETAID is a non profit development organisation working for reduction in poverty and increase in food security of people dependent upon livestock.

During the year VETAID worked in four countries in sub-Saharan Africa: Mozambique, Tanzania, Kenya and Somalia. Each year through its work, VETAID improves the lives of over a million people. The main beneficiaries of VETAID's projects in Africa are herders, farmers, women's groups, people living with HIV/AIDS and other vulnerable groups. VETAID works with these communities to secure food sources and reduce poverty through a range of actions such as:

- Providing animal health training and vaccinations
- Training in reliable crop production in drought-affected areas
- Distributing and restocking livestock
- Promoting land rights
- Improving access to water for domestic and agricultural purposes
- Supporting income generation activities like beadwork and dairy produce
- Training local organisations and government staff
- Empowering communities to influence decisions which affect their lives

VETAID recognises that choices made by people in the UK can make an impact globally. To address this, we provide school workshops, adult education resources and public presentations to raise awareness of development issues.

VETAID was established as a specialist international development charity in 1989 and in 1998 it became a wholly owned subsidiary of The Moredun Foundation, a Scottish animal welfare charity, in that The Moredun Foundation is the sole member of VETAID. VETAID is a member of VSF-Europa, an international association of eight charities across Europe with similar goals and ideologies.

#### **REVIEW OF THE ACTIVITIES**

During the year, VETAID's main programmes were carried out in the countries listed above. It has previously worked in Afghanistan, Southern Sudan, Swaziland, Uganda, Mongolia and India. VETAID also has an active programme within the United Kingdom. A summary of projects is contained within note 17 to the accounts. The directors are satisfied with the work of the various projects but are not satisfied with the level of unrestricted reserves and accordingly continue to work towards generating a stronger base on which to build for the future.

#### **KEY PERFORMANCE TARGETS**

Each year the charity management sets certain high level performance targets for the organisation. The agreed targets were as follows:

**KEY PERFORMANCE TARGETS (Continued)**

**Agreed Performance Targets**

1. Raise public awareness and support of the charity's activities, in order to build a secure level of unrestricted funding that will guarantee greater operational flexibility, sustainability and robust reserves.
2. Develop further poverty reduction projects and programmes that will utilise both restricted and unrestricted funding, in order to increase VETAID's impact on geographical locations and beneficiaries.

**Performance achieved**

During the year, the in-house fundraising resource was increased and additional regular donors were signed up however this has not yet resulted in the desired increase in unrestricted income and as a result of the deficit in the year unrestricted reserves fell. Staff continue to speak and participate in various events and supporters took part in many UK and international fundraising efforts such as the Ben Nevis Challenge and the Chicago Marathon and managed to raise much needed funds as well as publicise the VETAID name and work.

Staff continued to work with funding bodies and relief agencies to develop new project initiatives in African countries. In addition to developing and submitting several long-term development programme proposals VETAID also co-ordinated relief and rehabilitation responses to crises affecting communities dependent on livestock. VETAID is working in Sool, Sanag, Bari and Nugal provinces of Puntland, Somalia - all of which are affected by drought - to improve food security for pastoralist communities. In the past two and half years, VETAID has built eight community earth dams. Each dam holds enough rainwater to support 14,000 people, providing each person with around two litres of drinking water per day. Following the Kenyan presidential elections in December 2007, there was unrest across the country, particularly in the Western, Nyanza and Rift Valley provinces of western Kenya and the capital Nairobi. VETAID carried out a seven-day mission in partnership with VSF-Belgium. The team covered some of the worst-affected areas and assessed issues such as the number of animals that were abandoned or stolen; options for caring for livestock that displaced people managed to keep with them; the level of work continuing on people's farming land; and the impact that this will have upon production in the coming season.

## **VETAID**

### **DIRECTORS' REPORT YEAR ENDED 31 MARCH 2008**

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#### **PLANS FOR FUTURE PERIODS**

VETAID's key strategic targets for 2008/2009 remain focused on the two categories:

- **Sustainability:** Raise public awareness and support of the charity's activities, in order to build a secure level of unrestricted funding that will guarantee greater operational flexibility, sustainability and robust reserves.
- **Development:** Develop further poverty reduction projects and programmes that will utilise both restricted and unrestricted funding, in order to increase VETAID's impact on geographical locations and beneficiaries.

To this end several new project submissions are in progress. The charity continues to work towards the reduction in poverty and to assist pastoral and agro-pastoral communities as much as possible. The projects are designed to meet the needs of livestock keepers to improve their food security and the contribution which livestock make to their lives. Our projects are designed to have an impact that lasts beyond the project cycle and therefore the projects always involve the local people in planning and implementation. Financial budgets have been set and agreed by the Board and a business plan implemented to improve the sustainability of the organisation whilst consolidating the geographical area of operations.

#### **FINANCIAL RESULTS**

The charity does not seek to make a profit, nor can its achievements be measured in normal commercial criteria. The deficit for the financial year amounted to £11,209 (2007: restated deficit £55,635). Particular mention must be made of the funding support from the various sponsors without which the activities of VETAID would be curtailed greatly. Major funders in the year are shown later in this Directors' Report. The Board are also grateful to the many friends of VETAID who regularly support the work and actively raise funds for the ongoing work. During the year, total incoming resources decreased by 7.1% primarily due to decreased project funding as some projects came to an end. As a result of this, expenditure on project delivery decreased by 9%. UK costs continue to be tightly controlled.

#### **INVESTMENT POLICY**

Available funds retained in the United Kingdom are kept on interest bearing bank accounts and seek to achieve a rate of deposit interest which matches or exceeds inflation as measured by the retail prices index ("RPI"). RPI over the twelve months to 31 March 2007 was 3.8%. The UK accounts with the largest balances earned average interest of 5.5%.

## **VETAID**

### **DIRECTORS' REPORT (continued) YEAR ENDED 31 MARCH 2008**

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#### **RESERVES POLICY**

Reserves are needed to bridge the funding gaps between spending on projects and receiving payments from funders and other bodies in respect of that work. Reserves are also held to cover contingencies such as emergency relief project evaluations and potential events which may disrupt the normal operational activities. The directors consider that the minimum level of unrestricted reserves should be three months average expenditure to meet the cash flow needs and cover the ongoing liabilities of the organisation. Based on the resources expended during the year, three months average expenditure would amount to £597,360. Unrestricted reserves at 31 March 2008 amounted to £17,879. The directors are also aware that tangible fixed assets are £2,920. This variance continues to be of concern to the Board and thus the directors are endeavouring to build up unrestricted reserves, excluding tangible fixed assets, for the future by implementing new fundraising strategies but are conscious of the difficult operating conditions that prevail.

#### **DIRECTORS AND TRUSTEES**

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are referred to as the directors. The directors serving during the year and since the year end were as follows:

Professor D J McKeever (Chairman)  
Sir J Gilmour DL <sup>§</sup> (Appointed 1 September 2008)

Mr D Hadrill (Appointed 3 Dec 2007, resigned 21 Jul 2008)

Mr D C Hutchison (Resigned 1 September 2008)

Dr J K Rosegrant (Resigned 26 May 2008)

Ms I Adams <sup>^</sup>

Mr A D Gunn

Dr C L Heffernan (Appointed 1 September 2008)

Dr H W Reid MBE <sup>§</sup>

<sup>§</sup> Representative of The Moredun Foundation. <sup>^</sup> Member of the Moredun Group Audit Committee.

None of the directors had any notifiable interest in the charity at any time during the year.

#### **APPOINTMENT OF DIRECTORS**

The procedures for the appointment of directors are contained within the Memorandum and Articles of Association and are further developed in the *Appointments Code of Practice* for members of the Board. A third of the directors retire each year and are eligible for re-election subject to certain criteria being met. Performance assessments are carried out on the directors by the Chairman.

#### **DIRECTOR INDUCTION AND TRAINING**

New directors undergo an induction process, co-ordinated by the Chair, which briefs them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, VETAID's work and research base, the group structure / subsidiaries / joint ventures, VETAID's constitution, board procedures and matters reserved for the board, summary details of VETAID's principal assets and liabilities, the financial procedures in force, significant projects and major competitors, VETAID's major risks and risk management strategy, key performance indicators, and regulatory constraints, meetings with senior management, a tour of the Science Park to learn about the different parts of the group and to meet employees in an informal setting. It is important, not only for the board to get to know the new non-executive Director, but also for the non-executive Director to build a profile with employees below board level, building an understanding of the group's main relationships and stakeholders, the "whistle blowing" policy, and the disaster recovery and business continuity procedures.

**DIRECTORS' REPORT (continued)**  
**YEAR ENDED 31 MARCH 2008**

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**INTERNAL FINANCIAL CONTROL**

The directors, through the Audit Committee of its parent company regularly review the effectiveness of the charity's systems of financial control. The Group Audit Committee reviews the internal audit programme and its findings, reviews the annual financial statements and reviews the nature, scope and results of the external audit. Any significant findings or identified risks are closely examined so that appropriate action can be taken. The directors also approve the annual budget and regularly consider the actual results compared with budget.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those financial statements, the directors 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 directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to 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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

As far as each of the directors, at the time the report is approved, are aware:

- there is no relevant information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make them selves aware of any relevant audit information and to establish that the auditors are aware of the information.

**IDENTIFICATION OF BUSINESS RISKS**

The directors are responsible for identifying the major business risks faced by the charity and for determining the appropriate course of action to manage those risks. The directors receive reports as necessary to deal with such risks that arise.



## **VETAID**

### **DIRECTORS' REPORT (continued) YEAR ENDED 31 MARCH 2008**

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#### **EMPLOYEE POLICY**

The charity is an equal opportunity employer committed to effect positive policies in recruitment, training and career development for staff members (and potential staff members) regardless of marital status, religion, colour, race, ethnic origin, age, gender or disability. The charity gives full consideration to applications for employment by disabled persons where the requirement for the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled it is the charity's policy, wherever possible, to provide continuing employment under similar terms and conditions and to provide training and career development.

#### **INVESTORS IN PEOPLE**

The charity is accredited under the Investors in People scheme. It is fully committed to the principles surrounding the scheme and has developed strategies to improve the performance of the organisation through its people, including a Business Strategy, a Learning & Development Strategy, a People Management Strategy and a Leadership & Management Strategy. This involves taking action to improve the performance of the organisation through management effectiveness, recognition & reward, involvement & empowerment and learning & development. The impact of the performance of the organisation is evaluated through performance measurement and continuous improvement.

#### **COMPANY NUMBER AND CHARITY NUMBER**

VETAID is a company registered in Scotland, company number SC121960. The company is also a registered charity, SC004913.

#### **ULTIMATE HOLDING ORGANISATION**

VETAID is a wholly owned subsidiary of The Moredun Foundation, a Scottish animal welfare charity (SC022515) and a company limited by guarantee, registered in Scotland No: SC151865. The annual report of The Moredun Foundation is available for inspection at Companies House.

#### **AUDITORS**

Scott-Moncrieff is eligible for re-appointment as auditor to the charity and a resolution proposing its re-appointment will be proposed at the AGM.

#### **STATUS**

The company is recognised by Her Majesty's Revenue and Customs as a Scottish Charity, No SC004913.

#### **GOVERNING INSTRUMENT**

VETAID is a company limited by guarantee, not having a share capital, governed by its Memorandum and Articles of Association.

## VETAID

### DIRECTORS' REPORT (continued) YEAR ENDED 31 MARCH 2008

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#### ORGANISATIONAL STRUCTURE

The activities of the charity are ultimately controlled by the Board of Directors, which in turn delegates authority for the day to day management of the charity to the Chief Executive, Mr Neil Morrison OBE. The Board, which must have at least five members, meets quarterly and there are sub-committees which meet quarterly or as appropriate, covering projects, finance and staff remuneration. The purpose, objectives and role of the Board are set out in the Board Remit to ensure business is transacted in an organised and transparent manner.

Board meetings are also attended by three executive members of staff who are not members of the Board and are not Trustees: Mr Neil Morrison, (Chief Executive), Professor Julie Fitzpatrick (Moredun Group Chief Executive) and Mr Colin Burnett (Moredun Group Finance Director and Company Secretary). The executive staff do not have any voting rights on the Board.

#### GRANTS RECEIVED AND DONATIONS

The Board wish to acknowledge the regular donations, of whatever size, from all supporters which are a much needed lifeline to the organisation and without which VETAID would be unable to carry out its essential work. Included in grants received and donations are receipts from the following bodies which are £10,000 and above:

	2008 £	2007 £
European Community	601,451	1,199,000
Department for International Development (DFID)	346,004	242,833
United Nations Development Programme (UNDP)	118,247	-
Jersey Overseas Aid	108,912	59,021
Big Lottery/Community Fund	73,741	98,150
The Moredun Foundation	67,648	20,000
UN High Commission for Refugees (UNHCR)	51,460	19,597
ERETO	42,054	10,210
Food and Agriculture Organisation of the United Nations	29,581	83,561
Good Gifts	25,787	53,959
Stanley Thomas Johnstone Trust	21,760	12,000
Isle of Man Government	21,730	18,500
Scottish Government Development of Education	19,629	-
Mennonite Economic Development Associates (MEDA)	15,188	-
Scottish Catholic International Aid Foundation (SCIAF)	14,203	13,923
Lloyds TSB	14,200	23,350
Comic Relief	-	49,356
Christian Aid	-	42,785
Guernsey Overseas Aid	-	22,400
Charles Hayward Foundation	-	10,000
Clothworkers Foundation	-	10,000

**VETAID**

**DIRECTORS' REPORT (continued)**  
**YEAR ENDED 31 MARCH 2008**

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**THE EURO**

The Directors have considered the implications of the Euro on the charity and have taken appropriate action to ensure that the risks inherent with this matter should not effect the ordinary operations of the charity.

**DIRECTORS' AND OFFICERS' LIABILITY INSURANCE POLICY**

In accordance with the amendment to the Companies Act, the company confirms that it has in place a Directors' and Officers' Liability Insurance Policy. Whilst every effort is made by the organisation to manage Health and Safety and other business risks, by the very nature of the work involved it is deemed appropriate to have this policy in place covering all directors of the organisation.

**SPECIAL EXEMPTIONS**

The directors have taken advantage of the special exemption conferred by section 30 of the Companies Act 1985 applicable to companies limited by guarantee, allowing them to dispense with the requirement of using the word Limited, or the abbreviation Ltd., after the company name.

The directors have also taken advantage in the preparation of the directors' report of the special exemptions conferred by Part VII of the Companies Act 1985 relating to small companies.

**BY ORDER OF THE BOARD**



**Professor D J McKeever**  
Director

Edinburgh

Date: 1 September 2008

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF VETAID FOR THE YEAR ENDED 31 MARCH 2008**

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We have audited the financial statements of VETAID for the year ended 31 March 2008 set out on pages 11 to 25. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with Section 235 of the Companies Act 1985 and to the trustees, as a body, in accordance with section 44 1 (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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 auditor's 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 charitable company and the charitable company's member and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The responsibilities of the directors (who are also trustees of VETAID for the purpose of charity law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition, we report to you if in our opinion the charitable 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 Trustees' remuneration and transactions is not disclosed.

We read the Directors' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (United Kingdom and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006;
- the information given in the Directors' Report is consistent with the financial statements; and

*Scott - Moncrieff*

**SCOTT-MONCRIEFF**  
**Chartered Accountants, Registered Auditors**  
17 Melville Street, Edinburgh, EH3 7PH

Date: 19 SEP 2008

**VETAID**

**INCOME AND EXPENDITURE ACCOUNT  
YEAR ENDED 31 MARCH 2008**

		2008	2007 <i>As restated</i>
	Note	£	£
Income		2,377,142	2,555,217
Direct costs		2,347,761	2,586,105
<b>Gross surplus/(deficit)</b>		<b>29,381</b>	<b>(30,888)</b>
Administrative expenses		35,674	29,394
<b>Operating deficit</b>	11	<b>(6,293)</b>	<b>(60,282)</b>
Interest receivable and similar income	4	1,088	5,061
Interest payable and similar charges	12	(6,004)	(414)
		(4,916)	4,647
<b>Deficit for the financial year</b>		<b>(11,209)</b>	<b>(55,635)</b>

A reconciliation of movements in members' funds is shown in the Statement of Financial Activities on page 12. This also reflects other movements in reserves.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
YEAR ENDED 31 MARCH 2008**

		2008	2007 <i>As restated</i>
	Note	£	£
<b>Deficit for the financial year</b>		<b>(11,209)</b>	<b>(55,635)</b>
Capital grants		-	-
<b>Total recognised gains and losses relating to the year</b>		<b>(11,209)</b>	<b>(55,635)</b>

The notes on pages 14 to 25 form part of these financial statements

VETAID

**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 MARCH 2008**

	Note	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 As restated £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
<i>Voluntary income:</i>					
Donations, legacies & trusts	2	117,146	-	117,146	94,391
<i>Activities for generating funds:</i>					
Events & merchandise sales	3	58,300	-	58,300	85,647
Investment income	4	1,088	-	1,088	5,061
		176,534	-	176,534	185,099
<i>Incoming resources from charitable activities:</i>					
Development projects	5	67,648	2,134,048	2,201,696	2,375,179
<b>Total incoming resources</b>		<b>244,182</b>	<b>2,134,048</b>	<b>2,378,230</b>	<b>2,560,278</b>
<b>Resources expended</b>					
<i>Costs of generating funds:</i>					
<i>Costs of generating voluntary income:</i>					
Fundraising costs of donations, legacies & trusts	7	62,266	-	62,266	81,904
<i>Fundraising trading: cost of goods sold and other costs:</i>					
Events & merchandise costs	8	28,933	-	28,933	11,685
		91,199	-	91,199	93,589
<i>Charitable activities:</i>					
Development projects	6&9	286,328	2,003,329	2,289,657	2,515,765
<i>Governance costs</i>	6	8,583	-	8,583	6,559
<b>Total resources expended</b>		<b>386,110</b>	<b>2,003,329</b>	<b>2,389,439</b>	<b>2,615,913</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>(141,928)</b>	<b>130,719</b>	<b>(11,209)</b>	<b>(55,635)</b>
<b>Gross transfers between funds:</b>					
UK administration costs from projects grants transferred to core	17	130,719	(130,719)	-	-
Amortisation of Capital Grants	17	3,421	(3,421)	-	-
<b>Net movement in funds</b>		<b>(7,788)</b>	<b>(3,421)</b>	<b>(11,209)</b>	<b>(55,635)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		25,667	3,592	29,259	84,894
<b>Total funds carried forward</b>	22	<b>17,879</b>	<b>171</b>	<b>18,050</b>	<b>29,259</b>

The notes on pages 14 to 25 form part of these financial statements

VETAID

**BALANCE SHEET  
AT 31 MARCH 2008**

		2008		2007 <i>As restated</i>	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible Assets	13		2,920		7,098
<b>Current assets</b>					
Stock	14	3,014		3,504	
Debtors	15	256,091		101,044	
Cash at bank and in hand		308,886		932,220	
		567,991		1,036,768	
<b>Creditors: Amounts falling due within one year</b>	16	(552,861)		(1,014,607)	
<b>Net current assets</b>			15,130		22,161
<b>NET ASSETS</b>			18,050		29,259
<b>Funds</b>					
Restricted funds	17		171		3,592
Unrestricted funds			17,879		25,667
<b>TOTAL FUNDS</b>	22		18,050		29,259

The financial statements have been prepared in accordance with the special provisions of Part VII of the Act relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were authorised for issue by the Board on 1 September 2008 and signed on its behalf by:



**Professor D J McKeever**  
Director

Edinburgh

The notes on pages 14 to 25 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 MARCH 2008**

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**1. ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material to the charity's affairs.

**a) Accounting Convention**

The financial statements are prepared under the historical cost convention, applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" 2005 issued by the Charity Commissioners for England and Wales and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

**b) Tangible Fixed Assets and Depreciation**

Fixed assets purchased by the charity for use in the organisation's UK headquarters are shown in the balance sheet at cost price less amounts written off by way of depreciation. Depreciation is provided using the straight line method at the following rates: **equipment: 25%; motor vehicles: 25%**. Expenditure on fixed assets bought for use by the projects and for which grants have been received are charged to the income and expenditure account in the period in which the expenditure takes place due to VETAID not being the legal owner of such assets and also the high physical security risk. Grant funded assets subsequently transferred to the ownership of VETAID on cessation of a project are then included in assets at the deemed net book value at date of transfer with a corresponding figure included in capital grants.

**c) Incoming Resources**

**Voluntary income** including donations, legacies and trust receipts that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability unless conditions exist which must be met before the charity has unconditional entitlement. Donations for specific projects are accounted for as restricted funds. **Merchandise sales** are recognised as earned (as the related goods are provided). **Investment income** is recognised on a receivable basis. **Income from charitable activities** includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and these are recognised as earned (as the related goods and services are provided). **Grant income** included in this category provides funding to support development work carried out in projects and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when grants are conditional on performance outputs being achieved, in which case any project grant income received in excess of expenditure is deferred to future periods providing the conditions of grant allow. **Capital grants** are credited to the statement of financial activities when received and treated as either a restricted or unrestricted fund.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

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**1. ACCOUNTING POLICIES (Continued)****d) Resources Expended**

Expenditure is recognised when a liability is incurred. Where they are not directly attributable to a function, costs are allocated on the basis of time spent by staff on each activity. **Costs of generating funds** are those costs incurred in attracting voluntary income and those incurred in trading activities and events that raise funds. **Charitable activities** include expenditure associated with undertaking development projects and include both the direct costs and support costs relating to those activities. **Governance costs** include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements. **Support costs** include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources. **Restricted income** is any income which is for purposes as designated by the grantor or donor and can only be applied to those purposes. Where expenditure in the income and expenditure account has been financed by restricted income, both have been dealt with under the accruals concept.

**e) Pension Costs**

Employees may opt to join a personal pension scheme operated by an insurance company, in which case employees contract directly with the insurance company. The charity contributes to employees' personal pension plans. The charity only acts as agent in collecting and paying over employee pension contributions. The charge for the year represents contributions due.

**f) Stocks**

Merchandise stock is stated at the lower of cost and net realisable value.

**g) Foreign Currency Translation**

Assets and liabilities held in foreign currencies are converted to sterling using the rate at the balance sheet date. Transactions in foreign currencies are recorded at the average rate in the month in which the transaction took place.

**h) Taxation**

VETAID has been recognised by H M Revenue and Customs as a charity for the purposes of Section 505, Income & Corporation Taxes Act 1988. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains to the extent that such income or gains are applied to charitable purposes. The charity receives no similar exemption in respect of Value Added Tax. All resources expended are classified under activity headings that aggregate all costs related to the category. The charity is not registered for VAT and thus irrecoverable VAT is charged against the category of resources expended for which it was incurred.

**VETAID****NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008****2. VOLUNTARY INCOME**

	2008 £	2007 £
Donations	103,600	74,471
Trusts	13,546	19,920
	117,146	94,391

**3. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS**

	2008 £	2007 £
Events	55,448	76,550
Merchandise	2,852	9,097
	58,300	85,647

**4. INVESTMENT INCOME**

All of the charity's investment income arises from interest bearing bank accounts.

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	2008 £	2007 <i>As restated</i> £
Capital grants	-	-
Revenue grants	2,201,696	2,375,179
	2,201,696	2,375,179

**6. ALLOCATION OF SUPPORT COSTS**

VETAID allocates its support costs as shown in the table below. Support costs are allocated on a basis consistent with the use of resources. When this has not been possible an estimate has been made of the allocation to each activity.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

**6. ALLOCATION OF SUPPORT COSTS (Continued)**

	Development project delivery	Allocated to: Costs of generating voluntary income	Allocated to: Fundraising trading: costs of goods sold & other costs	Governance	Total 2008	Total 2007
	£	£	£	£	£	£
Staff costs	185,620	44,217	7,803	-	237,640	200,581
Travel & training	15,081	320	56	-	15,457	19,675
Projects costs & evaluation	20,047	-	-	-	20,047	78,429
Office & premises	43,580	6,605	1,166	-	51,351	53,264
Bank interest & charges	8,243	-	-	-	8,243	1,323
Depreciation	5,877	-	-	-	5,877	5,814
Communications & logistics	7,880	-	-	-	7,880	8,494
Legal & professional fees	-	-	-	1,114	1,114	411
Cost of board meetings	-	-	-	14	14	537
Audit fees	-	-	-	7,455	7,455	5,611
	<b>286,328</b>	<b>51,142</b>	<b>9,025</b>	<b>8,583</b>	<b>355,078</b>	<b>374,139</b>

**7. COSTS OF GENERATING VOLUNTARY INCOME**

	2008 £	2007 £
Marketing	2,129	7,945
Direct Mail Campaign	8,995	45,631
Support costs	51,142	28,328
	<b>62,266</b>	<b>81,904</b>

**8. FUNDRAISING TRADING: COSTS OF GOODS SOLD AND OTHER COSTS**

	2008 £	2007 £
Merchandise costs	1,445	1,408
Events costs	18,463	5,278
Support costs	9,025	4,999
	<b>28,933</b>	<b>11,685</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

**9. ANALYSIS OF CHARITABLE EXPENDITURE**

The charity undertakes direct charitable activities only and does not make grant payments.

	Development projects	Total 2008	Total 2007 <i>As restated</i>
	£	£	£
Overseas staff costs, travel & training activities	1,015,114	1,015,114	875,913
Project equipment	(21,061)	(21,061)	182,614
Project implementation and delivery	934,935	934,935	1,034,740
Project evaluation	31,440	31,440	16,621
Project communications and logistics	37,144	37,144	73,985
Other project costs	5,757	5,757	13,747
Support costs	286,328	286,328	318,145
	<b>2,289,657</b>	<b>2,289,657</b>	<b>2,515,765</b>

**10. ANALYSIS OF STAFF COSTS**

	Overseas Projects	UK Office & Overseas Support	Fundraising Staff	Total 2008	Total 2007 <i>As restated</i>
	£	£	£	£	£
<b>Staff costs comprised:</b>					
Wages and salaries	849,806	168,024	44,844	1,062,674	907,411
Social security costs	-	10,872	3,994	14,866	11,168
Pension costs	-	6,724	3,182	9,906	9,283
	<b>849,806</b>	<b>185,620</b>	<b>52,020</b>	<b>1,087,446</b>	<b>927,862</b>

The average number of full time equivalent employees during the year was as follows:

	2008	2007
Technical and professional services	156	151
Management and administration	7	5
	<b>163</b>	<b>156</b>

There were no employees whose emoluments exceeded £60,000 during the year. (2007: None). Directors of the charity are not remunerated.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

**11. OPERATING DEFICIT FOR THE FINANCIAL YEAR**

	2008	2007 <i>As restated</i>
	£	£
<b>The deficit for the financial year is stated after charging/(crediting) the following:</b>		
Depreciation (note 13)	5,877	5,814
Foreign exchange (gains)/losses - projects	(9,376)	38,320
Staff costs (note 10)	1,087,446	927,862
Operating lease rentals - property	18,699	16,544
External auditors' remuneration - audit fee (inclusive of VAT)	6,550	3,713
Internal auditors' remuneration - audit fee (inclusive of VAT)	905	1,851

**12. INTEREST PAYABLE AND SIMILAR CHARGES**

	2008	2007
	£	£
<b>Interest payable and similar charges comprised:</b>		
On bank overdraft wholly repayable within 5 years	6,004	414

**13. FIXED ASSETS - TANGIBLE**

The movement on these assets during the year was as follows:

	Motor Vehicles £	Plant & Machinery £	Computer Equipment £	Total £
<b>Cost/valuation</b>				
At 1 April 2007	22,668	1,820	9,466	33,954
Additions	-	-	1,699	1,699
<b>At 31 March 2008</b>	<b>22,668</b>	<b>1,820</b>	<b>11,165</b>	<b>35,653</b>
<b>Depreciation</b>				
At 1 April 2007	19,077	1,239	6,540	26,856
Charge for the year	3,418	407	2,052	5,877
<b>At 31 March 2008</b>	<b>22,495</b>	<b>1,646</b>	<b>8,592</b>	<b>32,733</b>
<b>Net book values</b>				
<b>At 31 March 2008</b>	<b>173</b>	<b>174</b>	<b>2,573</b>	<b>2,920</b>
At 31 March 2007	3,591	581	2,926	7,098

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

**14. STOCK**

	2008 £	2007 £
Goods for resale	3,014	3,504

**15. DEBTORS**

	2008 £	2007 <i>As restated</i> £
<b>Debtors comprised:</b>		
Amounts due from group undertakings	3,350	669
Trade debtors	-	-
Prepayments	761	948
Accrued income	248,111	78,896
Other debtors	3,869	20,531
	<b>256,091</b>	<b>101,044</b>

**16. CREDITORS**

	2008 £	2007 <i>As restated</i> £
<b>Amounts falling due within one year:</b>		
Amounts due to group undertakings	1,056	1,828
Trade creditors	16,683	3,842
Accruals	6,264	7,309
Other creditors	17,843	19,251
Bank Overdraft	34,338	-
Other taxes and social security	5,257	2,606
Deferred grant income	471,420	979,771
	<b>552,861</b>	<b>1,014,607</b>

	2008 £	2007 <i>As restated</i> £
<b>Deferred grant income arises as follows:</b>		
Opening balance	979,771	852,551
Received in the year	1,625,697	2,482,399
Released in the year	(2,134,048)	(2,355,179)
Closing balance	<b>471,420</b>	<b>979,771</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

**17. RESTRICTED FUNDS**

The movements on restricted funds during the year were as follows:

	Balance at 1 April 2007 £	Movement in Funds			Balance at 31 March 2008 £
		Incoming £	Outgoing £	Transfers £	
<b>Country project funds:</b>					
Tanzania Fund	-	401,872	(379,644)	(22,228)	-
Mozambique Fund	-	685,030	(607,704)	(77,326)	-
Somalia/Somaliland Fund	-	616,287	(608,686)	(7,601)	-
Kenya Fund	-	355,985	(338,586)	(17,399)	-
UK Fund	-	74,874	(68,709)	(6,165)	-
	-	2,134,048	(2,003,329)	(130,719)	-
<b>Other project funds:</b>					
Capital Equipment Fund	3,592	-	-	(3,421)	171
	3,592	2,134,048	(2,003,329)	(134,140)	171

Transfers from project funds relate mainly to administration costs and other overheads incurred in the UK office with respect to the co-ordination and management of specific projects.

A brief summary of the projects and funds follows.

**Tanzania**

VETAID works with Maasai pastoralists in Tanzania who have been increasingly marginalised by the encroachment of crop farmers and wildlife parks on their traditional grazing lands. Because they no longer have access to adequate pasture their traditional disease control methods are no longer effective. This threatens the health of cattle on which they depend for their survival.

With the reduction in government veterinary health services, rurally based animal health support is almost non-existent. VETAID's main goal in Tanzania is to help the people establish a community based system by which they can provide animal health services themselves.

VETAID also works with pastoralist organisations to enable them to participate more fully in the local and national decision-making that affects their lives.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

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**17. RESTRICTED FUNDS (Continued)**

**Mozambique**

In Mozambique, 80% of the population works in agriculture and many are dependent on livestock for their livelihoods. Farming families in rural areas suffered greatly as a result of the 16 year civil war in the country, which ended in 1992. Many families lost their land and livestock during the conflict and the infrastructure was devastated. A long rehabilitation process resulted in the country being able to produce enough food to feed its population in 1999 for the first time since the war.

However, the catastrophic floods of 2000 and 2001 and subsequent droughts set this rehabilitation process back by years. In 2004, VETAID received funding from the European Commission Food Security Programme for two major 4-year projects to improve livelihoods and food security for vulnerable families in Gaza and Inhambane Provinces.

The activities covered in these projects include: *establishing a community-based animal health scheme to provide accessible and affordable animal health care, coordinating vaccination campaigns against Newcastle Disease, strengthening livestock infrastructure (eg treatment corridors), restocking vulnerable families with cattle, goats and chickens, promoting the use of animal traction to improve crop production, promoting sustainable logging and reforestation, introducing drought-resistant crops and improved agricultural techniques, promoting the use of alternative annual crops such as pineapples, improving income from cash crops through the introduction of early and late yielding citrus trees to spread supply more evenly through the year, researching market potential of agricultural produce and encouraging linkages to markets, supporting farmers associations to help them sell directly to the consumer and negotiate better prices.*

**Somalia**

Somalia is another country whose pastoralists face increasing exclusion from rangelands traditionally used for livestock grazing.

Somalia also has a civil war legacy and is affected by drought. VETAID is working with pastoralists, veterinary associations and Community Animal Health Workers to ensure that the livestock sector receives the support it needs and to improve systems for resolving conflicts over land issues.

VETAID is also involved in several agro-livestock initiatives, including training farmers in the use of animals for draught power, and the introduction of fodder and leguminous crops and improved dairy production. Projects cover pastoral livelihoods development, food security, pastoral dairy development, livestock re-stocking and drought response.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

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**17. RESTRICTED FUNDS (Continued)**

**Kenya**

The goal of the main project in Kenya is to reduce the impact of HIV/AIDS on the most vulnerable households in poor agricultural communities in Machakos District. Approximately one in 10 of the adult population in this area is HIV positive. This has had a serious impact on food security as many families have lost the most agriculturally productive family members to the disease. Responsibility for the family welfare has fallen to orphans, widows or grandparents, who often lack the skills and resources needed. VETAID is supporting affected families through the following activities, which will increase food security and income:

- Promotion of kitchen gardens with nutritional low management crops to improve family nutrition.
- Distribution of livestock (3 goats for milk production and breeding and small flock of breeding chickens to each household).
- Training in small livestock-keeping, crop management and nutrition.

These activities are all low-input and low-management, based on the recognition that the worst affected families in the community have a very low capacity to manage more demanding activities.

**United Kingdom**

VETAID has a strong commitment to educational work in the UK, recognising that it has a vital long-term role to play in reducing poverty for the communities that VETAID works with in developing countries. VETAID received funding from DFID for an arts and drama project designed to encourage 10-14 year old children in Scottish schools to think about how the everyday choices that they make - for example the food they choose to buy - can affect the lives of pastoralists and small-scale farmers in developing countries. Through this learning, young people are introduced to the idea of ever-increasing global links and the impact of their actions on a worldwide scale.

A further strand of this project includes training workshops held with teachers and students in initial teacher education. Through disseminating information and ideas at this level it is hoped the education work will continue long after VETAID's intervention.

Links have been established with African artists, drama workers and school pupils. The results of these partnerships input into further outreach in the form of displays and activities at festivals and shows throughout Scotland.

**Capital Equipment Fund**

The Capital Equipment Fund relates to grants and donations of motor vehicles and other assets used in the charitable operations.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

**18. UNRESTRICTED FUND AND PRIOR YEAR ADJUSTMENT**

During the year it came to light that two emergency projects, negotiated within African countries were carried out in the previous financial year but were not reported within the UK accounts. The adjustments relating to these two projects had the effect of increasing the previous year's income by £212,467 and increasing the previous year's direct costs by £196,360. Within the balance sheet, other debtors decreased by £15,000, accrued income increased by £47,063 and deferred grant income increased by £15,956. These adjustments have been incorporated into the prior year accounts. The effect on the unrestricted General Fund is noted below:

	<b>General Fund £</b>
At 1 April 2007 (as originally stated)	9,560
Adjustment in respect of grants for projects	212,467
Adjustments in respect of staff costs	(17,272)
Adjustments in respect of project expenditure	(176,595)
Adjustments in respect of communications	(1,066)
Adjustment in respect of other expenses	(1,427)
At 1 April 2007 (as restated)	25,667

**19. PENSION COSTS**

Contributions made by the charity to the employees' Personal Pension Plans during the year amounted to £9,906 (2007: £9,283). Contributions outstanding at the year end amounted to £346 (2007: £466).

**20. ULTIMATE HOLDING ORGANISATION**

VETAID is a wholly owned subsidiary of The Moredun Foundation, a Scottish animal welfare charity (SC022515) and a company limited by guarantee, registered in Scotland No: SC151865. The annual report of the Moredun Foundation is available for inspection at Companies House.

**21. COMMITMENTS**

The company has annual operating lease commitments to pay in respect of:

	<b>2008 £</b>	<b>2007 £</b>
Property lease:		
Expiring within 1 year	19,839	18,611

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 MARCH 2008**

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

The analysis of net assets at 31 March 2008, between funds, is as follows:

	<b>Tangible Fixed Assets</b>	<b>Net Current Assets</b>	<b>Total</b>
	£	£	£
<b>Restricted Funds</b>			
Tanzania Fund	-	-	-
Mozambique Fund	-	-	-
Somalia/Somaliland Fund	-	-	-
Kenya Fund	-	-	-
UK Fund	-	-	-
Capital Equipment Fund	171	-	171
	171	-	171
<b>Unrestricted Funds</b>	2,749	15,130	17,879
	2,920	15,130	18,050

All assets are held for charitable purposes.

**23. RELATED PARTIES**

**Ultimate Control:** VETAID is ultimately controlled by The Moredun Foundation, which is the only voting member. Exemption has therefore been taken under FRS 8, from disclosing related party transactions. The results of VETAID are included in the consolidated financial statements of The Moredun Foundation, which are available for inspection at Companies House.

**Directors' Expenses and Remuneration:** During the year one (2007: zero) Director claimed travel expenses, the total of which amounted to £274 (2007: £Nil). No Directors received any remuneration. A Directors/Trustees Indemnity policy is in place which covers all Directors. This is deemed essential given the nature of the work involved within the charity.

**24. NON-AUDIT SERVICES**

In common with many other companies and charities of a similar size, the company's auditors assist with the preparation and submission of returns to the tax authorities.