

FRIENDS OF LONDIANI IRELAND LIMITED

**REPORTS AND FINANCIAL STATEMENTS
(COMPANY LIMITED BY GUARANTEE AND
NOT HAVING A SHARE CAPITAL)**

FOR THE YEAR ENDED 31 DECEMBER 2010

FRIENDS OF LONDIANI IRELAND LIMITED

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FRIENDS OF LONDIANI IRELAND LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Martin Ballantyne
Helen Concannon
Shea Fahy
Deirdre Henley
Maria Kidney
Gerard Murphy
Hazel Murphy
Meabh Ni Bhuinneain
John Spillane
Joe Willis

COMPANY SECRETARY

Martin Ballantyne

COMPANY NUMBER

398094

REGISTERED OFFICE

9 Cois Cuain
Mosestown
Whitegate
Co. Cork

AUDITORS

Deloitte & Touche
Chartered Accountants
and Registered Auditors
No. 6 Lapps Quay
Cork

BANKERS

Permanent TSB
1 Lapps Quay
Cork

SOLICITORS

Charles C. Daly
17 Casement Square
Cobh
Co. Cork

FRIENDS OF LONDIANI IRELAND LIMITED

DIRECTORS' REPORT

The directors present their present herewith their report and the audited financial statements for the year ended 31 December 2010.

Structure, Governance and Management

Governing document

The Company was incorporated on 23 February 2005 and is a Company limited by guarantee not having a share capital. At of 31 December 2010, there were 10 members whose guarantee is limited to €1 each. This guarantee continues for one year after membership ceases.

The objectives of the company are charitable in nature with established charitable status (Reg No CHY 16505). All income is applied solely towards the promotion of the charitable objectives of the Company.

Appointment of directors

The Board of Friends of Londiani is comprised of 9 Directors and 1 Executive Director. All Directors of Friends of Londiani are elected by the members of Friends of Londiani at the Annual General Meeting of the Charity.

Directors' induction and training

New Directors and staff have an induction programme to ensure that collectively they have the overview required for proper governance of the charity. Continuous support is provided throughout their term.

Corporate Governance

Friends of Londiani subscribes to the principles contained in the Dochas Irish Development NGO Code of Corporate Governance

Code of Conduct on Images and Messages

Friends of Londiani subscribes to the principles contained in the Dochas Code of Conduct on Images and Messages.

Organisation

Board of Directors and Management Team

Friends of Londiani Ireland Limited (FOL) is governed by the Board of Directors. The Board is composed of 9 Non-Executive Directors plus the Executive Director. The Board meet 3 times a year and has ultimate responsibility for directing the affairs of Friends of Londiani, ensuring it is solvent, well-run and delivering the outcomes for which it has been set up. The Board is responsible for the strategic direction of FOL, safeguards the ethos of FOL and is responsible for the audit and finance of Friends of Londiani including money, insurance and legalities. The Directors have responsibility for, and are aware of the risks associated with the operating activities of FOL. Adequate systems of internal control are in place which aim to ensure compliance with laws and policies, ensure efficient and effective use of resources, safeguard assets and maintain the integrity of financial information produced. Financial information is subject to detailed review at Board level.

FRIENDS OF LONDIANI IRELAND LIMITED

DIRECTORS' REPORT

(Continued)

In between Board meetings, the day-to-day management of the organisation is delegated to the Management Team. This team consists of the Executive Director and three members of the Board. They meet on a monthly basis and ensure the actions from Board meetings are carried out, organise national events and coordinate the organisation of volunteer projects.

Focus Groups

Friends of Londiani has five Focus Groups that are run by individuals who volunteer their expertise and time to FOL across a number of key areas - both programme and organisation. They report directly to the Executive Director.

Staff & Operations

Day to day operations are undertaken by the Executive Director who is the sole staff member of FOL Ireland. From time to time third party services are provided to FOL and these are coordinated by the Executive Director. These include suppliers, auditors and solicitors.

Risk management

The Directors are aware of the risks to which Friends of Londiani is exposed, in particular, to the financial and operational risks and are satisfied that appropriate systems are in place to mitigate exposure to the risks. FOL reviews its risk management twice yearly.

Mission

The mission of Friends of Londiani is to work with the people of Londiani and its surrounding villages to develop and complete sustainable community projects to enable and empower the people to achieve an improved quality of life based on their values and become the authors of their own development. The Friends of Londiani will endeavour to achieve these goals in a spirit of co-operation and mutual respect with one another and with the people of the area. This partnership will enable members of Friends of Londiani to further develop skills and a deeper cultural understanding.

Vision

The vision of Friends of Londiani is for the people of the Kipkelion District of Kenya to have an improved quality of life based on Kenyan values. This development will occur through participation in community projects. The projects will be implemented through partnerships based on the local communities self-identified needs in the areas of health, education, water provisions and sanitation.

The importance of cooperation will be evident in the work of the charity and its sustainability will be apparent through the involvement of the communities and their ownership of the projects.

Programme Areas

These programmes are based on helping to achieve the Millennium Development Goals, implementing the Kenyan Ministry of Health Community Health Strategy and are in line with the Government of Kenya Kipkelion District Plan.

DIRECTORS' REPORT

(Continued)

-
- * The Health Programme includes public and clinical health and involves FOL working closely with the Ministry of Health to ensure consistency with mainstreaming opportunities and the Ministry of Health "Norms & standards for Health Service Delivery" document.
 - * The Water Programme looks at the sourcing, quality & security and distribution of water to the District. This includes management, metering & maintenance of the water supply and ensuring access for villages across the District.
 - * The Education Programme includes both formal and non-formal education and includes supporting the Kenyan education system and community education.
 - * The Development Education Programme is to deepen peoples understanding of global issues and encourage people to act to create a more just and equal world.

PROGRAMME OBJECTIVES 2010 - 2013

FOL's overall strategy aims to enhance the community's ability to improve their basic healthcare in order to improve productivity and thus reduce poverty, hunger, child and maternal deaths as well as improve education performance across all stages of life.

Health Programme Objective: To consolidate the existing district & community level health services so that they best meet community needs and to consolidate the "Healthy Village" model in those villages where it has been introduced and to roll-out the "Healthy Village" model to the remaining villages as part of a coordinated approach to community healthcare in Londiani.

Water Programme Objective: To provide potable water to villages from secure sources with well-managed distribution systems consistent with the "Healthy Village" development plan.

Education Programme Objective: To work at each level of Education in Kipkelion so as to ensure that everyone has an opportunity to receive some level of education to help the overall development of the Communities.

Achievements and performance

FOL is working in partnership with community groups, and government ministries in the Kipkelion District of North West Kenya.

In 2010, FOL has supported the following projects:

Health

- * The completion of an operating theatre in Londiani District Hospital - part funded by Irish Aid and Mayo General Hospital, Castlebar
- * Provision of Resources to increase capacity of District Health Management Team (DHMT) within the District
- * EOC & Neonatal Courses for healthcare professionals
- * Maternal & Child Health Courses for Community Health Workers (CHW), and Traditional Birth Attendants (TBA)

FRIENDS OF LONDIANI IRELAND LIMITED

DIRECTORS' REPORT

(Continued)

-
- * Organisation of Public Health Field Days
 - * Distribution of Malaria Nets
 - * Provision of Ventilated Pit Latrines
 - * Lifeskills Peer Education Courses
 - * Link Project with Londiani District Hospital and Mayo General Hospital
 - * "Girls for Girls" campaign launched with the aim of providing sanitary resources to girls in Kipkelion to enable them to go to school

Water

- * Community Rainwater Collection Tanks Projects
- * Hand Pumps in Benditai Village
- * Extension of the Ndubusat Gravity Water System
- * Protection of water sources & springs
- * Water Maintenance Courses

Education

- * Support of 270 Education Bursaries
- * Teacher Seminars
- * Healthy Schools Programme - training provided for teachers and resources for student Health Clubs
- * Development Education and Advocacy programme in Ireland
- * Community Education Programme on Female Circumcision abandonment
- * Alternative Rite of Passage Programme delivered to 6 communities
- * Business Trainings delivered to communities
- * Interview Skills Trainings delivered in communities
- * Support for the 3 Irish and 3 Londiani schools linked through the Worldwise Schools Linking programme and FOL Network

Volunteer "Harambee Projects"

- * 26 volunteers worked on the FOL Harambee project in November completing tasks in the areas of Health, Water and Education.

Results

The results for the year and the appropriation thereof are set out in the Income and Expenditure Account on page 11.

Review of Friends of Londiani

For the year ended 31 December 2010, voluntary contributions amounting to €269,573 were received. An amount of €147,524 was received from Irish Aid, in respect of co-funding for water and health projects.

Friends of Londiani was very active during the financial year ended 31 December 2010. Project expenditure amounted to €279,030 and general expenditure amounted to €158,452.

FRIENDS OF LONDIANI IRELAND LIMITED

DIRECTORS' REPORT

(Continued)

Reserves Policy

It's the Friends of Londiani's policy to retain only sufficient reserves to safeguard the continuity of its community development projects in Kenya.

The total reserves fall into two categories - Restricted and Unrestricted.

Restricted funds:

are funds tied to a particular purpose which arise because of restrictions on their use imposed by the donor at time of receipt or because the funds were collected in a fundraising event to raise money for a particular purpose.

Unrestricted funds:

represent funds which are available for the general purposes of the charity. There are two types of unrestricted funds:

- * Designated - these are unrestricted funds which have been allocated by the Directors for specific purposes and as a result are not available for general usage.
- * General unrestricted funds - these represent funds which are available for the general purposes of the charity.

Directors

The present membership of the Board is set out on page 2. All directors served throughout the year.

Books and Records

To ensure proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's registered office.

Auditor

The auditor, Deloitte & Touche, Chartered Accountants and Registered Auditors, continues in office, in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the Board

Maria Kidney

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)Directors

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Date:

1 June 2011

FRIENDS OF LONDIANI IRELAND LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish Statute comprising the Companies Acts 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FRIENDS OF LONDIANI, IRELAND**

We have audited the financial statements of Friends of Londiani Ireland Limited for the year ended 31 December 2010 which comprise the Revenue Account, the Balance Sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements as out in the Statement of Directors' Responsibilities in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts 1963 to 2009. We also report to you whether, in our opinion, proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the company's balance sheet and profit and loss account are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and we consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to other information.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS OF LONDIANI, IRELAND

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK 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 judgements made by the directors in the preparation of the financial statements and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we 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 Generally Accepted Accounting Practice in Ireland of the state of the affairs of the company as at 31 December 2010 and of the deficit for the year then ended; and
- * have been properly prepared in accordance with the Companies Acts 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet and its revenue account are in agreement with the books of account.

In our opinion, the information given in the Directors' Report is consistent with the financial statements.



Chartered Accountants and Registered Auditors
Cork

Date: 1 June 2011

FRIENDS OF LONDIANI IRELAND LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2010
(Incorporating the income and expenditure account)

	Notes	2010 Restricted €	2010 Unrestricted €	2010 Total €	2009 Total €
Total gross domestically generated voluntary income					
Fundraising events		1,180	111,088	112,268	99,947
Emergency appeal		-	-	-	58,266
Donations		15,100	59,295	74,395	232,150
Bank interest receivable	5	-	6,114	6,114	4,611
		<u>16,280</u>	<u>176,497</u>	<u>192,777</u>	<u>394,974</u>
Other income					
Harambee income		76,796	-	76,796	169,074
Income from Irish Aid	2	147,524	-	147,524	103,972
		<u>240,600</u>	<u>176,497</u>	<u>417,097</u>	<u>668,020</u>
Expenditure					
Ongoing projects		255,462	23,568	279,030	321,495
Harambee costs		88,080	-	88,080	124,640
Fundraising costs		3,463	45,186	48,649	51,568
General administration costs		21,723	-	21,723	22,175
Organisational development costs		-	-	-	11,891
Emergency funds		-	-	-	58,266
Foreign exchange gain		-	-	-	(2,114)
		<u>368,728</u>	<u>68,754</u>	<u>437,482</u>	<u>587,921</u>
Net surplus/(deficit) in funds during the year		<u>(128,128)</u>	<u>107,743</u>	<u>(20,385)</u>	<u>80,099</u>
Adjustment to restricted funds	11	-	(10,000)	(10,000)	-
Total funds at end of the year		<u>(128,128)</u>	<u>97,743</u>	<u>(30,385)</u>	<u>80,099</u>

There are no recognised gains or losses other than the deficit for the financial year as disclosed in the statement of financial activities.

The financial statements were approved by the Board of Directors on
and signed on its behalf by:

1 June 2011

Maria Kidney)

Directors

FRIENDS OF LONDIANI IRELAND LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Notes	2010 €	2009 €
Current assets			
Stocks	6	2,844	5,047
Debtors and prepayments	7	9,167	5,280
Cash at bank and in hand		383,090	327,783
Designated bank funds		10,073	16,174
		<u>405,174</u>	<u>354,284</u>
Creditors (amounts falling due within one year)	8	<u>(206,496)</u>	<u>(135,221)</u>
Net current assets		<u>198,678</u>	<u>219,063</u>
Funds			
Unrestricted funds	10	178,678	169,063
Restricted funds	11	20,000	50,000
		<u>198,678</u>	<u>219,063</u>

The financial statements were approved by the Board of Directors on
and signed on its behalf by

1 June 2011

Maria Kidney

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)Directors

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FRIENDS OF LONDIANI IRELAND LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 €	2009 €
Net cash inflow from operating activities	A	49,206	16,385
Net cash inflow before management of liquid resources and financing	B	49,206	16,385
Increase in cash in the year	C	49,206	16,385

FRIENDS OF LONDIANI IRELAND LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

A RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO
NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	€	€
Net surplus/(deficit) in funds during the year	(20,385)	80,099
Decrease in stock	2,203	4,303
(Increase)/decrease in debtors	(3,887)	16,615
Increase/(decrease) in creditors	71,275	(84,632)
Net cash inflow from operating activities	<u>49,206</u>	<u>16,385</u>

B ANALYSIS OF CHANGES IN NET FUNDS

	01/01/10	Cash flow	Other non- cash changes	31/12/10
	€	€	€	€
Net cash:				
Cash at bank and in hand	327,783	55,307	-	383,090
Designated bank funds	16,174	(6,101)	-	10,073
	<u>343,957</u>	<u>49,206</u>	<u>-</u>	<u>393,163</u>
Bank deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net funds	<u>343,957</u>	<u>49,206</u>	<u>-</u>	<u>393,163</u>

C RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2010	2009
	€	€
Increase in cash in the year	<u>49,206</u>	<u>16,385</u>
Movement in net funds in the year	49,206	16,385
Opening net funds	<u>343,957</u>	<u>327,572</u>
Net funds at end of year	<u>393,163</u>	<u>343,957</u>

FRIENDS OF LONDIANI IRELAND LIMITED

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

1. STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows:

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009.

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

INCOME

Donations and fundraising income are credited to the Income and Expenditure Account on receipt.

Income from various bodies including Irish Aid are recognised as income in the period in which the corresponding expenditure is recognised. Receipts from these bodies that were unspent at the balance sheet date have been included in deferred income.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies relating to revenues, costs and non-monetary assets are translated to Euro at the rates of exchange ruling on the dates on which the transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the revenue account.

STOCKS

Stocks are valued at lower of cost and net realisable value.

FRIENDS OF LONDIANI IRELAND LIMITED

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

2. INCOME FROM IRISH AID

Irish Aid provide support to Friends of Londiani under the Civil Society Fund CSF. It supports the Company's projects in water, health and HIV/AIDS. An amount of €147,524 has been recognised as income as at 31 December 2010. An amount of €165,066 was unspent as at 31 December 2010 and has been included in deferred income.

Summary of Irish Aid Funding

	Deferred 01/01/10 €	Received €	Income and Expenditure €	Deferred 31/12/10 €
Worldwise Network Programme	-	3,200	77	3,123
Water projects	33,915	-	33,915	-
Health projects	82,075	193,400	113,532	161,943
	<u>115,990</u>	<u>196,600</u>	<u>147,524</u>	<u>165,066</u>

3. EMPLOYEES AND REMUNERATION

The staff costs are comprised of :-

	2010 €	2009 €
Wages and salaries	60,000	60,000
Social welfare costs	5,671	6,450
	<u>65,671</u>	<u>66,450</u>

The average numbers of persons employed by the company (including the executive directors) during the year were:

	2010 Number	2009 Number
Number of employees		
Administration and fundraising	<u>1</u>	<u>1</u>

FRIENDS OF LONDIANI IRELAND LIMITED

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

4. (DEFICIT)/SURPLUS FOR THE YEAR	2010	2009
	€	€

The (deficit)/surplus for the year is arrived at after charging:

Executive director's remuneration	60,000	60,000
Auditor's remuneration	<u>3,630</u>	<u>3,630</u>

5. INTEREST RECEIVABLE	2010	2009
	€	€

Bank interest	<u>6,114</u>	<u>4,611</u>
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6. STOCKS	2010	2009
	€	€

Stock of cards and calendars	<u>2,844</u>	<u>5,047</u>
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The basis by which stocks are valued are shown in Note 1.

The replacement cost of stocks did not differ significantly from the figures shown above.

7. DEBTORS	2010	2009
	€	€

Amounts falling due within one year:-

Prepayments	<u>9,167</u>	<u>5,280</u>
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FRIENDS OF LONDIANI IRELAND LIMITED

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

8. CREDITORS (Amounts falling due within one year)	2010 €	2009 €
Other taxes and social security costs	5,667	4,523
Deferred income	196,342	127,341
Accruals	4,487	3,357
	<u>206,496</u>	<u>135,221</u>

Other taxes and social security costs	2010 €	2009 €
PAYE/PRSI payable	<u>5,667</u>	<u>4,523</u>

9. MEMBERSHIP

The Company is limited by guarantee and does not have a share capital. It is guaranteed by members to the extent €1 per member.

10. UNRESTRICTED FUNDS	2010 €	2009 €
Unrestricted funds brought forward	169,063	88,964
Total funds at end of the year	<u>(30,385)</u>	<u>80,099</u>
Transfers from restricted funds	138,678	169,063
	40,000	-
Unrestricted funds carried forward	<u>178,678</u>	<u>169,063</u>

FRIENDS OF LONDIANI IRELAND LIMITED

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

11. RESTRICTED FUNDS

Educational fund	2010	2009
	€	€
Opening balance at 1 January	50,000	50,000
Transfer to unrestricted funds	(40,000)	-
Closing balance at 31 December	<u>10,000</u>	<u>50,000</u>
Incident management reserve	2010	2009
	€	€
Opening balance at 1 January	-	-
Transfer	10,000	-
Closing balance at 31 December	<u>10,000</u>	<u>-</u>
Total restricted funds	<u>20,000</u>	<u>50,000</u>

12. TAXATION

The company has agreed charitable status with the Revenue Commissioners, Charity Number CHY 16505, therefore no provision for taxation is necessary.